



## Effects on business operations as a result of COVID-19

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In light of the current volatile market environment, we wanted to provide a short up-date and assessment of the key drivers that impact Entra. In this situation the top priority is to ensure that we safeguard life and health and take responsibility for helping to reduce the spread of infection by following the advice of national and local authorities. At the same time, there is little doubt that this will have financial consequences for the society that we do not yet see the extent of.

The Norwegian government acted swiftly at the outset of the crisis and implemented actions to safeguard the population and to ensure the survival of businesses through extensive support packages. With a strong public funding, including the Government Pension Fund Global, Norway has the fundamentals in place for a recovery post-crisis.

### Health and Safety

We have been monitoring and evaluating the situation around COVID-19 to ensure we are taking the necessary measures to protect the health and safety of our community, our tenants and other users of our buildings, as well as our employees. All employees that can, are working from home as we have the necessary technological solutions in place for remote work. We have contingency plans, procedures, routines and staff in place that continue to deliver our services and management without interruption. Making our tenants feel safe in our properties is always a top priority, and we follow the authorities' advice and recommendations and act accordingly.

### Operations

Our tenant base is strong with a solid backbone of public tenants comprising around 60 % of our revenues. Around 10 % of our rental income stems from industries that are most affected by the current situation. These include companies within retail and restaurants, tourism, co-working, training centres, companies with less than 15 employees, parking as well as companies within the oil and gas sector. As of 31 December 2019, our portfolio was 97 % let with an average lease length of seven years.

In addition to various stimulus packages introduced during the recent weeks to support businesses, the Norwegian Government proposed, subject to final approval, on 2 April a cash support package for companies affected by the COVID-19 situation intending to cover fixed costs, hereunder office rent. The cash support given will correspond to: (Turnover decline in percent) x (fixed costs minus any deductible) x (an adjustment factor). The adjustment factor is 0.9 for companies that have been shut down by the government and 0.8 for other companies.

We follow up companies that are affected by the authorities' closure decisions and the COVID-19 situation individually. Even after the additional, new support package just introduced by the Norwegian Government, Entra will seek to find solutions that give tenants that struggle room to return to normal operation when we are through this demanding period. In the first instance, we will help tenants who are affected by changing payment schemes from upfront, quarterly to monthly invoices or giving monthly postponements on rent. If the situation persists, our ambition is to facilitate targeted support to customers particularly affected by the COVID-19 situation and thus help them to return to normal operations after this demanding period.

As of date we only have three ongoing development projects, and we do expect to see some delays in completion of these projects due to delays in the supply chain. As our construction contracts are fixed price, the effect for Entra might be delayed cash flow from future rental income. We may also see a delayed start-up of some of our planned projects.

Rental income for Q1 2020 has to a limited extent been impacted by the COVID-19 situation. The Outlook Statement from Q4 2019 will be reviewed and revised before the presentation of Q1 2020 on 30 April to reflect the current situation. Depending on the length of the lock-down and the effect of the government interventions, the COVID-19 situation may affect future occupancy, rental growth expectations and yield levels.

### Financing

Our financial position is strong. Currently, we have available cash and unutilized credit facilities amounting to NOK 6.8 billion, amounting to around 2.5x of all debt falling due next 12 months, spread between five of the six top Nordic banks. With a well staggered debt profile and a good financing mix, we are as comfortable as we can be in this situation. The bank market is still open to us, and we have constructive dialogues with all our banks regarding the existing capital commitment and possible refinancing plans going forward.

Entra has ample headroom to financial covenants, which are Loan-to-value of 75 % (40.2% as of Q4) and Interest coverage ratio of 1.4 (3.4 as of Q4). The below table shows our debt maturities and financing status as of 31 December 2019.

#### Maturity profile and composition interest bearing debt:

Maturity profile	0-1 yrs	1-2 yrs	2-3 yrs	3-4 yrs	4+ yrs	Total	%
Commercial papers (NOKm)	1 800	0	0	0	0	1 800	9
Bonds (NOKm)	700	1 300	2 500	2 800	4 300	11 600	58
Bank loans (NOKm)	0	728	0	3 560	2 214	6 501	33
Total (NOKm)	2 500	2 028	2 500	6 360	6 514	19 901	100
Unutilised credit facilities (NOKm)	0	750	1 000	2 440	2 000	6 190	
Unutilised credit facilities (%)	0	12	16	39	32	100	

#### Financing policy and status:

All amounts in NOK millions	31.12.2019	Target
Loan-to-value (LTV)	40.2%	Below 50 per cent over time
Interest coverage ratio (ICR)	3.4	Min. 1.8x
Debt maturities <12 months	13%	Max 30%
Maturity of hedges <12 months	41%	Max 60%
Average time to maturity (hedges)	3.0	2-6 years
Back-stop of short-term interest bearing debt	248%	Min. 100%
Average time to maturity (debt)	4.9	Min. 3 years

Please let us know should you want to discuss any of the above in more detail. We hope you stay safe and send our sympathy to all that are affected by COVID-19.

Kind regards, the Entra team

#### Disclaimer

This information is subject to the disclosure requirements pursuant to section 5-12 of the Norwegian Securities Trading Act.

#### Contacts

- Sonja Horn, CEO, +47 90568456, [sh@entra.no](mailto:sh@entra.no)
- Anders Olstad, CFO, +47 90022559, [ao@entra.no](mailto:ao@entra.no)

#### About Entra ASA

Entra is a leading owner, manager and developer of office properties in Norway. Entra owns and manages around 90 buildings totalling approximately 1.3 million square meters, located in Oslo and the surrounding region, Bergen, Stavanger and Trondheim. Entra has a solid customer portfolio with a high proportion of public tenants. The company's strategy is focused on delivering profitable growth, high customer satisfaction and environmental leadership

#### Attachments

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