

Annual Report 2014

Entra Eiendom AS

Flexible, attractive and environment friendly office properties



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Corporate governance guidelines

1. Introduction

Entra Eiendom AS ("**Entra**", and together with subsidiaries, "**the group**") is subject to the reporting requirements on corporate governance set out in § 3–3b of the Norwegian Accounting Act and the Norwegian Code of Practice for Corporate Governance of 23 October 2012 (as amended on 30 October 2014), issued by the Norwegian Corporate Governance Board (NUES), ("**the Code**"). The code is available at www.nues.no.

Entra's board approved these guidelines at its board meeting on 21 January 2015 in order to express Entra's desire to demonstrate good corporate governance in accordance with the Code ("**the Guidelines**"). Each year the management and board of Entra evaluate the corporate governance principles and how they are incorporated in the group.

The Norwegian state, which has a substantial holding in Entra through its ownership in Entra ASA, requires that all companies where the state has a direct holding should follow the Code. As a consequence, the Report to Parliament no. 27 (2013–2014) - "Diverse and value-creating ownership" is also relevant for the group.

The following elements are central in these guidelines:

- Entra shall maintain open, reliable and relevant communication with the outside world about the groups business and matters related to corporate governance.
- Entra shall have a board that is independent of the group's management.
- Emphasis shall be placed on avoiding as far as possible conflicts of interest between shareholders, the board and management.
- Entra shall have a clear division of work between the board and management.
- Equal treatment of shareholders.

2. Corporate governance statement

2.1 Corporate governance

The board shall ensure that the company has good corporate governance. Entra is divided into four geographic regions/business areas: Central Oslo region, Greater Oslo region, Southern and Western region and Central and Northern region. The regions are supported by central business functions in Sales

and Marketing, as well as Projects and Technical, which in addition to acting as support functions for the regions secure a comprehensive market and growth strategy and provide technical and operational support on projects. Group and support functions have been established within accounting and finance, legal, communication and HR. The CEO has set up an authorisation structure within the group based on the board's resolution on authorisations to the CEO.

As part of the management's follow-up of the business, quarterly reports and reviews are prepared for all business areas. Reporting covers all relevant matters related to the business area, including financial results, risk assessments and monitoring of relevant key figures and objectives. The group's financial results, key figures and achievement of objectives are reported to the board quarterly and in association with each board meeting. The targets for the group's work on corporate social responsibility, ethics and HSE/the environment are included in the reporting. The reporting forms a basis for the management's control of the business and follow-up of the group, as well as business reporting to the board.

2.2 Corporate social responsibility and the environment

Entra builds its work in the field of corporate social responsibility on the fundamental values and principles set out in the UN's Global Compact, which is intended to protect the environment, safeguard working conditions, combat corruption and uphold human rights. Entra reports on its work with respect to corporate social responsibility in accordance with the requirements of § 3–3C of the Norwegian Accounting Act.

In Entra, corporate social responsibility involves safeguarding people's surroundings and integrating social and environmental considerations in strategic processes, decisions and day-to-day operations. Entra aims to be a responsible member of society and works continuously in a targeted fashion on sustainable solutions that are of importance for the community.

Entra's engagement is reflected in the group's values: responsible, ambitious and hands-on. Environmental leadership is one of the pillars of the group's business strategy together with profitable growth and customer satisfaction. Entra regards ethics as an integrated part of the manner in which its business is conducted and the ethical guidelines are

built upon principles of equal opportunities for all, concern for the environment and a view of society that places emphasis on openness, integrity and sincerity. Entra has established HSE as a natural part of its business and has the objective that no one should be exposed to injury or illness as a result of the group's working environment.

The report on corporate social responsibility in Entra has been approved by the board and is published at www.entra.no.

2.3 Ethical guidelines

Entra's ethical guidelines set out how the group's stakeholders shall be treated and the behaviour that is expected of our employees, providing guidance and support to employees on decision-making and problem-solving issues. The guidelines support the groups corporate social responsibility activities and deal with topics such as health, safety and the environment (HSE) and business ethics, including corruption and bribery. Compulsory training in the group's ethical guidelines, including dilemma training, is held regularly, and all Entra's employees are required annually to confirm that they have read and are aware of Entra's ethical guidelines, which are available at www.entra.no.

2.4 Reporting

The board shall give an overall report on Entra's corporate governance in the annual report or a document referred to in the annual report. The report shall cover each point in the Code. If the Code is not followed, any non-compliance shall be explained and a report given on how the group has acted.

Non-compliance with the Code: None

3. Business

According to the Entra's Articles of Association, Entra shall own, buy, sell, operate, develop and manage real estate, and carry out other activities in this connection. The company can invest in shares or ownership interests and participate in companies engaged in the business referred to above.

The group has a clearly defined strategy, values and overall objectives. Entra's business concept is to develop, let and manage attractive and environmentally leading buildings. Entra's strategy is to actively manage existing tenants to ensure maximum retention, pursue strategic development projects, expand its commitment to environmental sustainability and optimise its property portfolio through focused acquisitions and divestments. The strategic core areas for growth are Oslo and the surrounding region, Bergen, Stavanger and Trondheim. See www.entra.no for a more detailed description of the group's business.

The purpose clause in the Articles of Association and the company's goals and main strategies are to be set out in Entra's annual report.

Non-compliance with the Code: None

4. Equity and dividends

4.1 Equity

Entra shall maintain a level of equity that is appropriate by reference to the group's goals, strategy and approved risk profile.

4.2 Dividend

The board proposes the dividend to the general meeting. The general meeting determines the dividend in accordance with § 8-1 of the Norwegian Public Companies Act. The board of Entra has an objective to pay an annual dividend corresponding to approximately 60% of Cash Earnings in Entra ASA Group, defined as net income from property management less net realised financial items and tax payable. The dividend policy is available on Entra's website.

4.3 Capital increases and purchases of own shares

The Board is not authorised to raise new capital or to buy back company shares as the company is fully owned by Entra ASA.

Non-compliance with the Code: None

5. Equal treatment of shareholders and transactions with related parties

5.1 General

All of the shares in the Company are owned by Entra ASA, and there is only one class of shares.

5.2 Capital increases without preferential rights and transactions in the company's own shares

The section in the recommendations about waiving the pre-emptive rights of shareholders during capital increases is not relevant to the Company.

5.3 Approval of agreements with shareholders and other related parties

Entra considers it important to be transparent and cautious in relation to transactions where there might be considered to be a close relationship between the company and a shareholder, a shareholder's parent company, a board member, a senior employee or closely related parties of any of these. The guidelines for the board regulate the board members' duty to report any other directorships, roles and related parties. The guidelines for the board state that board members and the CEO cannot participate in discussions or decisions on issues that affect them personally or affect a related party, where they have a significant personal or financial interest in the matter. The board has also approved guidelines for transactions with related parties, describing the rules and procedures for these types of transactions.

In the case of not immaterial transactions between Entra and a shareholder, a shareholder's parent company, board member, a member of the senior management or persons related to them, the board is to ensure that a valuation is in place from an independent third party. This does not apply when the general meeting is to consider the matter in accordance with the rules in the Norwegian Public Companies Act. An independent

valuation shall also be provided in the case of transactions between companies in the same group where there are minority shareholders in such companies.

Non-compliance with the Code: None

6. Free transferability

Shares in Entra shall be freely transferable. There are no restrictions on the transferability of shares in Entra in the Articles of Association.

Non-compliance with the Code: None

7. General meeting

Entra Eiendom AS is 100 per cent owned by Entra ASA. The Board of Entra ASA represents the shareholder Entra ASA at the Annual General Meeting of Entra Eiendom AS.

Non-compliance with the Code: None

8. Election committee

The Company does not have an election committee. Board members are appointed by the shareholder.

Non-compliance with the Code: The Company does not have an election committee as Board members are appointed by the shareholder.

9. Corporate assembly and board, composition and independence

The group does not have a corporate assembly. The shareholder elects between five and seven shareholder-elected members, including the Chair, for a period of two years. The group has established a group scheme for the election of employees to the board of Entra Eiendom AS.

The board shall have the capacity to carry out its tasks. Consideration shall be given to the board being able to function well in a collegiate manner. Participants in the group management shall not be members of the board.

The board shall be composed so that it can act independently of special interests. The majority of the shareholder-elected members shall be independent of senior management and significant business connections. At least two of the shareholder-elected members shall be independent of the company's main shareholders.

The board shall provide information in the annual report on participation at board meetings and on matters that can illustrate the board members' expertise. In addition information shall be given on which board members are considered to be independent. Board members shall be encouraged to own shares in the parent company (Entra ASA).

Non-compliance with the Code: None

10. The work of the board

10.1 The functions of the board

The board has responsibility for the management and control of the company, including determining the company's overall strategy and objectives, and ensuring proper management and organisation of the group's business. The board shall also supervise day-to-day management and the group's business in other respects. The board adopts the overall governing documents for the group's business, including, among others, the business plan and investment limits.

The board is to keep itself informed with regard to the group's financial situation and ensure that its business, financial reporting and asset management are subject to adequate controls and in accordance with applicable legislation. The board shall ensure that the group has good internal controls and appropriate systems for risk management in relation to the extent and nature of the group's business.

The board's functions also include considering all matters that in relation to the group are of an unusual nature or of major importance. The board shall further consider matters that are specifically accorded to the board by law.

10.2 Organisation of the board's work

The Chair of the board chairs board meetings. The board shall have a Deputy Chair who chairs meetings when the Chair cannot or should not lead the work of the board. A thematic plan for the board's work over the year has been established. Based on the annual plan, the Chair of the board – in consultation with the company's CEO – sets out the final agenda for board meetings. Emphasis is placed on the importance of good preparation for board meetings, and of allowing all board members to take part in decision-making processes. The CEO, CFO and Legal Director (Company Secretary) attend all board meetings. The company's auditor attends when the annual financial statements are adopted or on other occasions where the auditor's expertise is relevant. The board has prepared guidelines for its work.

Each year the board assesses its own work and way of working as a basis for assessing the need for changes and other measures. This assessment includes an evaluation of the board's expertise, collectively and for each member, and how well the board works as a team.

10.3 Guidelines for the CEO

The board has adopted guidelines that regulate the CEO's tasks and the relationship with the board. The CEO is responsible for the day-to-day management of the company's and the group's business and ensuring that the board's resolutions are implemented, as well as ensuring that the company's employees and other involved parties receive sufficient information on the board's resolutions. The CEO is responsible for ensuring that the board receives all the information that is necessary for it to be able to exercise its functions in accordance with applicable statutory requirements at the relevant time and with board procedures.

The CEO is obliged to inform the Chair of the board if he/she finds that circumstances exist that require the board to consider a matter, and he/she is to notify the board when the assumptions for a previous decision that is relevant to the business have changed significantly.

10.4 Board committees

The board has established an audit committee and a remuneration committee. The board has established mandates for the work of the committees, which are subject to annual revision. In accordance with their respective mandates, the audit committee and the remuneration committee shall have two or three shareholder representatives from the current board. The representatives are to be elected by the board for two years at a time, to coincide with the board's term of office. The committees assist the board with preparing its work, but decisions are taken by the whole board.

The audit committee shall act as a preparatory body and support the board in the exercise of its responsibility relating to financial reporting, auditing, internal controls, compliance with ethical guidelines and overall risk management. The board appoints two or three persons to the audit committee from among its members. A majority of the members of the audit committee shall be independent of the business. The CFO, the group's Head of Group Accounting and the committee's secretary always attend as representatives of the management. The company's auditor also participates. The CEO and other members of the management attend as required. The audit committee has an established calendar of meetings, and meets at least five times a year.

The purpose of the remuneration committee is to act as a preparatory body for the board's consideration of compensation issues. The remuneration committee's main task is to prepare the board's consideration of matters relating to the salary and employment terms of the CEO and senior management, as well as changes to them. In addition the remuneration committee prepares the board's consideration of principle issues relating to salary levels, result-related pay schemes (including share schemes), the pension scheme/conditions, employment contracts and similar for the group management of Entra, as well as other matters relating to compensation that are of particular importance for the group's competitive position, profile, ability to recruit, reputation etc. The CEO shall discuss the handling of individual conditions of senior management with the remuneration committee. The remuneration committee shall further discuss and present proposals to the board on guidelines for the remuneration of senior management, prepare the board's statement on the determination of salaries and other remuneration of senior management in accordance with § 6-16a of the Norwegian Public Companies Act, and deal with other statutory reporting.

The remuneration committee is composed of the Chair of the board and a shareholder-elected member of the board, and shall be independent of senior management. The CEO and

CFO always attend as representatives of the management. The CEO does not participate in discussions on issues that affect the CEO personally or matters that relate to the group management as a whole. The company's head of HR shall act as the committee's secretary. A calendar of meetings has been established for the remuneration committee, which meets approximately six times a year.

Information shall be given on the use of board committees in the annual report.

Non-compliance with the Code: None

11. Risk management and internal controls

11.1 General

The board is responsible for ensuring that the group's business, financial reporting and asset management are subject to adequate control and in accordance with applicable law. Entra's risk management shall support the groups strategic and financial goals and help the group avoid events that may have an adverse impact on the groups operations and reputation.

Entra works systematically to ensure continuous improvement of its internal controls linked to financial reporting and efficient operation. The group has a proactive approach towards risk management, and potential risks are to be identified, assessed, quantified and managed. The management has established routines for identifying and managing the business's risk exposure. Entra has drawn up a risk chart, where the main risks are considered to be: commercial risk, operational risk, project risk and business and strategic risk. Commercial risk includes the group's financial risk and is managed in accordance with the adopted financial strategy, with financial instruments as one of the ways of limiting risk exposure. The group's commercial risk also includes the risk associated with entering into and renegotiating contracts, which is continuously monitored. Operational risk is managed through procedures for day-to-day operations, compliance and HSE work. Project risk is managed continuously over the course of projects by monitoring progress, financial and contractual issues. Business and strategic risks include the possible impact on the group of political issues, regulation and external events.

11.2 Reporting

As part of the management's follow-up of the business, quarterly reports and reviews are prepared for all business areas. Reporting covers all relevant matters related to the business area, including financial results, risk assessments and monitoring of relevant key figures and objectives. The group's financial results, key figures and achievement of objectives are reported to the board quarterly and in association with each board meeting. In addition to this the group has established systems for handling and following up health, safety and the environment as an integrated part of management reporting.

The board undertakes an annual review of the group's risk and internal control activities. The board is also informed quarterly

of developments in the groups risk exposure. This, combined with the management's risk assessments and information on ongoing measures, put the board in a good position to judge whether the groups risk management procedures are satisfactory. Risk management and internal controls are also considered by the board's audit committee.

11.3 Monitoring and control of financial reporting

Procedures have been established for financial reporting that involve carrying out a high-level review of significant estimates, provisions and accruals in conjunction with preparation of the quarterly and annual financial statements. Separate notes to the accounts are prepared for significant accounting items and non-routine transactions, which are approved by the CFO. The valuation of the groups properties is subject to a separate review and assessment at management level at the close of each quarter. This involves, among other things, holding meetings with the external valuers, with a particular emphasis on discussing perceptions of the market, risk premiums and documentation.

The group reconciles and documents all balance sheet items in the group companies each quarter. Balance sheet items such as liabilities, bank deposits, projects and non-current assets are subject to special reviews. Projects are reviewed on a quarterly basis by the project and accounting departments together to assure the quality of the accounting and tax calculations. System-generated items linked to liabilities and interest rate hedging are subject to manual reconciliation each month. Significant profit and loss accounts are subject to reconciliation each quarter. All reconciliations are reviewed and quality assured, as well as being analysed against the group's forecasts and previous accounting periods.

The management reports significant operational and financial matters to the board at the group's board meetings. Nine ordinary board meetings are planned for 2015. Any significant matters and situations that arise outside board meetings are discussed with the Chair of the board and if necessary additional board meetings are held.

The quarterly reporting to the Stock Exchange is performed at Entra ASA Group level, and Entra Eiendom AS Group is not required to report separately to the stock exchange.

11.4 Financial management

The group is managed by means of financial targets linked to the return on equity, the management of the debt portfolio and the return on the property portfolio. Risk assessments and profitability calculations are performed in connection with acquiring property and commencement of building projects, in accordance with the groups fixed calculation model and required rate of return. The present value of building projects is monitored throughout the course of the project. Long-term projections are made of expected financial developments as a component of the group's risk management, using a model with detailed assumptions concerning the business's results, cash flow and balance sheet. The projections take into account cyclical developments in

the economy, financial parameters and the property market. Scenarios and simulations are prepared for various developments. The simulations provide good information for the board and management in their monitoring of developments in central balance sheet key figures and cash flow.

Allocation of capital and risk profiles are important parameters for guiding financial operations. Entra's finance policy contains a framework for the day-to-day management of the group's financial risk. Principles have been defined for borrowing, management of liquidity risk and interest rate risk, and credit and counterparty risk. The group's model for financial projections provides updated key figures, which are monitored on a continual basis. Reports are made to the management monthly in accordance with the management guidelines for the financial operations, and to the board through the business report.

Systematic monitoring of the general economic situation and its impact on the group's financial risk is carried out. Based on expected developments in the economy and analysis of the company's financial position, expected developments in both short-term and long-term interest rates, the strategy for interest rate positioning, capital requirements and planned financing activities are discussed, as well as opportunities in the financing market.

11.5 Monitoring of risk management and internal controls

In consultation with the audit committee, the management defines areas where the group shall carry out a review of internal controls. Both internal and external resources are used on these reviews. The results of the most important reviews related to internal control are presented to the audit committee and the board on an annual basis. An internal control plan is presented to the board.

11.6 Monitoring ethical guidelines and socially responsible procurement

The group follows up issues relating to ethical guidelines and corporate social responsibility. The environmental perspective is an integral part of the assessments made in connection with the groups potential investments. Special requirements have been defined for the groups suppliers in the document "Socially responsible procurement", and a supplier verification process is conducted each year to ensure that the group's suppliers are familiar with and adhere to the contractual conditions.

In order to follow up on the groups requirements regarding corporate social responsibility in the supply chain, the Entra uses external consultants to perform supplier audits on selected projects. These audits include a focus on Entra's standard requirements for corporate social responsibility and the suppliers' follow-up of these standards, e.g. those related to procurement processes, environmental monitoring and waste segregation as well as further control of pay, and working and living conditions in accordance with laws and regulations.

Internal controls linked to Entra's core values, ethical guidelines and corporate social responsibility policy are under development and are implemented in the group's businesses on an ongoing basis. The management continuously strives to prevent corruption and undesirable incidents, with a focus on the groups values and ethical guidelines. Systematic training in ethical guidelines and dilemma training for all employees contributes to increase awareness among Entra's employees.

Entra's Legal Director is the recipient of, and follows up, notifications submitted via the group's reporting system. The ethical guidelines set out how employees can report breaches of the company's ethical guidelines or legislation, and this information is also available on the company's intranet. Employees are encouraged to report unsatisfactory situations. In addition to internal reporting, the company has also established an external reporting channel to a firm of lawyers, who can receive notifications on behalf of the company. The board is informed annually of any "whistle blowing" cases.

Non-compliance with the Code: None

12. Remuneration of the board

The general meeting determines each year the remuneration of the board.

Board members or companies to which they are connected should not undertake separate assignments for the group in addition to the board appointment. If nevertheless they do so, the whole board shall be informed. Fees for such assignments shall be approved by the board. If remuneration has been paid above the normal board fee, this is to be specified in the annual report.

Non-compliance with the Code: None

13. Remuneration of senior employees

13.1 Board statement regarding senior management remuneration

The board of the parent company, Entra ASA, shall prepare a statement on the determination of salaries and other remuneration of senior management in accordance with § 6-16a of the Norwegian Public Companies Act. The statement is to be presented to the general meeting. The statement shall set out the main principles for the company's senior management salary policy, and shall seek to contribute to the alignment of interests between the shareholders and senior management. The statement shall specify the guidelines that are advisory for the board and any that are mandatory.

13.2 Determination of salaries and compensation of senior management

The board assesses the CEO's terms and conditions of employment once a year following a recommendation from the board's remuneration committee. The CEO consults the remuneration committee in connection with the annual adjustment of the salaries of the group's senior management team.

13.3 Performance-related pay

Remuneration of senior management dependent on results in the form of any options, bonus programmes or similar, shall be linked to value creation for the shareholders or the development in the groups results over time. Such schemes, including option schemes, shall be performance-related and based on measurable criteria that the employee can influence. A ceiling is to be placed on performance-related remuneration.

Non-compliance with the Code: None

14. Information and communication

14.1 Financial reporting and communication

The financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) as approved by the EU. Reporting must fulfil statutory requirements and provide sufficient information to allow the company's stakeholders to form as accurate a picture of the business as possible. Entra shall report in accordance with the rules in the Norwegian Securities Trading Act, as well as with the requirements specified by the Oslo Stock Exchange for companies with listed shares and bonds.

The company shall at all times, through its parent company Entra ASA, provide its shareholders, the Oslo Stock Exchange and the financial market in general with timely and precise information. Such information will be given in the form of annual reports, quarterly reports, press releases, stock exchange notices and investor presentations. The group's report on corporate social responsibility shall be integrated in the annual report. The board has set guidelines for the company's reporting of financial and other information.

The parent company (Entra ASA) shall publish each year a financial calendar with details of the dates of important events such as the general meeting, publication of interim reports, open presentations and payment of the dividend.

The board has approved insider rules relating to the handling of inside information.

14.2 Information to the company's shareholders

The group considers that it is very important to inform the company's shareholders about the group's development and economic and financial status. The management (CEO and Investor Relations Officer) shall make themselves available for discussions with important shareholders in order to develop a balanced understanding of such shareholders' situation and focus, subject however to the provisions in legislation and regulations. The Chair of the board shall ensure that the shareholders' viewpoints are communicated to the whole board.

Information to the company's shareholders shall be published on the company's website at the same time as it is sent to the shareholders. The board shall set guidelines for the company's contact with shareholders outside the general meeting.

Non-compliance with the Code: None

15. Takeover

The board has prepared general principles for how it will act in the event of a takeover bid.

Non-compliance with the Code: None

16. Auditor

The general meeting elects the group's auditor.

16.1 Plan for the auditor's work

Each year the auditor presents a plan for his work to the audit committee, which in turn informs the board of its most important aspects.

16.2 Auditor's relationship to the board

The auditor attends the meetings of the audit committee, as well as board meetings to consider and adopt the annual report and financial statements. At the meetings the auditor shall go through any significant changes in the company's accounting principles, the evaluation of material accounting estimates and all material matters where there has been disagreement between the auditor and the management. There is one annual meeting between the audit committee and the auditor, and one meeting between the whole board and the auditor, which is not attended by representatives of the group management.

16.3 Auditor's review of the company's internal controls and financial reporting

When presenting the results of the interim audit to the audit committee, the auditor focuses on the groups internal controls, identified weaknesses and proposals for improvements. The auditor summarises the findings and assessments of the annual audit for the group management and audit committee. Material issues are summarised for the board.

16.4 Auditor's independence

Each year the auditor's independence is assessed by the audit committee. The board has drawn up guidelines on the engagement of the external auditor, governing what work the auditor can do for the company in view of the requirement for independence. Any major assignments other than statutory audits shall be approved by the audit committee in advance. The management informs the audit committee of additional services supplied by the external auditor under a fixed item on the agenda at each meeting.

16.5 General meeting

The auditor attends the annual general meeting for consideration of the annual financial statements. The auditor's fee for the statutory audit and other services is approved by the general meeting.

Non-compliance with the Code: None

Report of the Board of Directors 2014

2014 represents an important milestone in Entra's history. The Norwegian Government decreased its shareholding to 49.9 per cent in the parent company Entra ASA, in connection with the listing of Entra ASA on the Oslo Stock Exchange.

In 2014 Entra had total operating revenues of NOK 1,998.9 (NOK 1,657.2) million. The net income from property management was NOK 1,416.8 (NOK 1,188.8) million. Positive value changes in the portfolio of investment properties of NOK 1,194.5 (NOK - 506.7) million and share of profit from associates and jointly-controlled entities of NOK 35.6 (NOK 235.5) million contributed to the Group's operating profit being NOK 2,646.9 (NOK 917.6) million. Net realised financial costs of NOK - 645.9 (NOK 643.6) million and negative unrealised change in value on financial instruments of NOK - 607.0 (NOK 183.7) million gave net financial items of NOK - 1,253.0 (NOK - 460.0) million. The profit before tax was NOK 1,393.9 (NOK 457.7) million.

During 2014 Entra signed new and renegotiated leases with an annual rent totaling NOK 171 million (85,900 square metres) and received notices of termination on leases with an annual rent of NOK 15 million (10,700 square metres). Entra also completed three major development projects. In March 2014, the office building "Powerhouse" at Kjørbo in Sandvika was finalised. The building has been refurbished into an energy positive building, one that produces more energy than it uses over its lifetime. The office building is the first in Norway to obtain a Breeam Outstanding certification. Otto Sverdrups plass 4 in Sandvika, comprising a total 15,500 square metres, was finalised in August 2014 containing an "Education and Knowledge Centre" for Bærum Municipality and Oslo and Akershus University College. Otto Sverdrups plass 4 achieved a Breeam Very Good certification. Kongsgård Allé 20 in Kristiansand has been extended by 2,000 square metres to a total of 12,000 square metres and was finalised in August 2014. The property houses three educational institutions, Kristiansand International School (KIS), Adult Education/Kongsgård School Centre as well as a Reception school.

Entra has been active in the transaction market in 2014, in line with the strategy of growth in the four largest cities in Norway and divestment of non-core assets. The acquisition of 50 % of the shares in Hinna Park Eiendom AS was completed in February 2014 and the purchase of the property Lilletorget 1 in the city centre of Oslo was completed in July 2014. Entra has furthermore sold five smaller properties in Tromsø, Stavanger and Oslo as well as its 50 % shareholding in UP Entra during 2014.

THIS IS ENTRA

Entra is one of Norway's leading real estate companies, focusing on high quality, flexible office buildings with central locations close to transportation hubs. The property portfolio is characterised by solid tenants, long leases and a high occupancy ratio. As of 31 December 2014 Entra owned and managed approximately 1.3 million square metres in 105 buildings. At the end of the year the real estate portfolio had a market value of NOK 28.4 billion and the average remaining lease period was 7.7 years. The public sector represented approximately 76 % of the customer portfolio.

Entra is a solid and well-run Group. The values responsible, ambitious and hands-on are to characterise all activities in the Group. Entra's business concept is to develop, let and manage attractive and environmentally leading buildings. The Group's business strategy has three pillars: customer satisfaction, profitable growth and environmental leadership.

Entra's strategic areas of concentration are Oslo and the surrounding districts, Bergen, Stavanger and Trondheim. The Group is organised into four regions: Central Oslo, Greater Oslo, South/West Norway and Mid/North Norway. Entra has its head office in Oslo and regional offices in Bergen and Trondheim. Approximately 70 % of the property value is located in the Oslo area.

THE BUSINESS IN 2014

The Board's work

The Board has supervised the management and followed up the Group's business. The Board's work in 2014 was influenced by the privatisation process for the parent company Entra ASA. In addition the Board focused on active portfolio management (acquisitions and divestments), new and ongoing development projects, health environment and safety (HES) and management training.

On 2 February 2015 it was announced that Klaus-Anders Nysteen would resign from his position as CEO of Entra to take on the position as CEO of Lindorff Group. Mr. Nysteen resigned with immediate effect and the board appointed CFO Arve Regland as acting CEO.

The letting market

Rent levels increased by around 5 % in 2014 compared to around 9 % in 2013. As in the previous year it was high-quality office premises in central Oslo that saw the highest growth. The letting activity in the market was lower in 2014 compared with 2013. This can to a large extent be explained by the low level of large expirations in 2015 and 2016 as well as uncertainty about the outlook for the Norwegian economy. In the end of 2014 the rental growth showed signs of flattening out. At the end of the year office vacancy for the Oslo area had increased to around 8 % compared to around 7.5 % at the end of 2013.

Rents in Bergen were relatively stable again in 2014. There was good demand for modern centrally located office premises. Office vacancy increased slightly and was around 8 % at the end of the year.

In Stavanger office vacancy has continued to rise to a level of around 8 % at the end of the year up from around 7 % in 2013. Lower activity within the oil and oilservice sector may contribute to further increase in the vacancy level. The Forus area is particularly exposed towards this trend and has started experiencing downward pressure on rents. In Stavanger city and at Hinna Park the vacancy is lower and the rent levels remain more stable.

The rental market in Trondheim has been relatively stable throughout 2014. Strong competition in the new building market put pressure on rental growth and contributed to somewhat higher office vacancies at the end of 2014 compared to 2013. The vacancy level was around 6 % at the end of the year.

Letting activity in 2014

In 2014 Entra signed leases with an aggregate annual rent of NOK 171 million, divided between 85,900 square metres of which the largest contracts were:

- New contract with Wintershall for 15 years and 13,800 sqm in the new office building Gullfaks at Hinna Park in Stavanger
- New contract with Husbanken for 10 years and 4,005 sqm at the new office building Papirbredden 3 at Grønland 51 in Drammen

- New contract with Eniro for 7 years and 5,172 sqm at Langkaia 1 in Oslo
- Renegotiated contract with Sør-Trøndelag fylkesskattekontor for 5 years and 7,269 sqm at Kongensgate 87 in Trondheim
- New contract with Jernbaneverket for 3.2 years and 3,900 sqm in Biskop Gunnerusgate 14 in Oslo

The proportion of vacant premises in Entra's portfolio has increased slightly and the Group had an occupancy level of 94.6 % as at 31 December 2014 compared to 95.8 % at 31 December 2013. The vacancy level was lowest in the Mid/North region at 2.7 % and highest with 7.2 % in the Central Oslo region. The Greater Oslo and South/ West regions had vacancy levels of 3.1 % and 5.2 %, respectively.

Customer satisfaction

Entra's goal is to be the best in its sector in terms of customer satisfaction. The Norwegian Tenant Index is used to measure customer satisfaction. Entra achieved an aggregate customer satisfaction score of 74 (72) in 2014 against a national average for the sector of 72 (71). Entra's customers believe that the group's properties have the sector's best location. On environmental questions in the survey Entra achieved a score of 76 (74), compared with a national average of 65 (63). It is pleasing that customers value Entra's environmental efforts.

In the autumn of 2012 Entra opened a customer centre, which has been very well received by the customers. The score for handling fault reports increased to 78 (76). The national average in the sector is 72 (70) points. The customer centre contributes to increasing customer satisfaction and lays the foundation for more efficient management of Entra's properties.

Project development

The following projects are the most important projects Entra completed in 2014:

- In March 2014 Powerhouse Kjørbo in Sandvika was completed and the tenant, Asplan Viak moved into a refurbished building of 6,900 square meters. By optimising and combining existing technologies in new ways, the office building from the 1980s was renovated into an energy-positive building achieving Breeam Outstanding certification.
- In the third quarter, the project Otto Sverdrups plass 4 in Sandvika was completed, comprising an "Education and Knowledge Centre" of 11,547 square metres for Bærum Municipality and Oslo and Akershus University College. Otto Sverdrups plass 4 achieved a BREEAM Very Good classification.
- In the third quarter the new school at Kongsgård Allé 20 of 1,967 square metres was completed and delivered to Kristiansand International School.

The following projects are the most important projects that were started up or were ongoing during 2014:

- At Schweigaardsgate 16 in Oslo a new office building of 15,500 square metres is under construction, where Statoil Fuel & Retail will be the largest tenant with 12,100 square metres. The project has an ambition to obtain the classification BREEAM Excellent and energy class B. The building will be completed in June 2015.
- At Langkaia 1 in Oslo, the 9th and 10th floors are refurbished. The project comprises around 6,200 square metres and the tenant Eniro will occupy 5,250 square metres from February 2015. In addition, the old "loading-balcony" on the 1st and 2nd floors is in process of being developed into new office premises totalling approximately 2,400 square metres.
- The project in Akersgata 34-36 involves both development of a new building and refurbishment of an existing building, in total a project of 6,212 square metres of offices which is let to Amedia. The project is scheduled to be completed and handed over in September 2015.
- At Papirbredden 3 construction started in the third quarter of 2014, with a planned completion in Q4 2015. A lease has been signed with Husbanken of 4,000 square metres out of a total of 11,000 square metres. The property has been planned and will be constructed in accordance with FutureBuilt's quality criteria and will be a passive building with Energy class A. The project is owned by Papirbredden Eiendom, where Entra owns 60%.
- The project Ringstabekkveien 105 in Bærum consists of Ringhøyden (3,000 square meters of commercial premises and 49 apartments) and Slottshagen (24 apartments). All the apartments at Slottshagen are sold, of which 8 were delivered in Q4 2014 and the remaining will be delivered in Q1 2015. At Ringhøyden, Bærum Municipality has moved into the commercial premises. 28 of the apartments were sold in 2014 of which 25 were handed over to the buyers. The remaining 21 apartments are expected to be sold during 2015.
- At Hinna Park in Stavanger construction of the parking basement under the Gullfaks building was started. The 17,400 square metre office building is expected to be completed in Q3 2016. Wintershall Norway AS will lease the whole building, except for the 2nd floor and commercial space in the 1st floor. The project plans for a BREEAM Excellent classification.
- In Sundtkvartalet in Oslo, the building of a new, environmentally leading office building of approximately 31,000 square metres was commenced in Q3 2014. The ambition is to obtain BREEAM classification Excellent, a passive building with Energy class A. The project is organised through a jointly controlled company with Skanska Commercial Development AS, where Skanska and Entra own 50 percent each.
- In Lars Hilles gate 30 in Bergen, the Media City Bergen (MCB) project started in Q4 2014. This building comprises 45,000 square metres where the largest media companies in Bergen will co-locate. The project will include the total renovation of the existing 35,000 square metres and the addition of 10,000 square metres. The project is owned by the jointly controlled entity Entra OPF Utvikling AS where Entra and OPF own 50 % each.

At the end of 2014 Entra's project portfolio contained 86,637 square metres.

In addition, Entra worked on a number of projects that are at an early phase where an investment decision has not yet been taken. The most important projects are referred to below:

- Entra has continued to work on the plans to develop the Tullin quarter in Oslo. In the Tullin quarter Entra is in dialogue with Oslo University in connection with a new building for the law faculty.
- At Brattørkaia in Trondheim Entra is planning to build Norway's first energy-positive new built office block. In December the City Council in Trondheim accepted the plans to build Powerhouse Brattørkaia. The new building will be approximately 13,500 square meters above ground. The project is awaiting tenants.
- Entra is in the process of arranging for an international architect- and innovation competition for a new project at Lilletorget 1 in Oslo. Contributions for the competition is due in February 2015. Entra is planning to demolish the existing building and build an urban energy plus house.

The transaction market

Commercial property transactions in Norway in 2014 totalled approximately NOK 57 billion, up from approximately NOK 40 billion in 2013. The transaction market is active and driven by favourable financing terms for property investors. International investors are showing increased interest in the Norwegian market. The interest for modern and central properties close to transportation hubs is high. However, also more normal properties outside the most central office clusters are in demand and the historical high gap between prime and normal yield properties is contracting. The prime yield in Oslo decreased to around 4.75 % (5.25%) by the end of 2014. The yield gap is record high as a result of decreasing interest rates.

Property transactions in Entra

In accordance with the strategy of growth in the four largest cities Entra acquired the following properties/companies during 2014:

- Lilletorget 1 in the Oslo city centre. A 14,000 sqm property with Fellesforbundet as the largest tenant. Entra is currently making plans for a large project on the property when the contract expires and intends to build a new high raised office building on the property.
- Acquisition of 50 % of Hinna Park Eiendom AS, holding 3 office properties and 3 land plots at Hinna Park in Stavanger.

Entra has furthermore taken advantage of the strong transaction market and sold several of its non-core properties. During 2014 Entra signed contracts to sell the following properties/property companies: 50 % holding in UP Entra AS, Pilestredet 30 AB CD in Oslo, St. Olavs gate 4 in Oslo, Grønnegata 122 AS, Strandgata 41 in Tromsø and Skansegaten 2 in Stavanger. At the year-end all the properties had been transferred to new owners with the exception of Skansegaten 2 and Grønnegata 122 AS, which will be transferred in January and April 2015 respectively.

On 22 January 2015 it was announced that Entra had entered into an agreement with Hemfosa Fastigheter AB regarding the sale of a portfolio of six properties in Østfold and Lillestrøm. The total property value was NOK 1.375 bn, which was about 15 per cent above book values as at 31.12.14.

Associates and jointly-controlled entities

Oslo S Utvikling AS (OSU) (33.33 % ownership)

OSU is a property development company that is undertaking the development of parts of the city district Bjørvika in Oslo. OSU is developing around 350,000 square metres above ground and around 105,000 square metres below ground, of which approximately 177,000 square metres above ground and approximately 70,000 square metres below ground has been developed.

OSU's strategy of developing properties for sale means that the properties are not accounted at fair value in the financial statements, but at historical cost. In the consolidated financial statements the investment is included using the equity method, and equity after tax is recorded at NOK 578.1 million in the consolidated financial statements as at 31 December 2014.

The market value of the properties and projects in OSU is estimated at approximately NOK 3.5 billion (100 per cent). Entra's ownership of 33.33 per cent gives a market value of NOK 1.2 billion. The estimate is based on corresponding principles to those used for Entra's other valuations of investment properties. Entra's share of the net asset value as at 31 December 2014 was NOK 0.8 billion after taking into account estimated latent deferred tax of 10 per cent.

Entra OPF Utvikling AS (50 % ownership)

Entra and Oslo Pensjonsforsikring (OPF) own the jointly controlled enterprise Entra OPF Utvikling AS (50 % each). The company owns the properties Allehelgens gate 6 and Lars Hilles gate 30 in Bergen.

In Lars Hilles gate 30, Media City Bergen (MCB) is under development as described under project development above. The property Allehelgens gate 6 is fully let to the police, with a remaining lease term of just above 4 years as of 31 December 2014.

Under the agreement between Entra and Oslo Pensjonsforsikring, Entra OPF Utvikling AS is not to be financed with debt, and any capital requirements in addition to the company's ongoing profits are to be financed with equity contributions from the owners. In addition the contract provides that the company as a general rule will distribute the previous year's profit after providing for any capital requirements in the year in which the distribution is made.

Hinna Park Eiendom AS (50% ownership)

Hinna Park Eiendom AS is owned by Entra Eiendom AS (50%) and Camar Eiendom AS (50%). Entra acquired its 50 per cent interest in the newly established Hinna Park Eiendom AS in

February 2014 based on a property value of approximately NOK 1.3 billion (100%).

The company owns Hinna Park AS of which owns eight subsidiaries. Fjordpiren AS, Troll Næring AS and HP Stadionblokken C AS are new build building with renting activity. The companies Gullfaks AS, Oseberg Næring AS and Ormen Lange AS are all project companies with their own building plots. Hinna Park Logistikk AS has commenced building parking hall no 2 (Gullhallen). In Gullfaks AS the construction of Gullfaks has been initiated. The project, with BREEAM classification Excellent, has an estimated completion date in Q3 2016.

Due to the fact that Entra holds 51% of the votes at Hinna Park Eiendom AS' general meeting as set forth in the shareholders' agreement governing the parties' joint shareholding, Hinna Park Eiendom AS is consolidated in the Group's financial statements.

Papirbredden Eiendom AS (60 % ownership)

Entra Eiendom AS and Drammen Municipality own Papirbredden Eiendom AS. The company owns the properties Grønland 51, Grønland 56, Grønland 58, Grønland 60 and Kreftingsgate 33 in Drammen. All the properties are 100 % let.

The construction of Papirbredden 3 on parts of the site Grønland 51 in Drammen has commenced as described under project development above. Zoning work is ongoing for the property Kreftingsgate 33 in Drammen.

Corporate Social Responsibility

Entra reports its work with respect to corporate social responsibility based on the fundamental values and principles set out in the UN's Global Compact, which has as its objectives to safeguard the environment and working conditions, combat corruption and uphold human rights, as well as the UN's Guiding Principles on Business and Human Rights (UNGPs).

See the separate section in the annual report on corporate social responsibility for the parent company Entra ASA for a more detailed discussion and reporting based on the Report to Parliament no. 27 (2013–2014) and the relevant section in the Accounting Act, § 3–3C. The annual report can be obtained at www.entra.no

HSE and organisation

Entra is responsible for ensuring the safety of its customers, suppliers, employees and guests. Entra's goal of being a zero-harm workplace for people, the environment and society underpins all the Group's health, safety and environmental work. The main HSE requirements for the business are specified in the Group's HSE policy.

No serious personal injuries were registered in 2014. Entra's LTI rate (the number of work-related injuries resulting in absence per million work-hours) was 4.4 in 2014, compared with 7.1 in 2013. Entra has implemented several initiatives to improve the HSE situation both in on-going projects and in the operations. HSE

is an important focus area for the Board. The Board is satisfied with the dedicated HSE work in the organisation and the initiatives taken to prevent serious incidents.

At the end of 2014, the Group had 167 employees (corresponding to 169 full-time equivalents), of whom 15 are employed in Hinna Park. Staff turnover in 2014 was 11.7 % compared to 20 % in 2013. The high level in 2013 is explained by an organisation and development project that was carried out.

Sickness absence at Entra AS was 3.4 % in 2014, which was at the same level as in 2013. The group works systematically to prevent sickness absence, as stipulated in the agreement on an Inclusive Workplace, and monitors the progress of staff on sick leave closely.

As part of Entra's work to prevent corruption and undesirable incidents, the group has developed ethical guidelines. Irrespective of whether changes are made to the ethical guidelines, it is important to the group that everyone who works in Entra is familiar with the content of the guidelines and undertakes to observe them. The ethical guidelines are signed by all employees annually and on new appointments.

Cooperation with employee organisations was good and constructive during 2014, and made a positive contribution to the operation of the Group.

Equality and diversity

At 31 December 2014, 44 (32) of the Group's employees were women. Entra aims to increase the number of women working in the Group, and this goal has been incorporated into the Group's recruitment procedures. In 2014, over 40 % of the Board members were women. As of 31 December 2014 there were as many women as men in the group management and three out of the four regional directors were women.

Employee benefits, such as flexible working hours and full pay during illness and parental leave regardless of the National Insurance scheme's limits are regarded as important measures in the efforts to ensure equal opportunities.

The Group believes in the benefits of diversity, and this goal has been incorporated into Entra's recruitment procedures. The Group's recruitment processes encourage all qualified candidates to apply, regardless of their age, gender, ethnic background or any disabilities.

STATEMENT OF INCOME, BALANCE SHEET AND STATEMENT OF CASH FLOWS

Income

The Group's rental income amounted to NOK 1,772.3 million in 2014 compared to NOK 1,632.3 million in 2013. The growth in rental income totalled 8.6 per cent, of which underlying like-for-like growth amounted to 3.3 per cent. The increase in rental income relates to the purchase of Hinna Park Eiendom AS with effect from 1 February 2014, Lilletorget 1 in July 2014 and the purchase of Vahls gate 1-3 in July 2013. In addition,

completion of the projects at Fredrik Selmers vei 4 in Oslo, Otto Sverdrups plass 4 in Sandvika and Brattørkaia 15 in Trondheim, has contributed significantly to higher rental income compared to 2013. The increase in rental income was partly offset by the divestment of the properties Spelhaugen 12 in Bergen, Wergelandsveien 27 in Oslo and Storgata 14 in Lillestrøm.

Other operating revenue amounted to NOK 226.5 million against NOK 24.9 million in 2013. The Group delivered 25 apartments at Ringhøyden and 8 apartments at Slottshagen at Ringstabekk to buyers and thus recognised an income of NOK 177.3 million in 2014. Otherwise other operating income consists mainly of income from administration charges and invoicing of additional services to tenants.

Maintenance and operating costs amounted to NOK 148.1 million in 2014 against NOK 157.4 million in 2013. Other property costs amounted to NOK 223.0 million in 2014 compared to NOK 88.2 million in 2013. Other property costs in 2014 mainly consist of apartments sold at Ringstabekk (as referred to above) of NOK 189.4 million. In 2013 other property costs were affected by rental costs related to the rebuilding of Fredrik Selmers vei 4.

Administrative owner costs amounted to NOK 211.1 million in 2014 against NOK 222.9 million in 2013. In 2014 the administrative owner costs have been affected by the consolidation of Hinna Park Eiendom AS. In 2013 the item was affected by costs related to the reorganisation project.

For 2014 the net income from property management totalled NOK 1,416.8 million compared to NOK 1,188.81,188.7 million in 2013.

The valuation of the property portfolio resulted in positive value changes of NOK 1,194.5 million in 2014 compared with NOK -506.7 million in 2013. The positive value changes are mainly due to decreasing yield levels as well as commencement and completion of projects.

The share of the result from associated companies and jointly controlled entities amounted to NOK 35.6 million in 2014 against NOK 235.5 million in 2013. In 2013 the result was impacted by the sale of the Deloitte building in Oslo S Utvikling AS. In 2014, the results have been affected by a positive contribution from Oslo S Utvikling, offset by a negative change in market value of the property Lars Hillesgate 30 in Entra OPF, mainly due to revised assumptions in relation to the start-up of the rehabilitation project "MediaCity Bergen".

The net unrealised negative value change on financial instruments was NOK - 607.0 million (NOK 183.7 million) in 2014. The negative development is mainly due to falling market interest rates and increased liabilities on the Group's fixed rate loans as a result of a reduction in market valued credit margins.

Net realised financial costs amounted to NOK -645.9 million (NOK -643.6 million). After the capital increase in October, the Group repaid NOK 1.9 billion of debt and at year end 2014 the

debt is at about the same level as at year end 2013. However, the average interest bearing debt during the year has been higher than in 2013. Falling market interest rates and the expiry of historical interest hedging agreements have contributed to only a minor increase in realised financial expenses.

For 2014 the profit before tax totalled NOK 1,393.9 million, against NOK 457.7 million in 2013, and total comprehensive income after tax was NOK 1,012.4 million against NOK 462.9 million in 2013.

Balance sheet

The Group's assets amounted to NOK 30,852.3 (NOK 26,809.1) million as at 31 December 2014. Of this, investment property amounted to NOK 26,679.5 (NOK 24,429.8) million and investment property held for sale to NOK 1,550.8 (NOK 388.2) million. Nine properties were classified as held for sale as at 31 December 2014.

The Group has recognised goodwill of NOK 145.9 million (NOK 0) in connection with the acquisition of 50 per cent of Hinna Park Eiendom AS. The purchase of Hinna Park was a purchase of a business and the provision of the excess value of identifiable assets is recognised as non-identifiable goodwill.

Investments in associated companies and jointly controlled entities were NOK 1,074.5 (NOK 1,128.3) million. The decrease is mainly due to the sale of Entra's shares in the associated company UP Entra.

The Group's interest-bearing debt as of 31 December 2014 was NOK 14,682.6 (NOK 14,608.5) million. During the year 2014 the Group has increased interest bearing debt to finance property projects and improvements, the purchase of Hinna Park, payment of a dividend of NOK 250 million and the acquisition of Lilleorget 1 for a net purchase price of NOK 287.3 million. Interest bearing debt was however reduced by NOK 1,900 million

The pension liability was NOK 81.8 (NOK 53.1) million as of year-end 2014. The increase is due to changes in actuarial assumptions, particularly impacted by a lower discount rate on the pension liability.

Trade payables and other payables were NOK 515.7 (NOK 457.6) million. The increase is due to a higher level of investments particularly impacted by projects run by Hinna Park and dividend not yet paid to shareholders of NOK 25 million in Hinna.

The Group's equity capital, including non-controlling interests, was NOK 11,016.4 (NOK 8,131.7) million as at 31 December 2014 which corresponds to an equity ratio of 35.7 per cent (30.3 per cent). The Group's equity is increased by a capital increase of NOK 1,950.0 million. In connection with the acquisition of Hinna Park, the Group has recorded a non-controlling ownership interest of NOK 257.4 million.

Cash flow

The Group's cash flow from operations for 2014 amounted to NOK 677.7 (NOK 508.4) million. The change from last year is mainly due to an increased profit from property management.

The net cash flow from investments was NOK -1,157.0 (NOK -999.7) million.

Proceeds from sales of investment properties, companies and housing-units include proceeds from sale of investment properties and sales of housing-units at Ringstabekk of total NOK 511.4 (NOK 596.9) million in 2014.

The Group had a net negative cash effect of NOK 213.3 million related to the purchase of 50 per cent of the shares in Hinna Park of NOK 218.9 million and a net positive cash effect of NOK 5.5 million from the purchase of the remaining shares in Sørlandet Kunnskapspark Eiendom AS.

Investments in the property portfolio amounted to NOK 1,587.9 million (NOK 1,798.8 million), of which NOK 1,106.5 (NOK 998.0) million is related to improvements of the existing property portfolio. NOK 287.3 million was related to the purchase of the investment property Lilleorget 1 in 2014. In 2013 NOK 592.1 million was related to the purchase of Schweigaardsgate 16.

The Group received net payments from associates and jointly controlled entities of NOK 132.7 (NOK 202.2) million in 2014 of which NOK 125.2 is related to proceeds from the sale of the shares of UP-Entra. In addition, the Group has received a dividend from Entra OPF of NOK 79.6 million in 2014.

Net cash flow from financing was NOK 500.1 (NOK 603.9) million. During 2014 the Group has increased its interest bearing debt related to the purchase of Hinna Park in the first quarter, Lilleorget 1 in second quarter, improvements to the existing property portfolio, and dividend payments of NOK 250 million and NOK 60 million to the Norwegian Ministry of Trade, Industries and Fisheries and the non-controlling shareholder in Hinna, respectively. In connection with the share issue of net NOK 1,950.0 million in the fourth quarter of 2014, the Group repaid approximately NOK 1.9 billion of interest bearing debt.

The net change in liquid assets was NOK 20.7 (NOK 112.6) million in 2014.

Going concern

The financial statements have been prepared based on the going concern assumption, and the Board confirms that this assumption is valid. The company is in a healthy financial position, and has good liquidity. The Board confirms that the company had sufficient equity and liquidity as at 31 December 2014. There have not been any events since 31 December 2014 that have significant impact on the financial statements.

FINANCIAL STRUCTURE AND EXPOSURE

The Group's financing is diversified between various bank and capital market instruments. At year-end 2014 the nominal interest-bearing debt was NOK 14,123.9 (NOK 14,544.1) million. The interest-bearing debt has a diversified maturity structure, with an average term to maturity of 5 years. Entra's financing is based on negative pledge of the Group's assets, a structure which enables a broad and flexible financing mix.

The capital markets funding as at 31 December 2014 consisted of bonds and commercial paper outstanding of respectively NOK 7,300 million and NOK 1,350 million, which accounted for 61 per cent of total interest-bearing debt. Bank funding of NOK 5,474 million represents the remaining part of the financing mix. The Group's bank facilities are mainly revolving credit facilities, which enable an active liquidity management by adjusting the revolving facilities according to any ongoing cash needs or surplus. The Group's liquid assets amounted to NOK 198.2 million (NOK 177.4) million as at 31 December 2014. In addition, the Group had committed, unutilised credit facilities totalling NOK 3,965 (NOK 3,425) million.

The Group's average interest cost as at 31 December 2014 was 4.45 (4.47) per cent. As at 31 December 2014, 63 (62) per cent of the Group's total interest-bearing debt was subject to fixed interest rates. At the same time, the effective term to maturity of the Group's interest rate hedging instruments was 3.2 (3.0) years. Market interest rates have fallen significantly during 2014, as the market discounts lower growth in the Norwegian economy. However, the average interest rate on the Group funding has only been subject to a minor reduction. This effect is explained by lower interest-bearing debt and reduced floating interest rate exposure, as the capital increase was used to repay floating rate debt.

The Group has adopted a conservative financial strategy with a moderate loan to value ratio that secures financial flexibility throughout an economic cycle. Entra will in this regard target a loan to value ratio of approximately 50 per cent. The Group's loan to value ratio as at 31 December 2014 was 48.4 per cent, reduced from 56.6 per cent in 2013. The reduction in the loan to value ratio is mainly due to debt repayment from the capital increase. Approximately NOK 1,900 million of interest-bearing debt was repaid in connection with the capital increase in the fourth quarter 2014.

The Group manages financial risks in accordance with a framework included in the financial policy. The main financial risks, in addition to financial leverage above, are financing risk, interest rate risk, credit risk and currency exposure. The Group's financial policy has been adopted by the Board and is up for revision on an annual basis.

CORPORATE GOVERNANCE

Entra's board has approved guidelines for good corporate governance in accordance with the Norwegian Code of Practice for Corporate Governance issued by the Norwegian Corporate Governance Board (NUES)

The following elements are central in these guidelines:

- Entra shall maintain open, reliable and relevant communication with the outside world about the Group's business and matters related to corporate governance.
- Entra shall have a board that is independent of the group's management.
- Emphasis shall be placed on avoiding as far as possible conflicts of interest between shareholder, the board and management.
- Entra shall have a clear division of work between the board and management.

FINANCIAL RISK

	31.12.2014	Financial policy
Financial leverage		
Loan to value (LTV)	48%	approx. 50 %
Financing risk		
Unutilised credit facilities and cash/short-term interest-bearing debt	142%	at least 100%
Weighted average time to maturity	5.0	at least 4 years
Short-term interest-bearing debt/total interest-bearing debt	20%	max 30%
Interest rate risk		
Interest coverage ratio	2.0	at least 1.65 times
Duration	3.2	2-5 years
Interest rate maturity within next 12 months	37%	max 50%
Credit risk/currency exposure		
Counterpart's credit rating	Fulfilled	at least A-/A3
Share of debt per counterparty	13%	max 30%
Currency exposure	0	0

See the section of this annual report on corporate governance for a more detailed description of the corporate governance principles and reporting pursuant to Section 3-3b of the Norwegian Accounting Act.

SHAREHOLDER INFORMATION

Entra's share capital is NOK 142,195,000 divided into 1 share, with par value of NOK 142,195,000. The share have been issued in accordance with the Norwegian Public Limited Companies Act and are fully paid. Entra has one class of share. The share provide equal rights, including the right to any dividends. The share carry one vote. There are no share options or other rights to subscribe for or acquire shares issued by Entra. Neither Entra nor any of its subsidiaries directly or indirectly owns shares in the company.

As of 31 December 2014 the share is owned by the listed company Entra ASA.

Dividend policy

The board of Entra has an objective to pay an annual dividend corresponding to approximately 60% of Cash Earnings in Entra ASA Group, defined as result from property management less net realised financials and payable tax. In line with the dividend policy, the board of Entra proposes a dividend of NOK 500 million for 2014.

RISKS ASSOCIATED WITH THE BUSINESS

Entra assesses risk on an ongoing basis and draws up risk maps for the business. The main risks are considered to be commercial risk, operational risk, project risk and business and strategic risk.

Entra's commercial risk includes the risk associated with signing and renegotiating contracts. Economic downturns may

lead to changes in market rents. The Group achieves stable and predictable cash flows through long-term leases with a balanced maturity profile. The Group aims to reduce rental risks through systematic customer support, by keeping track of when contracts expire and planning how to find new tenants. 76 % of the Group's customers are from the public sector as of 31.12.14 and changes in operating parameters and efficiency improvements in the public sector may affect the Group's risk exposure. The market value of the Group's property portfolio is affected by cyclical fluctuations in the economy amongst other factors. A decrease in the market value will reduce the Group's equity ratio.

Commercial risk includes the Group's financial risk. The Group is exposed to financial risk through the liabilities on its balance sheet. The management of its financing activities is regulated by the limits set in the Group's finance policy. Changes in interest rate levels will have an impact on the Group's cash flows. The Group seeks to manage this risk by actively using various interest rate hedging instruments and by spreading maturities. Liquidity risk and refinancing risk are reduced by entering into long-term loan agreements, as well as by maintaining diversified maturity structure and using a variety of different credit markets and counterparties. Entra does not expose itself to currency risk. A high proportion of public sector tenants mean that credit and counterparty risk is limited. The creditworthiness of other customers is continuously monitored. If a customer does not possess sufficient financial strength, adequate security is required.

The Group is exposed to project risk in conjunction with the construction and renovation of properties. The Group takes this type of risk into account in its investment analysis prior to deciding to start work on a project, as well as by continuously monitoring the risk throughout the project period. A risk

THE 10 LARGEST SHAREHOLDERS AS OF 31 DECEMBER 2014

NAME	SHAREHOLDING	%
MINISTRY OF TRADE, INDUSTRY AND FISHERIES	91 668 389	49.9
GEVERAN TRADING CO LTD	18 400 000	10.0
FOLKETRYGDFONDET	8 375 000	4.6
J.P. MORGAN CHASE BANK N.A. LONDON	4 556 194	2.5
JP MORGAN CLEARING CORP.	4 356 045	2.4
BNP PARIBAS SEC. SERVICES S.C.A	2 736 133	1.5
J.P. MORGAN CHASE BANK N.A. LONDON	2 568 221	1.4
CITIBANK, N.A.	2 376 427	1.3
VARMA MUTUAL PENSION INSURANCE	2 162 000	1.2
DANSKE INVEST NORSKE INSTIT. II.	2 129 748	1.2
SUM 10 LARGEST	139 328 157	75.8
OTHER	44 404 304	24.2
TOTAL	183 732 461	100.0

premium is added to the equity return requirement related to, among other things, cost developments during the construction period, delays and contract matters. When making investment decisions, market risk is also taken into account when determining cash flow and the required rate of return.

Operational risk is managed through procedures for day-to-day operations, compliance and HSE work. Business and strategic risks include the possible impact on the Group's operations of political decisions, regulations and significant unforeseen non-recurring events. The Group has identified strategic risk factors, and considers these to be carefully managed through ongoing work and the measures implemented.

PROFIT FOR THE YEAR AND ALLOCATIONS

In 2014, Entra Eiendom AS made a profit after tax of NOK 253.4 (NOK 410.5) million, as set out in the financial statements prepared in accordance with the Norwegian Accounting Act and Norwegian generally accepted accounting principles.

In accordance with the defined dividend policy the Board proposes that Entra Eiendom AS distributes profit for the year as follows:

- Proposed dividend from retained earnings is NOK 253.4
- Transferred from other equity, NOK 246.6 million

The board confirms that the company has sufficient equity and liquidity following payment of the proposed dividend.

OUTLOOK

General

In 2015 Entra will focus on its core operations hereunder property management and project development as well as further streamlining of an efficient organisation. In the latter

part of 2014 and beginning of 2015 Entra has taken advantage of the favourable market conditions in the transaction market and the divestment of non-core assets strategy is far progressed. Entra will focus on profitable growth through efficient property management and letting activities as well as value accretive project development and transactions.

Market development

A weaker macro-economic development is expected in Norway. The current economic situation with lower oil prices is expected to lead to higher unemployment and increased uncertainty.

Office vacancies have increased slightly throughout 2014 despite the low volume of new buildings being completed. Sub markets with a high level of international tenants and oil exposure are expected to experience further increase in vacancies and pressure on rents. As seen in previous periods, modern offices located near public transportation still attract tenants and obtain solid rents compared to premises located in fringe areas. Rental growth is however expected to see a slow-down in 2015 compared to previous years.

Property investors seek quality properties with good locations and/ or long and secure cash flows. Centrally located properties with development potential are also greatly in demand. Entra is experiencing a favourable credit market environment with low interest rates and contracting credit margin. The market is characterised by high competition and willingness to lend, both by banks and in the debt capital markets. Entra expect these market conditions to continue and to support a positive value development for Entra's property portfolio.


Oslo, 25 March 2015
The Board of Entra Eiendom AS


Siri Hatlen
Chair of the Board


Martin Mæland
Deputy Chair


Ingrid Tjøsøvd
Board member


Arthur Sletteberg
Board member

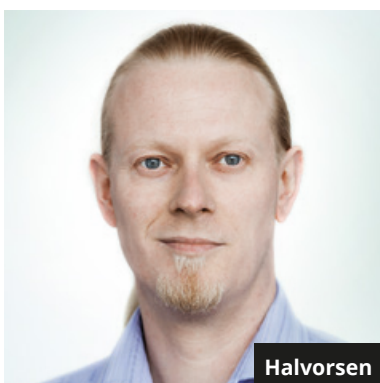

Kjell Bjordal
Board member


Frode Halvorsen
Board member


Birthe Smedsrud Skeid
Board member


Arve Regland
Acting CEO

Board of Directors



Siri Beate Hatlen Chair

Siri Beate Hatlen has been the Chair of the board of directors of Entra ASA (Entra Eiendom AS) since May 2012. Ms Hatlen has a Master of Science from the Norwegian University of Science and Technology (NTNU) and a Master of Business Administration from INSEAD. In her early career she worked for Statoil on larger offshore projects, later as management for hire and as board member/chair of the board of directors for numerous companies in Norway. From 2007 to 2009 she was Executive Vice President of Statkraft, and was the CEO of Oslo University Hospital from 2009 to 2011. Ms Hatlen currently also serves as the chair of the board of directors of among others Sevan Marine ASA and is a board member of Norske Skogindustrier ASA, Kitron ASA and Eksportkreditt AS. Ms Hatlen held 1.091 shares in Entra as of 31.12.14

Kjell Bjordal Board member

Kjell Bjordal has been a member of the board of directors of Entra ASA (Entra Eiendom AS) since 2012. Mr Bjordal has a Master of Business Administration from the Norwegian School of Economics (NHH). He is an independent business advisor and serves as the chair of the board of directors of Sparebank 1 SMN, AXESS Holding AS, Brødr Dyrøy AS and Norsk Landbrukskjemi AS. Mr Bjordal held 14,551 shares in Entra as of 31.12.14

Frode Erland Halvorsen Board member

Frode Erland Halvorsen has been an employee representative of the board of directors of Entra ASA (Entra Eiendom AS) since 2014. He serves as manager of operations (Oslo) of the Group. He also serves as the local labour union leader for Forbundet for Ledelse og Teknikk (FLT). Mr Halvorsen held 230 shares in Entra as of 31.12.14

Martin Mæland Vice Chair

Martin Mæland has been a member of the board of directors of Entra ASA (Entra Eiendom AS) since 2007. Mr Mæland has a Master of Science (Cand.mag) and a Master of Economics (Cand.oecon) from the University of Oslo. He also serves as the CEO of OBOS and the chair of the board of directors of Veidekke ASA, BWG Homes AS, Block Watne AS and Eika Boligkreditt AS. Mr Mæland held 2.183 shares in Entra as of 31.12.14

Arthur Sletteberg Board member

Arthur Sletteberg has been a member of the board of directors of Entra ASA (Entra Eiendom AS) since 2012. Mr Sletteberg has a Master of Business Administration from the Norwegian School of Economics (NHH) and a Master of International Economics from the Kiel Institute for the World Economy. He also serves as CEO of The Norwegian Microfinance Initiative, a board member of DNB Livsforsikring AS and Ness, Risan & Partners AS. Mr Sletteberg held 727 shares in Entra as of 31.12.14

Ingrid Therese Tjøsvold Board member

Ingrid Therese Tjøsvold has been a member of the board of directors of Entra ASA (Entra Eiendom AS) since 2012. Ms Tjøsvold has a Master of Business Administration from the University of Strathclyde. She also serves as Executive Vice President (Business Support) of Mesta AS, a board member of Mesta Eiendom AS and a board member of W. Giertsen Tunnel AS. Ms Tjøsvold held 437 shares in Entra as of 31.12.14

Birthe Helén Smedsrud Skeid Board member

Birthe Helén Smedsrud Skeid has been an employee representative of the board of directors of Entra ASA (Entra Eiendom AS) since 2012. Ms Smedsrud Skeid has a Master of Technology from the Norwegian University of Science and Technology (NTNU). She serves as an investment analyst in the Group. Ms Skeid held 2,307 shares in Entra as of 31.12.14

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Statement of total comprehensive income

1 January to 31 December

All amounts in NOK million

	Note	2014	2013
Rental income	6	1 772.3	1 632.3
Other operating revenue	10	226.5	24.9
Total operating revenue		1 998.9	1 657.2
Repairs & maintenance		52.5	65.9
Operating costs	11	95.6	91.5
Other property costs	12	223.0	88.2
Administrative owner costs	13, 14	211.1	222.9
Total operating costs		582.1	468.4
Net income from property management		1 416.8	1 188.8
Changes in value from investment properties	19	1 194.5	-506.7
Share of profit from associates and jointly controlled entities	20	35.6	235.5
Operating profit		2 646.9	917.6
Interest and other finance income	16	20.4	14.5
Interest and other finance expense	16	-666.3	-658.1
Net realised financials		-645.9	-643.6
Unrealised changes in value of financial instruments		-607.0	183.7
Net financial items		-1 253.0	-460.0
Profit before tax		1 393.9	457.7
Tax payable	27	-	-
Change in deferred tax	27	-356.0	8.1
Profit for year		1 037.9	465.8
Pension estimate difference	26	35.0	4.0
Change in deferred tax on comprehensive income	27	-9.4	-1.1
Total comprehensive income for the year		1 012.4	462.9
Profit attributable to:			
Equity holders of the Company		1 039.0	449.2
Non-controlling interest		-1.1	16.6
Total comprehensive income attributable to:			
Equity holders of the Company		1 013.5	446.3
Non-controlling interest		-1.1	16.6
Earnings per share			
Continuing operations			
Basic=Diluted (NOK)	35	1 013.5	446.3

Notes 1 through to 36 form an integral part of the consolidated financial statements.

Balance sheet

– assets

All amounts in NOK million

	Note	31.12.2014	31.12.2013	01.01.2013
NON-CURRENT ASSETS				
Goodwill	17	145.9	-	-
Other intangible assets	18	34.3	30.9	36.3
Total intangible assets		180.2	30.9	36.3
Investment property	19	26 679.5	24 429.8	23 499.1
Property used by owner	18	7.0	6.7	5.8
Other operating assets	18	34.4	30.5	26.2
Total property, plant & equipment		26 720.8	24 467.0	23 531.1
Investments in associates and jointly controlled entities	20	1 074.5	1 128.3	1 100.3
Loan to associates and jointly controlled entities	32	62.4	-	6.7
Financial derivatives	7	550.1	203.5	214.3
Other long-term receivables		48.9	63.1	6.8
Total financial assets		1 735.9	1 394.9	1 328.1
TOTAL NON-CURRENT ASSETS		28 637.0	25 892.8	24 895.5
CURRENT ASSETS				
Housing-units for sale		196.6	227.0	120.2
Trade receivables	21	45.0	27.9	20.1
Other receivables	22	224.8	95.8	49.9
Total current receivables		466.4	350.6	190.2
Cash and bank deposits	23	198.2	177.4	64.8
TOTAL CURRENT ASSETS		664.5	528.1	255.0
Investment property held for sale	19	1 550.8	388.2	734.2
TOTAL ASSETS		30 852.3	26 809.1	25 884.8

Notes 1 through to 36 form an integral part of the consolidated financial statements.

Balance sheet

– equity and liabilities

All amounts in NOK million

	Note	31.12.2014	31.12.2013	01.01.2013
EQUITY				
Paid-in equity	24	3 676.9	1 414.2	1 414.2
Retained earnings	24	7 053.7	6 602.9	6 573.2
Non-controlling interests		285.8	114.6	98.0
TOTAL EQUITY		11 016.4	8 131.7	8 085.4
LIABILITIES				
		11 861.4	11 799.4	9 736.5
Interest-bearing debt	25	81.8	53.1	58.0
Pension liability	26	3 003.7	2 515.1	2 528.1
Deferred tax liability	27	1 352.7	848.0	1 005.2
Financial derivatives	7	129.0	100.1	102.6
Other liabilities	28	16 428.6	15 315.7	13 430.4
Total non-current liabilities				
Trade payables and other payables	29	515.7	457.6	378.9
Interest-bearing debt	25	2 821.2	2 809.1	3 910.0
Tenant prepayments and provisions	30	70.4	95.0	80.1
Total current liabilities		3 407.4	3 361.7	4 369.0
TOTAL LIABILITIES		19 835.9	18 677.4	17 799.4
TOTAL EQUITY AND LIABILITIES		30 852.3	26 809.1	25 884.8

Notes 1 through to 36 form an integral part of the consolidated financial statements.


Oslo, 25 March 2015
The Board of Entra Eiendom AS


Siri Hatlen
Chair of the Board


Martin Mæland
Deputy Chair


Ingrid Tjøsvold
Board member


Arthur Sletteberg
Board member


Kjell Bjordal
Board member


Frode Halvorsen
Board member


Birthe Smedsrud Skeid
Board member


Arve Regland
Acting CEO

Consolidated statement of changes in equity

All amounts in NOK million

	Share capital	Other paid-in capital	Retained earnings	Non-controlling interest	Total equity
Equity at 31.12.2012	142.2	1 272.0	6 430.7	98.0	7 942.9
Change in accounting principles IFRIC 12			142.5		142.5
Equity at 01.01.2013	142.2	1 272.0	6 573.2	98.0	8 085.4
Profit for the year			449.2	16.6	465.8
Other comprehensive income			-2.9		-2.9
Dividend paid			-416.6		-416.6
Equity at 31.12.2013	142.2	1 272.0	6 602.9	114.6	8 131.7
Profit for the year			1 039.0	-1.1	1 037.9
Other comprehensive income			-25.5		-25.5
Dividend paid			-250.0		-250.0
Capital reduction demerger	-28.0		-1.4		-29.4
Capital increase by non-cash contribution	28.0	312.7	-311.4		29.4
Capital increase by debt conversion	0.0	1 950.0			1 950.0
Repaid paid-in capital non- controlling interest				-85.0	-85.0
Additions with non-controlling interests				257.4	257.4
Equity at 31.12.2014	142.2	3 534.7	7 053.7	285.8	11 016.4

Notes 1 through to 36 form an integral part of the consolidated financial statements.

Consolidated statement of cash flows 1 January to 31 December

All amounts in NOK million

	Note	2014	2013
Profit before tax		1 393.9	457.7
Net expensed interest and fees on loans from financial institutions		694.9	687.5
Interest and fees paid on loans from financial institutions		-739.7	-705.4
Share of profit from associates and jointly controlled entities	20	-35.6	-235.5
Depreciation and amortisation		16.1	44.8
Change in market value investment properties	19	-1 199.9	506.7
Change in market value financial instruments	7 25	607.0	-183.7
Change in working capital		-59.0	-63.7
Net cash flow from operating activities		677.7	508.4
Proceeds from sales of investment properties, companies and housing-units		511.4	596.9
Purchase of business net of cash	9	-213.3	-
Purchase of investment properties	19	-287.3	-592.1
Cost of upgrades of investment properties	19	-1 106.5	-998.0
Investment in housing units for sale		-154.0	-106.8
Purchase of intangible assets and other plant and equipment	18	-40.1	-101.8
Repayment of loans to associates and jointly controlled entities	20	-62.2	-5.2
Net payments in associates and jointly controlled entities	20	115.3	-
Dividends from associates and jointly controlled entities	20	79.6	207.4
Net cash flow from investment activities		-1 157.0	-999.7
Proceeds interest-bearing debt	25	11 945.9	10 412.0
Repayment interest-bearing debt	25	-13 085.8	-9 391.5
Proceeds from issuance of shares	24	1 950.0	-
Dividends paid	36	-310.0	-416.6
Net cash flow from financing activities		500.1	603.9
Change in cash and cash equivalents		20.7	112.6
Cash and cash equivalents at beginning of period		177.4	64.8
Cash and cash equivalents at end of period	23	198.2	177.4

Notes 1 through to 36 form an integral part of the consolidated financial statements.

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Notes

NOTE 1 GENERAL INFORMATION

Entra Eiendom AS ("the company") is a fully owned subsidiary of Entra ASA, a listed company on the Oslo Stock Exchange. The company's head office is located at Biskop Gunnerusgate 14, Oslo, Norway.

Entra Eiendom AS and its subsidiaries (together "the Group") are engaged in the development, letting, management, operation, purchase and sale of real estate in Norway. Entra is one of Norway's largest property companies, with a total property portfolio of 1,292,107 square metres and 1,063,327 square metres under

management. The management portfolio's economic occupancy level was 94.6 per cent at the year-end. Entra's head office is situated in Oslo. Regional offices are located in Oslo, Bergen and Trondheim.

The Group mainly has public-sector tenants, and at 31 December 2014 the proportion of public-sector tenants was 76 (81) per cent.

The consolidated financial statements were adopted by the company's Board on 25 March 2015.

NOTE 2 ACCOUNTING POLICIES

ACCOUNTING POLICIES

The most important accounting principles applied in the preparation of the annual financial statements are described below. These principles are applied in the same way for all periods presented, unless otherwise indicated in the description.

BASIC PRINCIPLES

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations by the IFRS Interpretation Committee (IFRIC), as adopted by the EU, as well as additional Norwegian reporting requirements pursuant to the Norwegian Accounting Act.

The consolidated financial statements have been prepared on the basis of the historical cost principle, with the following modifications: investment properties as well as financial assets and financial liabilities have been measured at fair value. Financial instruments measured at fair value include the Group's non-current borrowings at fixed interest rates and derivatives.

Presenting the accounts in accordance with IFRS requires the management to make certain assessments and assumptions. The application of the company's accounting principles also requires management to exercise judgement. Estimates and subjective judgements are based on past experience and other factors that are considered appropriate. Actual results may deviate from these estimates.

Estimates and underlying assumptions are continuously reassessed. Changes in accounting estimates are recognised in the period in which the changes occur if they apply only to that period. If the changes also apply to future periods, the impact is distributed over the current and future periods. Note 3 details items in the accounts that are based on a significant amount of subjective judgement.

The consolidated financial statements have been presented on the assumption of the business being a going concern.

Application of new and revised International Financial Reporting Standards (IFRSs) in 2014.

No new or amended IFRS or IFRIC interpretations came into effect for the 2014 financial year that have a significant impact on the consolidated financial statements.

New and amended standards brought into use by the Group, but which do not have an effect on the financial statements at this time:

Amendments to IAS 32 Offsetting Financial Assets and Financial Liabilities

The amendments to IAS 32 clarify the requirements relating to the offset of financial assets and financial liabilities. Specifically, the amendments clarify the meaning of "currently has legally enforceable right of set-off" and "simultaneous realisation and settlement". The amendments have been applied retrospectively. As the Group does not have any financial assets and financial liabilities that qualify for offset, the application of the amendments has had no impact on the disclosures or on the amounts recognised in the Group's consolidated financial statements.

Amendments to IAS 36 Recoverable Amounts Disclosures for Non-Financial Assets

The amendments to IAS 32 clarify the requirements relating to the offset of financial assets and financial liabilities. Specifically, the amendments clarify the meaning of "currently has legally enforceable right of set-off" and "simultaneous realisation and settlement". The amendments have been applied retrospectively. As the Group does not have any financial assets and financial liabilities that qualify for offset, the application of the amendments has had no impact on the disclosures or on the amounts recognised in the Group's consolidated financial statements.

Amendment to IAS 39 Novation of Derivatives and Continuation of Hedge Accounting

The amendment considers legislative changes to 'over-the-counter' derivatives and the establishment of central counterparties. Under IAS 39 novation of derivatives to central counterparties would result

in discontinuance of hedge accounting. The amendment provides relief from discontinuing hedge accounting when novation of a hedging instrument meets specified criteria. The Group has applied the amendment and there has been no significant impact on the Group consolidated financial statements as a result.

IFRIC 21 Levies

The interpretation sets out the accounting for an obligation to pay a levy if that liability is within the scope of IAS 37 'Provisions'. The interpretation addresses what the obligating event is that gives rise to pay a levy and when a liability should be recognised. The amendments have been applied retrospectively. The Group is not currently subjected to significant levies so the impact on the Group's consolidated financial statements is not material.

Standards, amendments and interpretations of existing standards that have not come into force and where the Group has not chosen early implementation:

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 January 2014, and have not been applied in preparing these consolidated financial statement. None of these is expected to have a significant effect on the consolidated financial statements of the Group, except the following set out below:

IFRS 9 Financial Instruments

The standard addresses the classification, measurement and recognition of financial assets and financial liabilities. The complete version of IFRS 9 was issued in July 2014. It replaces the guidance in IAS 39 that relates to the classification and measurement of financial instruments. IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through OCI and fair value through P&L. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in OCI not recycling. There is now a new expected credit losses model that replaces the incurred loss impairment model used in IAS 39. For financial liabilities there were no changes

to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss. IFRS 9 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the "hedged ratio" to be the same as the one management actually use for risk management purposes. Contemporaneous documentation is still required but is different to that currently prepared under IAS 39. The standard is effective for accounting periods beginning on or after 1 January 2018. Early adoption is permitted. The Group is yet to assess IFRS 9's full impact.

IFRS 15 Revenue from Contracts with Customers

The standard deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces IAS 18 'Revenue' and IAS 11 'Construction contracts' and related interpretations. The standard is effective for annual periods beginning on or after 1 January 2017 and earlier application is permitted. The Group is assessing the impact of IFRS 15.

There are no other IFRS standards or IFRIC interpretations that have not yet come into effect that are expected to have a significant impact on the Group's consolidated financial statements.

CHANGE IN ACCOUNTING PRINCIPLES

The Group has changed accounting principle for the three properties, Vøyenenga school, Borgarting Court of Appeal and the National Library from IFRIC 12 to IAS 40 "Investment properties" at 31 December 2014.

In order to present comparable figures, the Group has restated accounting periods starting after 31 December 2012 and presents comparable figures at 1 January 2013. The implications for the Group's accounting of the change in principle for the financial year ended 2013 is set out below.

All amounts in NOK million

	Before change in principle 2013	After change in principle 2013	Change 2013		Before change in principle 01.01.2013	After change in principle 01.01.2013	Change 01.01.2013
Total operating revenue	1 575.4	1 657.2	81.8	Investment property	22 202.5	23 499.1	1 296.8
Total operating costs	468.7	468.5	-0.2	Other long-term receivables	1 129.5	6.8	-1 122.6
Net income from property management	1 106.8	1 188.7	82.1	Total assets	25 710.8	25 884.8	174.0
Changes in value from investment properties	-495.1	-506.7	-11.7	Total equity	7 942.6	8 085.1	142.5
Operating profit	847.2	917.5	70.3	Deferred tax liability	2 472.7	2 528.1	55.4
Interest and other finance income	109.9	14.5	-95.4	Other non-current liabilities	126.5	102.6	-23.9
Interest and other finance expense	-674.8	-658.1	16.7	Total equity and liabilities	25 710.8	25 884.8	174.1
Profit before tax	466.0	457.6	-8.4				
Total comprehensive income	467.0	462.8	-4.2				

CONSOLIDATION PRINCIPLES

Subsidiaries

Subsidiaries are all entities over which the Group exercises control of financial and operating policies, normally through ownership of more than half the capital with voting rights. When deciding whether control exists, the effect of potential voting rights that can be exercised or converted on the balance sheet date is taken into consideration.

The Group also assesses whether there is control in entities over which it does not have more than 50 % of the voting rights, but in which it is nevertheless able to influence financial and operational guidelines in practice ("de facto control"). De facto control can exist in situations where the other voting rights are spread over a large number of shareholders who are not realistically capable of organising their voting. In the assessment of whether the Group has de facto control over a subsidiary, decisive importance is attached to whether the Group can choose the Board it wants.

Subsidiaries are consolidated from the date on which control is transferred to the Group, and are deconsolidated when control ceases.

The acquisition method is used to account for purchases of subsidiaries that constitute a business. The consideration given is measured at the fair value of the transferred assets, the equity instruments that have been issued, liabilities assumed on the transfer of control and direct costs relating to the actual purchase. The cost of acquisition also includes the fair value of all assets or liabilities that are the result of an agreement on contingent consideration.

Identifiable purchased assets, assumed liabilities and contingent liabilities are recognised at fair value on the date of acquisition. The costs associated with the business combination are expensed when they are incurred.

If the aggregate of the consideration, the carrying amount of non-controlling interests and the fair value on the acquisition date of any previously held ownership interests exceeds the fair value of the acquired entity's identifiable net assets, the difference is capitalised as goodwill. If the aggregate is less than the company's net assets, the difference is immediately recognised in profit or loss.

Contingent consideration is recognised at fair value on the date of acquisition. Subsequent changes in the fair value of the contingent consideration are recognised in profit or loss or recognised as a change in other comprehensive income, if the contingent consideration is classified as an asset or a liability. Contingent consideration classified as equity is not re-measured, and subsequent settlement is recognised in equity.

For accounting purposes, acquisitions of subsidiaries that do not constitute a business as defined in IFRS 3, such as subsidiaries that only consist of a building, are treated as asset acquisitions. The cost of acquisition is then attributed to the individual identifiable assets and liabilities based on their relative fair values on the acquisition date. Expenses associated with the transaction are capitalised under the property. In such cases no provision is made for deferred tax (cf. exceptions in IAS 12).

Intra-group transactions, balances and unrealised gains are eliminated. Unrealised losses are eliminated, but are considered evidence of impairment in terms of writing down the value of the transferred asset. If necessary, the accounting policies at subsidiaries are changed in order to bring them into line with the Group's accounting policies.

Transactions with non-controlling interests

Transactions with non-controlling interests in subsidiaries are treated as equity transactions. If shares are acquired from a non-controlling interest, the difference between the payment and the proportion of the carrying amount of the subsidiary's net assets attributable to the shares is recognised in the equity of the parent company's owners. Gains and losses arising from the sale of shares to non-controlling interests are similarly recognised in equity.

If the Group loses control, any residual holding is re-measured at fair value through profit or loss. Thereafter, the fair value is used as the acquisition cost for accounting purposes, and the holding is treated as an investment in an associate, in a jointly controlled entity or in a financial asset. Amounts previously included in comprehensive income that relate to the company are treated as if the Group had disposed of the underlying asset and liability. This may result in amounts that were previously included in comprehensive income being reclassified to the income statement.

Jointly controlled entities

Jointly controlled entities are companies where the Group shares control with other parties, and where an agreement between the parties ensures that strategic decisions on financial and operating policies are unanimous. This applies to companies where a shareholder agreement ensures joint control of the business. The Group's interests in jointly controlled entities are measured using the equity method. If necessary, the accounting policies at jointly controlled entities are changed in order to bring them into line with the Group's accounting policies. Jointly controlled entities where the Group controls the entity are consolidated in the Group. This will occur when the Group has the power over the jointly controlled entity, and where the Group has the exposure, or rights, to variable returns from its involvement with the jointly controlled entity and the ability to use its power over the jointly controlled entity to affect the amount of the investor's.

The proportion of any gains and losses on the sale of assets to jointly controlled entities that is attributable to other owners (outside the Group) of the jointly controlled entity is recognised in profit or loss. When assets are acquired from a jointly controlled entity, any gain or loss is only recognised in profit or loss when the asset is sold by the Group. A loss is recognised immediately if the transaction indicates that the value of the company's current or non-current assets has fallen.

Associates

Associates are companies over which the Group has significant influence but not control. Significant influence normally exists where the Group's investment represents between 20 and 50 per cent of the capital with voting rights. Investments in associates are initially recognised on the acquisition date at the acquisition cost, and thereafter using the equity method. Investments in associates include any excess values and goodwill identified at the time of acquisition, less any subsequent impairment losses.

The Group's share of the profit and loss of associates is recognised and added to the carrying amount of the investments together with the portion of unrecognised equity changes. The Group's share of the comprehensive income of associates is recognised in the Group's comprehensive income and added to the carrying amount of the investments. The Group does not recognise its share of a loss if this would result in a negative carrying amount for the investment (including the entity's unsecured receivables), unless the Group has taken over obligations or made payments on behalf of the associate.

The Group's share of unrealised gains on transactions between the Group and its associates is eliminated. This also applies to unrealised losses, unless there is a permanent loss of value. Where necessary, the accounts of associates have been brought into line with the Group's accounting policies. Gains and losses arising from the dilution of ownership interests in associates are recognised in profit or loss.

If the Group no longer has significant influence, any residual holding is re-measured at fair value through profit or loss. Thereafter, the fair value is used as the acquisition cost for accounting purposes, and the holding is treated as a financial asset. Amounts relating to the company that were previously recognised in comprehensive income are treated as if the associate had disposed of the underlying assets and liabilities. This may result in amounts that were previously included in comprehensive income being reclassified to the income statement. If the Group reduces its shareholding but retains significant influence, a proportionate share of the amounts previously recognised in comprehensive income is reclassified to the income statement.

CURRENCY

The Group's presentation currency is NOK. This is also the functional currency of the parent company and all of its subsidiaries.

Foreign currency transactions are translated at the exchange rate on the date of the transaction. Monetary foreign currency items are translated to NOK at the exchange rate on the balance sheet date. Non-monetary items that are measured at cost in a foreign currency are translated to NOK using the exchange rate on the transaction date. Non-monetary items that are measured at fair value in a foreign currency are translated to NOK using the exchange rate on the balance sheet date. Exchange rate fluctuations are recognised in profit or loss as they arise.

SEGMENT INFORMATION

Operating segments are reported in the same way as in internal reports to the Group's highest decision-making authority. The Group's highest decision-making authority, which is responsible for allocating resources and assessing the profitability of the operating segments, has been identified as the group management and the CEO.

INVESTMENT PROPERTY

Investment property is owned with the aim of achieving a long-term return from rental income and increase in value. Properties used by the Group are valued separately under property, plant and equipment. Investment property is recognised at fair value, based on market values identified by independent valuers. Gains or losses as a result of changes in the market value of investment properties are recognised in profit or loss as they arise, and are presented on a separate line after net income from property management.

Initial measurement also takes into consideration the property's cost price, which includes direct transaction costs such as document duty and other public duties, legal fees and due diligence costs. Transaction costs associated with properties acquired through business combinations (as defined in IFRS 3) are expensed.

Subsequent expenditure is added to the investment property's carrying amount, if it is probable that future financial benefits associated with the expenditure will flow to the Group and the expense can be measured reliably. Other maintenance costs are recorded through the income statement in the period in which they are incurred. When investment properties are disposed of, the difference between the net sales proceeds and carrying amount is recognised as change in value from investment properties.

Investment properties are valued at each reporting date. The values are estimated by independent valuers. The valuation is based on the individual property's assumed future cash flows, and property values are arrived at by discounting cash flows with an individual risk-adjusted required rate of return.

The required rate of return for each property is defined as being a long-term risk-free interest rate plus a property-specific risk supplement. The latter is defined on the basis of the property segment to which the property belongs, its location, standard, occupancy rate, tenants' financial reliability and remaining lease term. Known market transactions with similar properties in the same geographical area are also taken into consideration.

Changes in fair value are recognised as "changes in value from investment property".

Property, plant and equipment

Property, plant and equipment are recognised at acquisition cost, less depreciation. The acquisition cost includes costs directly related to the acquisition of the asset. Buildings under construction that do not qualify as investment properties are recognised at historical cost, adjusted for write-downs. The acquisition cost includes costs directly related to the acquisition of the asset.

Subsequent expenditure is added to the asset's carrying amount or recognised separately, when it is probable that future financial benefits attributable to the expenditure will flow to the Group and the expense can be measured reliably. Amounts relating to replaced parts are recognised in the income statement. Other maintenance costs are recorded through the income statement in the period in which they are incurred.

Sites that are not considered to be investment properties (and buildings under construction) are not depreciated. Other assets are depreciated in a straight line over their anticipated remaining useful life.

The assets' remaining useful life and residual value are reassessed on each balance sheet date and changed if necessary. If the carrying amount of an asset is higher than its recoverable amount, the value of the asset is written down to the recoverable amount.

Gains and losses on disposals are recognised through profit or loss, and are calculated as the difference between the sales price and the carrying amount at the time of disposal.

Non-current assets held for sale and discontinued operations

Non-current assets and groups of non-currents assets and liabilities are classified as held for sale if their carrying amount will be recovered through a sales transaction rather than through their continuing use. This condition is regarded as met if the sale is highly probable and the non-current asset (or groups of non-current assets and liabilities) is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such assets (or disposal groups). For the sale to be highly probable, the appropriate level of management must be committed to a plan to sell the asset (or disposal group), and an active programme to locate a buyer and complete the plan must have been initiated. Further, the asset (or disposal group) must be actively marketed for sale at a price that is reasonable in relation to its current fair value. In addition, the sale should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets and groups of non-current assets and liabilities classified as held for sale are measured at the lower of their previous carrying amount and fair value less selling costs. Investment properties classified as held for sale are measured at fair value in the same way as other investment properties.

Housing projects being developed by the company for sale

Housing projects involve the development and construction of residential housing, with individual units being handed over to the purchaser when they are completed. During their construction these projects are classified as current assets. When the homes are completed and handed over to the buyer, the sales price and cost of construction are recognised in the income statement.

Buildings under construction

Sales of property projects are measured at cost and presented under inventories. The sales price is recognised in the income statement on handover. For construction contracts where the design and delivery schedule have been negotiated with the buyer, costs and revenues are recognised in the income statement in accordance with the percentage of completion method described in IAS 11.

Borrowing costs

Borrowing costs for capital used to finance buildings under construction are capitalised under the asset in question. When calculating the capitalised borrowing costs, the average interest rate on the company's debt portfolio over the course of the year is used, unless there is separate financing for the specific project. In such cases the specific borrowing cost for the loan in question is used. When calculating the average interest rate to be used for the capitalisation of borrowing costs, loans taken out for specific projects are not included.

INTANGIBLE ASSETS**Goodwill**

Goodwill is the difference between the cost and the fair value of the Group's share of net identifiable assets in the entity on the acquisition date. Goodwill arising from the acquisition of subsidiaries is classified as an intangible asset. For the purposes of impairment testing, goodwill is allocated to the relevant cash flow generating units. Goodwill is allocated to the cash flow generating units or groups of cash flow generating units that are expected to benefit

from the acquisition from which the goodwill arose. Goodwill is tested for impairment annually and is recognised at cost less any impairment losses. Impairment of goodwill is not reversed. Gains and losses on the sale of an operation include the carrying amount of goodwill relating to the sold operation.

Goodwill arising from the purchase of shares in associates and jointly controlled entities is included under the investment in the associate or jointly controlled entity, and is tested for impairment as part of the carrying amount of the investment.

Software

Purchased software is recognised at cost (including expenditure on making programs operative) and is amortised over the expected useful life. Expenses directly associated with the development of identifiable and unique software owned by the Group and which is likely to generate net financial benefits for more than one year are capitalised as intangible assets, and are depreciated over the expected useful life, normally 5 years. Expenses relating to the maintenance of software are expensed as incurred.

Development projects

Activities related to the application of knowledge to a plan or in relation to a concept or project prior to being taken into use/production, are classified as development activities that are capitalised as intangible assets when the Group considers it likely that the skills developed will generate net financial benefits. Expenses that are capitalised as development projects are directly attributable expenses relating to the development of the new skills.

Impairment of non-financial assets

Intangible assets with an uncertain useful life are not depreciated and are instead tested annually for impairment. Property, plant and equipment and intangible assets that are depreciated are also tested for impairment if there is any indication to suggest that future cash flows cannot justify the carrying amount of the asset. Write-downs are recorded through the income statement as the difference between the carrying amount and the recoverable amount. The recoverable amount is the value in use or fair value, whichever is the higher, less selling costs. When testing for impairment, non-current assets are grouped at the lowest possible level at which it is possible to identify independent cash flows (cash flow generating units). In conjunction with each financial report, the company assesses whether it is possible to reverse past write-downs of non-financial assets (except goodwill).

FINANCIAL INSTRUMENTS

A financial instrument is defined as being any contract that gives rise to a financial asset at one entity and a financial liability or equity instrument at another entity. Financial instruments are recognised on the transaction date, i.e. the date on which the Group commits to buying or selling the asset.

Financial assets are classified in the following categories: at fair value through profit or loss, loans and receivables and available for sale. Financial assets at fair value through profit or loss are assets held for trading purposes, and include derivatives. Loans and receivables are unquoted non-derivative financial assets with fixed or determinable payments. Available-for-sale financial assets are assets designated as available for sale or assets that do not fall under any of the other categories, including minor shareholdings.

Financial liabilities are classified as financial liabilities at fair value through profit or loss and financial liabilities at amortised cost. Financial liabilities at fair value through profit or loss comprise loans designated at fair value upon initial recognition (fair value option) and derivatives. Financial liabilities at amortised cost consist of liabilities that do not fall under the category at fair value through profit or loss.

Financial assets and liabilities are classified upon initial recognition based on their characteristics and purposes. In order to avoid an accounting mismatch, Entra has used the fair value option for the Group's long-term borrowing at fixed interest rates raised to finance the acquisition of investment properties measured at fair value. Liabilities designated at fair value through profit or loss are typically debt incurred to finance the acquisition of investment properties measured at fair value.

Trade receivables and other financial assets

Trade receivables and other financial assets are classified as loans and receivables and are measured at fair value upon initial recognition, and thereafter at amortised cost. Interest is ignored if it is insignificant. A provision for bad debts is recognised if there is objective evidence that the Group will not receive payment in accordance with the original conditions. Any subsequent payments received against accounts for which a provision has previously been made are recognised in the income statement. Trade receivables and other financial assets are classified as current assets, unless they are due more than twelve months after the balance sheet date. If so, they are classified as non-current assets.

Cash and cash equivalents

Cash and cash equivalents consist of bank deposits and other short-term, highly liquid investments with an original term to maturity of no more than three months.

Financial derivatives

The Group uses derivatives to manage its interest rate risk. Derivatives are initially recognised at fair value on the date on which the contract was signed, and subsequently at fair value. Gains or losses on re-measurement at fair value are recognised in the income statement. Regular payments are presented as interest and other finance expenses. Changes in the value of the derivatives are presented under "Unrealised changes in value of financial instruments".

The fair value of interest rate swaps is the estimated amount the Group would receive or pay to redeem the contracts on the balance sheet date. This amount will depend on interest rates and the contracts' remaining term to maturity. The derivatives are classified on the balance sheet as current liabilities or non-current liabilities, depending on whether they are expected to be redeemed under or over 12 months from the balance sheet date.

Trade payables and other non-interest-bearing financial liabilities

Trade payables and other non-interest-bearing liabilities are classified as financial liabilities at amortised cost, and are measured at fair value upon initial recognition, and subsequently at amortised cost using the effective interest rate method. Interest is ignored if it is insignificant.

Interest-bearing liabilities

Interest-bearing liabilities that satisfy the criteria for using the fair value option under IAS 39 are classified in the category at fair value through profit or loss. Entra uses the fair value option for interest-bearing liabilities at fixed interest rates incurred to finance the acquisition of investment properties. Interest-bearing liabilities are recognised at fair value when the loan is received. Subsequently loans are measured at fair value through the income statement and are presented under net financial items. Ordinary interest expenses are presented on the income statement under net financial items.

Interest-bearing liabilities with variable interest rates are classified as financial liabilities at amortised cost, and are measured at fair value upon initial recognition, and subsequently at amortised cost using the effective interest rate method.

Interest-bearing liabilities are classified as current liabilities where the debt is due for repayment less than 12 months from the balance sheet date.

PENSIONS

The Group has both defined benefit and defined contribution pension schemes. A defined benefit pension scheme is a pension arrangement that defines the pension payment an employee will receive on retirement. The pension benefit payable is dependent on a number of factors, such as the employee's age, number of years of membership of the Norwegian Public Service Pension Fund and salary.

The recognised pension obligation relating to defined-benefit plans is the present value of the defined-benefit on the balance sheet date less the fair value of the plan assets. The gross pension obligation is calculated annually by an independent actuary using the projected credit unit method. The gross obligation is discounted using a discount rate based on bonds with preference rights, which mature around the same time as the related pension obligations.

Changes to benefits payable under the pension plan are recognised in the income statement as they arise.

Actuarial gains/losses resulting from new information or changes to actuarial assumptions are recognised against equity via comprehensive income in the period they arise.

Contributions to defined contributions plans are recognised in the income statement in the period in which they accrue.

Redundancy packages are payments made when a contract of employment is terminated by the Group before the normal retirement age or when an employee voluntarily agrees to leave in return for such a payment. The Group expenses redundancy packages when it has a proven obligation to either terminate the contract of current employees in accordance with a formal, detailed plan that cannot be withdrawn by the Group, or to make redundancy payments as a result of an offer made to encourage voluntary redundancy. Redundancy packages that are due for payment over 12 months after the balance sheet date are discounted to their present value.

TAX

The tax expense consists of tax payable and deferred tax. Tax is charged to the income statement, except where it relates to items that are recognised directly in equity. In such cases, the tax is either recognised in comprehensive income or directly in equity.

Deferred tax is calculated using the liability method for all temporary differences between the tax values and consolidated accounting values of assets and liabilities. Any deferred tax arising from the initial reporting of a liability or asset in a transaction which is not a business combination and which on the transaction date does not affect accounting or tax results is not recognised on the balance sheet. Deferred tax is defined using tax rates and laws which are enacted or likely to be enacted on the balance sheet date, and which are expected to be used when the deferred tax asset is realised or when the deferred tax is utilised.

Deferred tax is calculated and provided or reduced in the event of adjustments to the value of investment properties at a nominal tax rate of 27 per cent from 31 December 2013. For investment properties acquired through the purchase of shares in property companies or not acquired through a business combination, in the event of an adjustment in value, deferred tax is calculated on the property's fiscal value.

A deferred tax asset is recognised to the extent that it is likely that future taxable profit will be available against which the temporary differences can be offset.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in jointly controlled entities, except where the Group is able to control the reversal of the temporary differences and it is probable that the temporary difference will not reverse in the foreseeable future. Nor is a liability for deferred tax calculated upon initial recognition of assets or liabilities obtained through an acquisition of a subsidiary not classified as a business combination.

PROVISIONS

The Group recognises provisions for lease agreements and legal claims when a legal or self-imposed obligation exists as a result of past events, it is likely on a balance of probabilities that an outflow of resources will be required to settle the obligation and its amount can be estimated with a sufficient degree of reliability. There is no provision for future bad debts.

In cases where there are several obligations of the same nature, the likelihood of settlement is determined by assessing the Group as a whole. A provision for the Group is recognised even if there is little likelihood of settlement of the Group's individual elements.

Provisions are measured at the present value of expected payments to settle an obligation. A discount rate before tax is used which reflects the present market situation. Any increase in an obligation as a result of a changed time value is reported as a financial expense.

INCOME RECOGNITION

Operating revenue consists of rental income and other operating revenue. Gains on the sale of property are presented as part of the change in value. Rental income encompasses the fair value of the payments received for services that fall within the ordinary activities of the company. Rental income is presented net of VAT, rebates and discounts. Shared costs are capitalised alongside payments on account from tenants and therefore have no impact on the income statement. Shared costs are settled after the balance sheet date.

Rental income is recognised over the duration of the lease. If a rent exemption is agreed, or if the tenant receives an incentive in conjunction with the signing of the lease, the cost or loss of rent is spread over the duration of the lease, and the resulting net rent is recognised in equal instalments. The accrued loss of rent or costs is presented under other receivables.

Lease contracts that are terminated are valued on an individual basis. Payments relating to the termination of contracts are recognised in the period from the contract being entered into until the date of its termination.

LEASE CONTRACTS

Lease contracts where a significant proportion of the risks and benefits of ownership remain with the lessor are classified as operating leases. Revenue recognition under a lease commences when the tenant has a right to use the leased asset. Generally, this occurs on the lease inception date or, where the partnership is required to make additions to the property in the form of tenant improvements which enhance the value of the property, upon substantial completion of those improvements. Rent payments for operating leases (less any financial incentives given by the lessor) are expensed in a straight line over the duration of the lease.

Lease contracts for property, plant and equipment where the Group has all of the risks and benefits of ownership are classified as finance leases. Finance leases are recognised at the start of the lease term at the lower of fair value and the present value of the minimum lease payments.

STATEMENT OF CASH FLOWS

The statement of cash flows is prepared using the indirect method. This means that the statement is based on the Group's profit before tax in order to present cash flows from operating, investing and financing activities respectively. Dividends paid to shareholders and non-controlling interests are presented under financing activities.

DIVIDENDS

Dividend payments to the company's shareholders are classified as debt from the date on which a resolution regarding the dividend is passed by the Annual General Meeting.

NOTE 3 CRITICAL ACCOUNTING ESTIMATES AND SUBJECTIVE JUDGEMENTS

Fair value of investment properties

Investment properties are measured at their fair value based on external, independent valuations.

Each quarter, all the properties are valued by two independent, external valuers. The valuations at 31 December 2014 were obtained from Akershus Eiendom AS and DTZ Realkapital Verdivurdering AS. The valuations are mainly based on the discounted cash flow method, which involves discounting future cash flows over a specified period using an estimated discount rate and then adding a residual value at the end of the period. Future cash flows are calculated on the basis of cash flows from signed leases, as well as future cash flows based on an expected market rent at the end of the lease terms. The fair value of investment properties is therefore mainly affected by expected market rents, discount rates and inflation. The market rent for each property takes into account the property's situation, standard and leases signed for comparable properties in the area. For the duration of existing lease terms, the discount rate is mainly based on an assessment of the individual tenants' financial solidity and classification. After the end of the lease term, cash flows are discounted using a discount rate that takes into account the risk relating to letting and location. Inflation is estimated using the consensus of a selection of banks and official statistics.

When carrying out their valuations, the valuers receive comprehensive details of the leases for the properties, floor space and details of any vacant premises, and up-to-date information about all ongoing projects. Any uncertainties relating to the properties/projects and leases are also clarified verbally and in writing as and when required. The Group management performs internal controls to ensure that all relevant information is included in the valuations.

The valuers perform their valuations on the basis of the information they have received, and estimate future market rents, yields, inflation and other relevant parameters. Each individual property is assessed in terms of its market position, rental income (contractual rents versus market rents) and ownership costs, with estimates being made for anticipated vacancy levels and the need for alterations and upgrades. The remaining term of the leases is also assessed for risk, along with any special clauses in the contracts. Each property is also compared with recently sold properties in the same segment (location, type of property, mix of tenants, etc.)

The table below shows to what extent the value of the property portfolio is affected by inflation, market rents, discount rates (interest rates) and exit yields (market yields), assuming that all other factors are equal.

Change variable	Change in percent	Value change (NOKm) ¹⁾
Inflation	+ 1.00	286.0
Market rent	+ 10.00	2 180.8
Discount rates	+ 0.25	-818.7
Exit yield	+ 0.25	-519.4

¹⁾ Estimates by DTZ Realkapital Verdivurdering AS in conjunction with valuations at 31 December 2014.

Fair value of financial liabilities

The Group values liabilities with fixed interest rates and financial derivatives at fair value in the Group's balance sheet. The Group's interest-bearing debt is measured at fair value using valuation methods where all of the parameters that have a significant impact on measuring fair value are either directly or indirectly observable.

The fair value of both listed and unlisted bonds with fixed interest rates is set at the tax value (as determined by a committee appointed by the Norwegian Securities Dealers' Association, www.nfmf.no).

The fair value of commercial paper is estimated as its nominal value, due to the short term to maturity. For more information on how the Group values its financial assets and liabilities see note 8.

The table below shows the overall impact on the Group's financing costs of a parallel shift in market rates for NOK of +/- 1 percentage point, based on the Group's debt portfolio and interest rate derivatives on the balance sheet date. The figure quoted for the change in the fair value of debt and derivatives reflects what the market value of the portfolio would be on the balance sheet date if the yield curve were 1 per cent higher or lower, based on discounted future cash flows from the various instruments.

31.12.2014	Total change in profit after tax ¹⁾	Change in the Group's interest expense (annualised)	Change in the fair value of bonds and derivatives (after tax)
Market rates increase by 1 percentage point	333.0	-28.3	361.3
Interest-bearing debt	134.7	-64.6	199.3
Derivatives	198.2	36.2	162.0
Market rates fall by 1 percentage point	-347.6	28.3	-375.9
Interest-bearing debt	-134.7	64.5	-199.3
Derivatives	-212.9	-36.2	-176.6

¹⁾ A positive figure signifies an increase in profit after tax.

31.12.2013	Total change in profit after tax ¹⁾	Change in the Group's interest expense (annualised)	Change in the fair value of bonds and derivatives (after tax)
Market rates increase by 1 percentage point	269.6	-30.8	300.3
Interest-bearing debt	123.3	-60.3	183.6
Derivatives	146.3	29.6	116.7
Market rates fall by 1 percentage point	-270.4	30.8	-301.1
Interest-bearing debt	-123.3	60.3	-183.6
Derivatives	-147.1	-29.6	-117.5

¹⁾ A positive figure signifies an increase in profit after tax.

Pension

The present value of pension obligations is dependent on several different factors that are determined by a number of actuarial assumptions. The assumptions used to calculate net pension costs (revenue) include the discount rate. Any changes to these assumptions will affect the carrying amount of the pension obligations.

The Group determines the relevant discount rate at the end of each year. This is the interest rate used to calculate the present value of the future estimated outgoing cash flows required to fulfil the pension obligations. When determining the relevant discount rate, the Group looks at the interest rate for high-quality corporate bonds or bonds with preference rights, which mature around the same time as the related pension obligations. At 31 December 2014, the discount rate was determined on the basis of bonds with preference rights.

The table below sets out a sensitivity analysis for the assumptions used to calculate pension assets and liabilities.

Discount rate		Impact on liabilities	Impact as a percentage
0.5 percentage point reduction	1.80 %	16.9	8.7 %
Discount rate at 31.12.2014	2.30 %	-	-
0.5 percentage point increase	2.80 %	-14.8	-7.7 %

Wage growth		Impact on liabilities	Impact as a percentage
0.5 percentage point reduction	2.25 %	-6.9	-3.5 %
Expected wage growth at 31.12.2014	2.75 %	-	-
0.5 percentage point increase	3.25 %	6.4	3.3 %

NOTE 4 FINANCIAL RISK MANAGEMENT

All amounts in NOK million

Governance structure, exposure and reporting

The Board of Entra Eiendom AS has defined limits for the financial exposure of the Group through the financial directive. The financial directive regulates the following:

- Allocation of responsibility for financial management
- Overall limits for financial exposure, as well as principles for handling these
- Principles for borrowing
- Definition of how financial risk is to be calculated and key controls that must be in place to ensure adequate risk management.
- Requirements for reporting and monitoring. The Group's overall financial risk exposure is reported regularly to the Board.

There is a responsibility and authority matrix for the Finance area, which defines authority for the day-to-day management of financial transactions within the overall framework of financial management.

The Group must ensure that there is adequate operational risk management and internal control through clear areas of responsibility and segregation of duties. The procedures relate in particular to the management of financial exposure and the division of responsibility between the various roles in the treasury department and the department's financial systems. There are guidelines for managing financial exposure, which include checklists related to the control of current transactions.

Entra has established an internal finance committee, which is a forum for updates on and discussion of the macroeconomic climate, as well as for discussing the company's financial risks and opportunities. Long-term projections are made of financial developments as a component of the Group's risk management, using a model with detailed assumptions concerning the Group's financial performance, cash flow and balance sheet. The projections take into account cyclical developments in the economy, financial parameters and the property market. Scenarios and simulations are developed for various development life cycles. The simulations are intended to provide good information for the Board and the executive management in their monitoring of developments in central key figures and cash flow.

The Group's finance strategy shall ensure that the Group has financial flexibility and that it achieves competitive financial terms. The Group is exposed to financial risk and has defined the following relevant risk areas:

- Financing risk
- Capital management and solvency
- Interest rate risk
- Credit/counterparty risk
- Currency risk

Financing risk

Financing risk is the risk that the Group will be unable to meet its financial obligations when they are due and that financing will not be available at a reasonable price.

The company seeks to limit financing risk through:

- requirements for committed capital to cover refinancing requirements
- average credit period requirements
- the use of various credit markets and counterparties
- spread maturity structure for the Group's financing

Capital management and solvency

The main purpose of the Group's capital management is to maintain a good balance between debt and equity, in order to maximise the value of the shares in the company, while also maintaining a good credit rating and obtaining loan terms with lenders that reflect the risk profile of the Group. The Group has defined a target for the Loan-To-Value ratio of approximately 50 per cent over the economic cycle. There are covenants in the Group's loan agreements that specify requirements in relation to the company's financial strength.

Interest rate risk

Interest rate risk arises from the loan portfolio's exposure in debt instruments being affected by changes in market rates. Interest rate risk affects the Group's cash flows and the market value of the Group's liabilities. The main purpose of the Group's strategy to manage interest rate risk is to ensure that the Group achieves a balance between the desired interest expense and interest rate risk. The Group's interest rate risk is managed through the requirements for fixed interest rates for at least 50 per cent of the debt portfolio, an average duration in the range of 2–5 years and diversification of the maturity structure for fixed interest rates.

Credit and counterparty risk

Stable, predictable and long-term access to capital is critical for Entra. Entra considers that the ability of creditors to behave predictably over the long term is often dependent on their credit-worthiness. For this reason, Entra wants the Group's creditors to be of a good credit quality and has established credit rating limits for the Group's creditors. The credit ratings of the Group's financial counterparties are continuously monitored.

Currency risk

The Group shall not incur any currency risk and at 31 December 2014, the Group had no currency exposure.

Financial covenants

There are covenants in the Group's bank loan agreements relating to the value-adjusted equity ratio (VEK), interest cover ratio (ICR) and the loan-to-value of property (LTV). At 31 December 2014, the Group was not in breach of any covenants.

There are no covenants in relation to the Group's bond or commercial paper loans.

MATURITY PROFILE OF ALL FINANCIAL INSTRUMENTS

31.12.2014	REMAINING TERM								Total
	Under 3 months	4-12 months	1-2 years	2-4 years	4-6 years	6-8 years	8-10 years	Over 10 years	
Interest-bearing bank loans – principal	-	250.0	1 985.9	1 050.0	1 500.0	145.2	-	339.0	5 270.1
Interest-bearing bank loans – amortising	5.3	15.9	21.2	42.4	42.4	28.6	24.0	24.0	203.8
Interest-bearing bank loans – estimated interest	34.1	102.8	132.2	161.8	58.4	18.5	14.8	14.4	537.1
Bonds – principal	-	1 200.0	-	2 800.0	1 700.0	-	500.0	1 100.0	7 300.0
Bonds – estimated interest	52.7	215.0	233.5	385.9	247.4	151.6	126.6	304.9	1 717.8
Commercial paper – principal	850.0	500.0	-	-	-	-	-	-	1 350.0
Commercial paper – estimated interest	11.8	5.2	-	-	-	-	-	-	16.9
Financial instruments									
- interest rate derivatives	56.1	127.0	160.1	226.5	87.7	1.9	-34.9	-88.7	535.7
Trade payables	319.9								319.9
Other financial liabilities	89.3								89.3
Total	1 419.3	2 415.8	2 533.0	4 666.7	3 635.9	345.9	630.5	1 693.6	17 340.7

31.12.2013	REMAINING TERM								Total
	Under 3 months	4-12 months	1-2 years	2-4 years	4-6 years	6-8 years	8-10 years	Over 10 years	
Interest-bearing bank loans – principal	-	-	1 215.0	2 790.0	240.0	195.0	-	495.0	4 935.0
Interest-bearing bank loans – estimated interest	33.7	100.9	130.2	114.6	37.0	31.1	20.1	30.9	498.5
Bonds – principal	-	1 142.5	1 200.0	1 600.0	1 700.0	700.0	500.0	1 100.0	7 942.5
Bonds – estimated interest	50.7	251.6	259.5	432.8	292.2	181.4	151.6	355.7	1 975.6
Commercial paper – principal	800.0	850.0	-	-	-	-	-	-	1 650.0
Commercial paper – estimated interest	18.0	19.2	-	-	-	-	-	-	37.2
Financial instruments									
- interest rate derivatives	54.3	110.2	151.8	229.3	119.2	23.6	-33.1	-95.5	559.8
Trade payables	290.0	-	-	-	-	-	-	-	290.0
Other financial liabilities	58.3	-	-	-	-	-	-	-	58.3
Total	1 304.9	2 474.5	2 956.6	5 166.7	2 388.4	1 131.0	638.6	1 886.1	17 946.9

The table is based on undiscounted contractual cash flows. The maturity analysis is based on the earliest possible redemption for instruments where the counterparty has a choice as to when to redeem the instrument. Estimated interest is based on the interest rate on the individual loan/ instrument on the balance sheet date. In order to manage its liquidity risk, the Group has available, unused credit facilities with Norwegian and international banks, as well as available liquid assets.

UNUSED CREDIT FACILITIES

31.12.2014	TERM TO MATURITY								Total
	Under 3 months	4-12 months	1-2 years	2-4 years	4-6 years	6-8 years	8-10 years	Over 10 years	
Unused credit facilities Entra Eiendom AS	-	250.0	1 500.0	1 650.0	-	-	-	-	3 400.0
Unused credit facilities subsidiaries	-	-	-	350.0	160.0	55.0	-	-	565.0
Total unused credit facilities	-	250.0	1 500.0	2 000.0	160.0	55.0	-	-	3 965.0

UNUSED CREDIT FACILITIES

31.12.2013	TERM TO MATURITY								Total
	Under 3 months	4-12 months	1-2 years	2-4 years	4-6 years	6-8 years	8-10 years	Over 10 years	
Unused credit facilities Entra Eiendom AS	-	-	250.0	2 410.0	700.0	-	-	-	3 360.0
Unused credit facilities subsidiaries	-	-	-	-	-	65.0	-	-	65.0
Total unused credit facilities	-	-	250.0	2 410.0	700.0	65.0	-	-	3 425.0

At 31 December 2014, the Group had NOK 161.7 (NOK 142.2) million of available liquid assets. See Note 23.

Interest rate risk

The Group's liabilities are subject to fixed interest rates (63 per cent of liabilities). The Group uses a variety of derivatives to adapt its portfolio to the chosen fixed rate structure. The choice of fixed interest profile is based on an evaluation of the Group's financial strength and ability to generate long-term, stable cash flow.

At 31 December 2014, the weighted average duration was 3.2 (3.0) years. The average credit interest rate was 4.45 (4.47) per cent at 31 December 2014.

The table below shows the nominal value of outstanding current and non-current interest-bearing debt including derivatives.

MATURITY STRUCTURE OF THE GROUP'S EXPOSURE TO NOMINAL INTEREST RATE RISK

At 31 Dec 2014	31.12.2015	31.12.2016	31.12.2018	31.12.2020	31.12.2022	31.12.2024	31.12.2024+	
Term to maturity	Up to 1 year	1-2 years	2-4 years	4-6 years	6-8 years	8-10 years	Over 10 years	Total
Percentage	37 %	5 %	14 %	24 %	7 %	9 %	4 %	100 %
Amount	5 166.0	805.9	2 042.0	3 350.0	1 000.0	1 250.0	510.0	14 123.9

At 31 Dec 2013	31.12.2014	31.12.2015	31.12.2017	31.12.2019	31.12.2021	31.12.2023	31.12.2023+	
Term to maturity	Up to 1 year	1-2 years	2-4 years	4-6 years	6-8 years	8-10 years	Over 10 years	Total
Percentage	38 %	5 %	13 %	22 %	15 %	2 %	4 %	100 %
Amount	5 565.5	750.0	1 852.0	3 250.0	2 250.0	350.0	510.0	14 527.5

KEY FIGURES FOR THE GROUP'S FINANCIAL INSTRUMENTS

	2014	2013
Nominal value of interest rate derivatives on the balance sheet date ¹⁾	13 972.0	13 554.5
of which		
- Fixed-to-variable swaps ¹⁾	3 300.0	3 992.5
- Variable-to-variable swaps	0.0	0.0
- Variable-to-fixed swaps	10 672.0	9 512.0
- Options or option-related products	0.0	50.0
Range of fixed interest rates	From 2.116 % to 5.950 %	From 2.377 % to 5.950 %
Variable rate basis	NIBOR	NIBOR
Average fixed rate excl. forward starting swaps	4.44 %	4.67 %
Average fixed rate incl. forward starting swaps	3.90 %	4.49 %
Fair value of derivatives on the balance sheet date (NOKm)	802.5	644.5
Change in fair value of bank loans over the year	0.0	0.0
Change in fair value of bonds over the year	-477.7	38.5
Change in fair value of interest rate derivatives over the year	-129.3	146.4
Premiums/discounts, loan drawings		-1.2
Total change in fair value of financial instruments	-607.0	183.7

¹⁾ NOK 3,300 (NOK 3,993) million of swaps linked to the fixed-interest bonds issued by the Group are included in the volume of interest rate swaps. These bonds are swapped to a variable rate in order to ensure that the Group is in a position to manage its interest rate fixing independently of the bonds. The real volume used for interest rate fixing is therefore NOK 10,672 (NOK 9,562) million. At 31 December 2014 the Group has no interest rate options or option-related products.

NOTE 5 RISK LEASE MANAGEMENT

All amounts in NOK million

The Group mainly enters into contracts with a fixed rent for the lease of property.

THE GROUP'S FUTURE ACCUMULATED RENT FROM NON-TERMINABLE OPERATIONAL LEASE CONTRACTS AT 31.12

	2014	2013
≤ 1 year	1 686.0	1 650.7
1 year < 5 years	6 515.7	5 442.4
≥ 5 years	5 259.8	7 941.7
Total ¹⁾	13 461.5	15 034.7

THE GROUP'S LEASE CONTRACTS AT 31.12 HAVE THE FOLLOWING MATURITY STRUCTURE MEASURED IN ANNUAL RENT ¹⁾

Remaining term	2014			2013		
	No. of contracts	Contract rent	Contract rent, %	No. of contracts	Contract rent	Contract rent, %
≤ 1 year	188	77.9	4	127	59.9	4
1 year < 5 years	285	601.3	34	329	342.6	21
5 years < 10 years	127	557.6	32	127	557.9	35
≥ 10 years	51	514.3	29	62	656.3	41
Total	651	1 751	100	645	1 616.7	100

The table above shows the remaining non-terminable contractual rent for current leases without taking into account the impact of any options.

¹⁾ The rent is stated as the annualised contractual rent, and is therefore not reconcilable with the rental income for the year for accounting purposes.

OTHER PARAMETERS RELATING TO THE GROUP'S LEASE PORTFOLIO

	2014				2013			
	Area (sqm)	Occupancy (%)	Wault (yrs)	Share of public sector tenants (%)	Area (sqm)	Occupancy (%)	Wault (yrs)	Share of public sector tenants (%)
Region Central Oslo	392 385	92.8	6.7	73	395 732	95.2	7.6	73
Region Greater Oslo	335 142	96.8	9.3	82	310 335	96.9	9.4	85
Region South and West	193 916	94.6	7.8	66	164 583	93.7	8.4	89
Region Central and Northern	141 885	97.5	7.1	89	147 485	97.7	7.5	91
Total management portfolio	1 063 327	94.6	7.7	76	1 018 136	95.7	8.2	81
Project portfolio	86 637		11.0	10	67 495		11.1	34
Regulated development sites	142 143		0.6	62	123 602		0.0	0
Total property portfolio	1 292 107		8.0		1 209 233		8.3	

On account of the high occupancy rate, the high proportion of public sector tenants and the relatively long average remaining contract term, the risk to the Group's cash flow is considered low.

NOTE 6 SEGMENT INFORMATION

All amounts in NOK million

Information reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance. The accounting policies of the reportable segments are the same as for the Group's accounting policies. The Group reports its business under four geographic operating segments in line with IFRS 8: Central Oslo, Greater Oslo, South/West Norway and Mid/North Norway. Each of the operating segments has its own profit responsibility.

Segment information is reported to the group management team and to the CEO, which are the Group's highest decision-making authority.

Costs related to staff and support functions for the operating segments and group eliminations are included in the segment Group.

31.12.2014	Central Oslo	Greater Oslo	South/West	Mid/North	Group	Consolidated
Rental income	781.1	501.9	285.1	204.3	-	1 772.3
Other operating revenue	7.0	184.0	25.7	6.5	3.3	226.5
Total operating revenue	788.2	685.8	310.8	210.8	3.3	1 998.9
Repairs & maintenance	24.7	14.4	9.6	3.8	-	52.5
Operating costs	31.2	25.1	21.3	17.6	0.4	95.6
Other property costs	18.2	187.4	0.8	1.6	15.0	223.0
Administrative owner costs	14.4	13.1	26.4	6.9	150.2	211.1
Total operating costs	88.5	239.9	58.2	29.9	165.6	582.1
Net income from property management	699.6	445.9	252.7	180.9	-162.4	1 416.8
Carrying amount of investment property						
Investment property	13 704.3	6 172.0	4 291.4	2 511.9		26 679.5
Investment property held for sale	-	1 193.1	110.0	247.7		1 550.8
31.12.2013	Central Oslo	Greater Oslo	South/West	Mid/North	Group	Consolidated
Rental income	745.2	463.6	222.4	201.2	-0.1	1 632.3
Other operating revenue	15.2	1.7	3.5	3.7	0.8	24.9
Total operating revenue	760.4	465.3	226.0	204.9	0.7	1 657.2
Repairs & maintenance	33.4	10.4	13.6	8.5	0.0	65.9
Operating costs	34.3	25.6	16.6	15.1	-0.1	91.5
Other property costs	27.5	28.9	3.4	2.3	26.0	88.2
Administrative owner costs	13.2	12.6	11.0	13.6	172.4	222.9
Total operating costs	108.4	77.5	44.7	39.5	198.3	468.4
Net income from property management	652.0	387.8	181.3	165.4	-197.6	1 188.8
Carrying amount of investment property						
Investment property	12 080.0	6 658.9	2 990.7	2 700.1		24 429.8
Investment property held for sale	264.2	44.0	80.0	-		388.2

NOTE 7 CATEGORIES OF FINANCIAL INSTRUMENTS

All amounts in NOK million

31.12.2014	Loans and receivables	Financial assets available for sale	Financial assets at fair value through profit or loss	Total		Financial liabilities at fair value through profit or loss		Financial liabilities at amortised cost	Total
			Held for sale			Held for sale	Designated upon initial recognition		
Assets					Liabilities				
Financial investments - shares				0.0	Interest-bearing non-current liabilities		3 858.7	8 002.7	11 861.4
- other financial assets				0.0	Interest-bearing current liabilities		1 350.0	1 471.2	2 821.2
Financial derivatives			550.1	550.1	Financial derivatives	1 352.7			1 352.7
Trade receivables	45.0			45.0	Trade payables			319.9	319.9
Other current receivables	224.8			224.8	Other current liabilities			89.3	89.3
Cash and cash equivalents	198.2			198.2					
Total financial assets	467.9	0.0	550.1	1 018.1	Total financial liabilities	1 352.7	5 208.7	9 883.2	16 444.5

31.12.2013	Loans and receivables	Financial assets available for sale	Financial assets at fair value through profit or loss	Total		Financial liabilities at fair value through profit or loss	Financial liabilities at amortised cost	Total	
			Held for sale			Held for sale	Designated upon initial recognition		
Assets					Liabilities				
Financial investments - shares	-	0.6	-	0.6	Interest-bearing non-current liabilities	-	3 365.7	8 435.0	11 800.7
- other financial assets	62.6	-	-	62.6	Interest-bearing current liabilities	-	2 357.7	450.0	2 807.7
Financial derivatives	-	-	203.5	203.5	Financial derivatives	848.00	0.0	-	848.0
Trade receivables	27.9	-	-	27.9	Trade payables	0.0	-	290.0	290.0
Other current receivables	95.8	-	-	95.8	Other current liabilities	-	-	58.3	58.3
Cash and cash equivalents	177.4	-	-	177.4					
Total financial assets	363.7	0.6	203.5	567.7	Total financial liabilities	848.0	5 723.5	9 233.3	15 804.8

NOTE 8 INFORMATION ABOUT FAIR VALUE

All amounts in NOK million

Investment properties are valued at fair value based on independent external valuations.

Bank and bond loans with variable interest rates are valued at amortised cost.

The fair value of both listed and unlisted bonds with fixed interest rates is set at the tax value (as determined by a committee appointed by the Norwegian Securities Dealers' Association, www.nfmf.no).

The fair value of commercial paper is estimated as its amortised cost, due to the short term to maturity.

Financial derivatives are measured at fair value using valuation methods where the significant parameters are obtained from quoted market data.

The Group uses the following hierarchy to classify financial instruments, based on the valuation methods used to measure and disclose their fair value.

Level 1: Quoted (unadjusted) prices in active markets for identical assets and liabilities.

Level 2: Other techniques where all of the parameters that have a significant impact on measuring fair value are either directly or indirectly observable.

Level 3: Valuation techniques that use parameters that significantly affect the valuation, but which are not observable.

FINANCIAL ASSETS AT FAIR VALUE

	31.12.2014	Level 1	Level 2	Level 3
Financial assets at fair value through profit or loss				
- Investment properties	26 679.5	-	-	26 679.5
- Derivatives	550.1	-	550.1	-
Financial assets available for sale		-	-	-
- Investment properties	1 550.8	-	-	1 550.8
- Equity instruments	0.6	-	-	0.6
Total	28 781.0	-	550.1	28 230.8

FINANCIAL LIABILITIES AT FAIR VALUE

	31.12.2014	Level 1	Level 2	Level 3
Financial liabilities at fair value through profit or loss				
- Derivatives	1 352.7	-	1 352.7	-
- Bank loans	-	-	-	-
- Bonds	3 858.7	-	3 858.7	-
- Commercial paper	1 350.0	-	1 350.0	-
- Other	-	-	-	-
Total	6 561.4	-	6 561.4	-

FINANCIAL ASSETS AT FAIR VALUE

	31.12.2013	Level 1	Level 2	Level 3
Financial assets at fair value through profit or loss				
- Investment properties	24 429.8	-	-	24 429.8
- Derivatives	203.5	-	203.5	-
Financial assets available for sale	-	-	-	-
- Investment properties	388.2	-	-	388.2
- Equity instruments	0.6	-	-	0.6
Total	25 022.0	-	203.5	24 818.5

FINANCIAL LIABILITIES AT FAIR VALUE

	31.12.2013	Level 1	Level 2	Level 3
Financial liabilities at fair value through profit or loss				
- Derivatives	848.0	-	848.0	-
- Bank loans	-	-	-	-
- Bonds	4 073.5	-	4 073.5	-
- Commercial paper	1 650.0	-	1 650.0	-
- Other	-	-	-	-
Total	6 571.5	-	6 571.5	-

INFORMATION ABOUT THE FAIR VALUE OF FINANCIAL ASSETS MEASURED AT AMORTISED COST

	2014		2013	
	Fair value	Carrying amount	Fair value	Carrying amount
Loans to associates	62.4	62.4	-	-
Trade receivables	45.0	45.0	27.9	27.9
Closing balance	107.4	107.4	27.9	27.9

The fair value is the same as the carrying amount for jointly controlled entities and associates, as the interest rate is adjusted continuously and no changes in credit margins have been identified. Trade receivables have a short anticipated term, so the fair value is the same as the carrying amount.

INFORMATION ABOUT THE FAIR VALUE OF FINANCIAL LIABILITIES MEASURED AT AMORTISED COST

The difference between the fair value and the amortised cost of interest-bearing liabilities with variable interest rates is described in note 25. Other financial liabilities are short term and the difference between the fair value and the amortised cost is marginal.

NOTE 9 BUSINESS COMBINATION

All amounts in NOK million

In the fourth quarter of 2013 an agreement was signed to purchase 50 per cent of the shares in Hinna Park Eiendom AS. The shareholders agreement gives Entra control from 1 February 2014 and consolidation takes place with effect from this date. Comparative figures have not been restated.

Hinna Park Eiendom AS owns 100 per cent of the shares in HP Stadionblokken C AS, Fjordpiren AS, Troll Næring AS, Gullfaks AS, Ormen Lange AS, Oseberg Næring AS, Hinna Park Logistikk AS and Hinna Park Utvikling AS through Hinna Park AS. The Hinna Park group has a marketing and operating organisation consisting of 15 people and manages its own properties as well as properties for other owners in the Hinna Park area.

In the Hinna Park group there are 3 properties with existing leases (Stadionblokken C building, Fjordpiren building and Troll building), a development project under construction (Gullfaks building) and two sites (Oseberg and Ormen Lange).

The purchase strengthens Entra's presence in the South/West region.

	Carrying value acquired company	Net additional value	Acquisition balance sheet
Goodwill	1.0	144.9	145.9
Investment properties	783.4	509.4	1 292.8
Trade and other receivables	48.5		48.5
Cash	75.5		75.5
Pension liability	-1.9		-1.9
Deferred tax	-10.9	-130.8	-141.7
Other provisions	-36.0		-36.0
Debt to credit institutions	-713.8	-28.7	-742.5
Trade payables	-9.8		-9.8
Taxes due, other current liabilities	-46.0	3.9	-42.1
Net identified assets and liabilities	90.0	498.7	588.7
Consideration for shares			294.3
Cash taken over			-75.5
Net outgoing cash flow			218.9

EFFECT OF MERGER ON CONSOLIDATED FIGURES

	2014
Operating revenue	92.6
Net income from property management	35.1

PRO FORMA FIGURES – CONSOLIDATED FROM BEGINNING OF YEAR

	2014
Operating revenue	2 005.7
Net income from property management	1 401.8

NOTE 10 OTHER OPERATING REVENUE

All amounts in NOK million

	2014	2013
Sales of maintenance services to tenants	8.4	8.4
Administrative mark-ups	11.2	8.8
Sales of housing-units	177.4	0.0
Other operating revenue	29.5	7.7
Total other operating revenue	226.5	24.9

NOTE 11 OPERATING EXPENSES

All amounts in NOK million

	2014	2013
Operating expenses		
Administrative costs	40.0	40.3
Payroll and personell expenses	0.9	1.2
Rent related expenses	5.5	6.8
Operating expenses	47.7	43.2
Other operating costs	1.4	-0.0
Total operating costs	95.6	91.5

¹⁾ A total of NOK 1.6 (NOK 0.4) million of the total operating expenses are related to properties that do not generate any income.

NOTE 12 OTHER PROPERTY COSTS

All amounts in NOK million

	2014	2013
Other property costs		
Rental costs	17.3	34.1
Project operating expenses	2.7	21.3
Development costs - housing-units for sale	184.4	0.1
Depreciation and write-downs	18.5	32.7
Total other property costs	223.0	88.2

NOTE 13 ADMINISTRATIVE OWNER COSTS

All amounts in NOK million

	2014	2013
Administrative expenses		
Payroll and personnel expenses	126.6	132.8
Office expenses, furnishings and equipment	31.2	27.1
Consultancy fees	39.3	45.1
Other administrative owner costs	13.9	17.9
Total administrative owner costs	211.1	222.9

NOTE 14 PERSONNEL COSTS

All amounts in NOK million

PERSONNEL COSTS

	2014	2013
Salaries, performance-related pay and other taxable benefits ¹⁾	144.2	148.1
Employers' National Insurance contributions	22.1	20.7
Pension expenses	13.7	12.9
Other personnel costs	14.1	12.5
Total personnel costs	194.2	194.3
Of which capitalised as projects under development	-17.6	-13.1
Of which shared costs to be distributed amongst tenants	-43.9	-38.3
Of which related to the ongoing operation of properties	-6.1	-5.7
Total salary and personnel costs	126.6	137.2
Number of full-time equivalents at 31.12.	169	150

¹⁾ Salaries, performance-related pay and other taxable benefits includes a NOK 11.4 (NOK 8.8) million provision for performance-related pay for all employees in 2014, which has not yet been paid out.

NOTE 15 STATEMENT ON THE DETERMINATION OF SALARIES AND OTHER REMUNERATION OF SENIOR EXECUTIVES

All amounts in NOK million

STATEMENT ON THE DETERMINATION OF SALARIES AND OTHER REMUNERATION OF SENIOR EXECUTIVES

The statement on the remuneration of the company's Chief Executive Officer (CEO) and other senior executives has been prepared in accordance with the provisions of the Norwegian Public Limited Companies Act.

Basis for Entra's senior management remuneration in 2014

The Norwegian state has set guidelines on senior executive remuneration in companies in which the State has a shareholding. These guidelines formed the basis for the Board's remuneration policy.

Remuneration of senior executives is based on the Group's general HR strategy and remuneration policy in accordance with the Norwegian state guidelines and is determined in accordance with the following general principles:

- Entra shall be a professional organisation that attracts and retains skilled personnel and develops the competence of its staff. Entra thus needs to use remuneration, including competitive salaries, in order to ensure that the Group can recruit and retain competent and attractive expertise.
- Moderation in the development of salaries of the Group's employees is of importance, amongst other to avoid any negative impact on the Group's reputation.
- Management remuneration shall be competitive, but not leading.
- The fixed salary shall be the main element of the remuneration, and the individual elements included in remuneration shall be considered in total.
- To the extent that a performance-related pay scheme is used, the targets shall be objective, measurable and definable, and there should be a clear correlation between the Group's business goals and the targets in the performance-related pay scheme.
- Senior executive remuneration shall be transparent, and in line with the principles of good corporate governance, as well as the state's guidelines on senior executive remuneration.

The Board's follow-up of remuneration of senior executives

The Board has established a remuneration committee consisting of two representatives from the Board of Directors to follow up on the remuneration of the Group's senior executives. The remuneration committee is chaired by the Chair of the Board.

The committee considers the Group's remuneration principles and systems and recommends guidelines for remuneration before final approval by the Board.

Each year the Board sets the CEO's remuneration based on a recommendation made by the remuneration committee, without the presence of the CEO. The CEO consults the remuneration committee when determining the remuneration of the Group's other senior executives.

Senior executive remuneration in 2014

Total remuneration consists of fixed salary and variable benefits and includes the following elements:

Fixed basic salary

The base salary is the main element in the remuneration of the Group's senior executives and CEO.

Pension benefits

The Group management has a defined benefit pension in the State Pension Fund with a limit of 12 x the National Insurance basic amount ("12G"), in line with other employees. In addition, the CEO, in line with the state's guidelines (valid in 2014), has a defined contribution pension covered from operations, which amounts to 30 per cent of the annual fixed salary above 12G.

Performance-related pay

For several years the Group has operated performance-related pay schemes for senior executives. The annual performance-related pay for the Group management cannot exceed 25 per cent of their annual base salary. The CEO had no performance-related pay scheme in 2014 but was awarded an extraordinary bonus for his achievements in 2014.

For the Group's senior management team, performance-related pay in 2014 is based on targets defined at Group and business level, as well as predefined personal targets.

There were no option or share schemes in place for senior executives in 2014.

Other benefits

Senior executives have company car or mileage agreements. Entra also provides other benefits to senior management in line with the benefits offered to the other employees in Entra and in accordance with normal practice in Norwegian companies.

Insurance

Senior executives have insurance coverage at the same level as other employees.

Board fees

The CEO and the rest of the management group have a number of internal directorships in subsidiaries and partly-owned companies. They do not receive special remuneration for these directorships.

Employee-elected members of the Board of Entra Eiendom AS receive fees in line with shareholder-elected Board members.

Severance package arrangements

The CEO has the right to 6 months' severance pay based on the base salary in cases where the Board takes the initiative to terminate the employment. No other members of the group management have severance pay agreements.

Loans for share purchases

In connection with the listing of the parent company, Entra ASA, in October 2014 all Entra employees, including management, received an offer to buy shares on terms corresponding to those for other private investors. The employees were given the opportunity to take up an interest-free loan of maximum NOK 50,000 related to the share purchase, to be paid down in equal instalments over the following 12 months.

Determination of remuneration in 2014

Determination of senior executive remuneration for 2014 has been carried out in accordance with the above-mentioned guidelines. The CEO's base salary was increased by 4.5 per cent in 2014.

Senior executive remuneration in 2015

Following the stock exchange listing of the parent company, the Board has undertaken a review of the senior executive remuneration in Entra. The proposed remuneration is in accordance with the Norwegian state's revised guidelines for senior executive remuneration published at 15 February 2015. For companies where state ownership is below 90 per cent the state expects the companies to comply with the guidelines, or explain why the guidelines are not applied.

In general, the Board will apply guidelines to remuneration for the Group management in 2015 corresponding to those in 2014. The Board will update the existing performance-related pay scheme ("STI") for 2015. In addition, the Board will propose to the Annual General Meeting to establish a long-term performance based share incentive program for Group management ("LTI").

STI scheme

The STI scheme is based on set targets at Entra ASA Group and business level in accordance with Board approved scorecards for 2015, as well as predefined personal targets. The Board sets individual targets for the CEO and assess the actual achievements. Individual targets and the corresponding assessment of achievement for the Group management is made by the CEO and approved by the Board.

For the CEO the STI scheme is proposed to have a maximum limit of 50 per cent of base salary and for other members of group management the proposed maximum limit is 30 per cent of base salary. The expected payout for the STI scheme in 2015 is approximately 50 per cent of the maximum limit for both CEO and group management.

LTI scheme

The proposed LTI scheme is based on a return on equity target and a Total Shareholder Return target for the Entra ASA Group, each weighting 50 per cent. LTI remuneration will be share-based and have a vesting period of one year and a lock-up period of three years. LTI remuneration will not be taken into account when determining the basis for pensionable salary.

For the CEO the LTI scheme is proposed to have a maximum limit of 30 per cent of base salary and for other members of group management the proposed maximum limit is 20 per cent of base salary. The expected payout for the LTI scheme in 2015 is approximately 50 per cent of the maximum limit for both CEO and group management.

Share purchase scheme

It is proposed to establish a share saving scheme in 2015, offering all employees, including management, the opportunity to purchase discounted shares in Entra ASA at a 20 % discount.

Pension scheme

Following the stock exchange listing Entra no longer fulfill the conditions for membership in the State Pension Scheme (SPK).

Entra considers the establishment of a contribution-based service pension scheme for all employees, and is in dialogue with SPK in order to find a solution for closing the current defined benefit-based scheme for all or the majority of the current employees.

In connection with an appointment of new CEO or other senior executives, the basis for the contribution pension scheme will not exceed 12G which is in compliance with the state's guidelines for senior executive remuneration from 15 February 2015.

OVERVIEW OF TOTAL REMUNERATION TO SENIOR EXECUTIVES IN 2014 PAYMENTS TO SENIOR EXECUTIVES

All amounts in NOK thousand	Salary	Performance related pay ²⁾	Benefits in kind	Commuting costs	Estimated pension costs	Total remuneration 2014
Senior executives as at 31.12.2014						
Klaus-Anders Nysteen, CEO ¹⁾	3 015	500	133	-	767	4 415
Arve Regland, CFO from 01.02.2014	2 166	413	128	-	166	2 873
Anders Solaas, EVP Sales and Markets	1 680	361	139	-	181	2 361
Hege Njå Bjørkman, EVP Communication	1 408	294	141	-	181	2 024
Hallgeir Østrem, EVP Legal	2 046	388	142	-	181	2 757
Kristin Haug Lund, EVP Development and Technology	1 643	354	130	-	181	2 308
Mona Aarebrot, EVP Greater Oslo	1 340	292	141	-	181	1 954
Karl Fredrik Torp, EVP Mid/North Norway	1 162	257	139	-	181	1 739
Sonja Horn, EVP Central Oslo	1 690	366	135	-	181	2 372
Jorunn Nerheim, EVP South/West Norway	1 166	258	137	-	181	1 742
Total	17 316	3 483	1 365	-	2 381	24 545

¹⁾ The CEO had no performance-related pay scheme in 2014 but was awarded an extraordinary bonus for his achievements in 2014.

²⁾ Performance-related pay is based on a provision based on targets met in 2014, which will be paid out in 2015. The above amounts are subject to National Insurance contributions of 14.1 per cent.

The former CFO, Anne Harris, has received salary during the notice period until 30 June 2014 of NOK 1,290 and severance pay for the six months ending 31 December 2014 of NOK 1,290. She will receive severance pay until 30 June 2015.

Total loans given by Entra to senior executives were NOK 201 at 31 December 2014. The loans are interest free and will be repaid within a year.

The Group does not have any share-based long-term incentive program or option scheme for its executive management.

OVERVIEW OF TOTAL REMUNERATION TO SENIOR EXECUTIVES IN 2013

PAYMENTS TO SENIOR EXECUTIVES

All amounts in NOK thousand	Salary	Performance related pay ²⁾	Benefits in kind	Commuting costs	Estimated pension costs	Total remuneration 2013
Senior executives as at 31.12.2013						
Klaus-Anders Nysteen, CEO from 29.01.2013 ⁴⁾	2 436	-	121	-	161	2 718
Anders Solaas, EVP Sales and Markets	1 622	330	164	-	175	2 291
Hege Njå Bjørkmann, EVP Communication from 02.02.2013	796	-	109	-	133	1 038
Hallgeir Østrem, EVP Legal from 01.10.2013	410	-	1	-	44	455
Kristin Haug Lund, EVP Development and Technology from 01.10.2013	1 124	44	113	-	170	1 451
Mona Aarebrot, EVP Greater Oslo ³⁾	1 261	81	139	-	175	1 656
Karl Fredrik Torp, EVP Mid/North Norway ³⁾	1 119	127	144	-	175	1 565
Sonja Horn, EVP Central Oslo from 19.08.2013	593	-	51	-	69	713
Jorunn Nerheim, EVP South/West Norway ³⁾	1 088	116	151	-	175	1 530
Astrid Tveten - Acting CFO from 01.11.2013 to 31.01.2014	1 748	380	140	-	175	2 443
Total	12 197	1 078	1 133	-	1 452	15 860
Senior executives prior to 31.12.2013						
Kyrre Olaf Johansen, CEO, left the company 17.04.2012	2 926	-	-	-	-	2 926
Rune Olsø, Deputy, Acting and CEO, left the company 17.10.2012	2 268	-	49	12	57	2 386
Anne Harris, Acting CEO to 20.01.2013, CFO to 30.11.2013 ¹⁾	3 022	612	141	-	175	3 950
Nils Fredrik Skau, Tech. Dir. to 01.09.2013, Projects Dir. to 01.11.2013	1 565	328	134	178	175	2 380
Bjørn Holm, Director of Projects and Development to 31.08.2013	1 279	313	96	-	115	1 803
Ingrid Schiefloe, Dir. Comm. and CSR, left the company 30.06.2012	161	-	-	-	-	161
Total	11 221	1 253	420	190	522	13 606

The Group appointed a temporary Director of Communications and Corporate Social Responsibility in part of 2013.

¹⁾ Salaries and other remuneration during the notice period, as well as severance pay to be paid in 2014 are not included in the table above.

²⁾ Performance-related pay is based on targets met in 2012, which was paid in 2013.

³⁾ Member of group management after reorganisation effective 1.7.2013.

⁴⁾ In addition there is an estimated pension cost for an individual scheme above the State Employees Pension Fund of NOK 419,000 excluding employer's National Insurance contributions.

The above amounts are subject to National Insurance contributions of 14.1 per cent.

All amounts in NOK thousand	Board fees	Committee fees ¹⁾	Total remuneration 2014 ²⁾	Total remuneration 2013 ³⁾
Board				
Siri Hatlen, Chair	402.5	102.3	505	421
Martin Mæland, Deputy Chair	202.3	42.8	245	236
Ingrid Tjøsvald	202.3	42.8	245	173
Arthur Sletteberg	202.3	135.8	338	182
Kjell Bjordal	202.3	24.5	227	160
Birthe Smedsrud Skeid, employee representative ⁴⁾	202.3	-	202	191
Tore Benediktsen, employee representative until 25 August 2014 ⁴⁾	99.3	-	99	191
Frode Halvorsen, employee representative from 25 August 2014 ⁴⁾	103.0	-	103	-
Total ¹⁾	1 616	348	1 964	1 554

¹⁾ Include fees for the privatisation committee paid to the chair of the committee, Siri Hatlen, of NOK 59.5 and the member of the committee, Arthur Sletteberg, of NOK 75.0.

²⁾ The overview of the remuneration of the Board of Directors shows remuneration earned in 2014.

³⁾ The overview of the remuneration of the Board of Directors shows remuneration paid in 2013 for the period between the dates of the Annual General Meetings in 2012 and 2013.

⁴⁾ Does not include ordinary salary.

The Board and committee members received no other compensation than what is set out in the table.

The above amounts are subject to National Insurance contributions of 14.1 per cent.

NOTE 16 FINANCIAL ITEMS

All amounts in NOK million

	2014	2013
Interest income	20.3	13.1
Other finance income	0.1	1.4
Total interest and other finance income	20.4	14.5
Interest expenses	681.6	670.2
- of which capitalised borrowing costs	-37.5	-45.3
Other finance expenses	22.2	33.2
Total interest and other finance expense	666.3	658.1
Average interest on capitalised borrowing costs	4.2 %	4.9 %

NOTE 17 GOODWILL

All amounts in NOK million

MOVEMENT IN CARRYING AMOUNT OF GOODWILL

	2014	2013
Opening balance at 01.01	-	-
Additional amounts recognised from business combination occurring during the year (note 9)	145.9	-
Closing balance at 31.12	145.9	-

The goodwill relates to the acquisition of 50 per cent of the shares of the business in Hinna Park Eiendom AS with effect from 1 February 2014. The excess value between the purchase price and the carrying amount of the business at the date of the acquisition has been allocated on the properties in the company. The goodwill derive from the deferred tax provision on the allocated excess value and is not identifiable. There are no indication of impairment related to the goodwill as at 31 December 2014.

NOTE 18 INTANGIBLE ASSETS, PROPERTY USED BY OWNER AND OTHER PROPERTY, PLANT AND EQUIPMENT

All amounts in NOK million

	2014			2013		
	Intangible assets ¹⁾	Property used by owner	Other property, plant and equipment	Intangible assets ¹⁾	Property used by owner	Other property, plant and equipment
Acquisition cost at 01.01.	64.7	7.3	49.0	62.2	7.5	68.0
Acquisitions	15.4	0.4	10.3	16.5	1.0	21.7
Disposals	-2.5	0.0	-0.1	-14.0	-1.2	-40.7
Acquisition cost at 31.12.	77.6	7.6	59.2	64.7	7.3	49.0
Accumulated depreciation and write-downs at 01.01.	33.9	0.6	18.5	25.9	1.8	41.8
Depreciation and write-downs	11.9	0.1	6.4	22.0	0.1	4.8
Disposals	-2.5	0.0	-0.1	-14.0	-1.2	-28.1
Accumulated depreciation and write-downs at 31.12.	43.3	0.6	24.8	33.9	0.6	18.5
Carrying amount at 31.12.	34.3	7.0	34.4	30.9	6.7	30.5

¹⁾ Intangible assets mainly relate to software.

NOTE 19 INVESTMENT PROPERTIES

All amounts in NOK million

VALUE OF INVESTMENT PROPERTIES

	2014	2013
Closing balance previous year	24 818.0	22 936.6
Change in accounting principle IFRIC 12 (note 2)		1 296.8
Opening balance at 01.01	24 818.0	24 233.4
Other movements		
Purchase of investment property	1 581.2	591.2
Investment in the property portfolio	1 076.5	1 045.4
Capitalised borrowing costs	37.5	45.3
Sale of investment property	-477.3	-590.5
Change in value from operational lease	36.0	-39.8
Change in value from investment properties	1 158.5	-466.9
Closing balance at 31.12	28 230.3	24 818.0
Of which investment properties held for sale	1 550.8	388.2
Investment properties	26 679.5	24 429.8

Investment properties held for sale comprise 9 (5) investment properties for which the sales process had started, but not been completed, on the balance sheet date. Assuming that acceptable offers are received, the properties are expected to be sold within 12 months. In 2014, the Group has identified 9 new investment properties held for sale.

Investment properties are valued at fair value based on independent external valuations. The valuation method is included at level 3 in the valuation hierarchy. Reference is made to note 8.

For information about valuations and fair value calculations for investment properties, see Note 3 "Critical accounting estimates and subjective judgements".

Certain of the Group's properties are subject to purchase options, as described below.

Pursuant to the lease agreements entered into between Entra Eiendom and the Norwegian Ministry of Culture on 22 April 2005, 15 October 2003 and 30 June 2005, respectively, the tenant has an option to acquire the three buildings comprising the National Library in Henrik Ibsens gate 110/Observatoriegaten 1 in Oslo municipality (the rehabilitated building, the "Magazine" and the office building "Halvbroren"). The tenant has the right to acquire the rehabilitated building and the "Magazine" at expiry of each 25 year lease period (expiring on 6 June 2030 and 31 December 2029, respectively). The leases include an unlimited number of 25-year extension periods, at market rents. Further, the tenant has the right to, upon six months' notice, acquire "Halvbroren" if the tenant itself leases and uses more than 50% of the building. As of 31 December 2014, the tenant leased and used 65% of the building. The purchase price for all three buildings shall equal the market value of the buildings based on the capitalised future rental income based on the assumption that the lease agreements are continuously prolonged in accordance with the renewal clause in the lease agreements. The market value of the properties was NOK 1,429.5 million as of 31 December 2014.

Pursuant to the lease agreement entered into between Entra Eiendom and Bærum municipality on 23 June 2005, which expires on 27 January 2027, the tenant has an option to acquire Vøyenenga School in Bærum municipality. The option is exercisable after ten years lease at a purchase price of NOK 97,137,500; after fifteen years lease at a purchase price of NOK 86,912,000; and after 20 years lease at a purchase price of NOK 63,285,000. The market value of the property was NOK 105.2 million as of 31 December 2014.

Pursuant to the lease agreement entered into between Entra Eiendom and Østfold Police District on 22 May 2002, which expires on 31 December 2019, the Norwegian Government by Statsbygg (or another state entity nominated by the Norwegian Government) has an option to acquire Prins Christian Augusts plass 3-5 in Moss municipality. The option includes the right to purchase the ground lease agreement and the buildings at a price equal to 11.5 times the annual contractual rent (after deduction of the ground lease rent), and is exercisable at any time during the lease period in the event of (i) a sale of the buildings (in whole or in part with 60

days' notice to the Ministry of Justice) or (ii) at any time during the lease period with 12 months' prior notice. The market value of the property was NOK 74.2 million as of 31 December 2014.

Pursuant to the lease agreement entered into between Entra Eiendom and the Embassy of the Republic of Indonesia on 2 May 2005, which expires on 1 July 2015, the tenant has an option to acquire the Indonesian Embassy in Fritznersgate 12 in Oslo municipality. The option is exercisable at any time during the lease period at a purchase price calculated based on a price of NOK 23 million as of 31 December 2006 and thereafter adjusted for 100% of the changes in the CPI until the option is exercised. The market value of the property was NOK 27.3 million as of 31 December 2014.

Pursuant to deed registered in the Land Registry on 18 August 1980, Bergen municipality has an option to acquire Kunsthandverkskolen in Strømgaten 1 in Bergen municipality. Bergen municipality has claimed the right to exercise the option effective from the point in time Kunsthandverkskolen vacates the property and the property shall at such time be returned to Bergen municipality without any compensation. The lease agreement expires on 31 December 2015. The market value of the property was NOK 4.1 million as of 31 December 2014.

Pursuant to the ground lease agreement entered into between Entra Eiendom and Oslo Havn KF on 4 October 1979 relating to the Langkaia properties, the ground lessor has an option to acquire the buildings without any compensation and free of any encumbrances upon expiry of the ground lease agreement on 1 January 2031. As the property is valued based on the cash flow until expiry of the ground lease agreement (i.e. no residual value), there will be an ongoing decrease in the balance sheet value until 2030. The market value of the property was NOK 711.7 million as of 31 December 2014.

In addition, certain of the Group's properties are subject to pre-emptive rights, including:

The ground lessor under the ground lease agreement dated 8 July 1936 regarding Lømslandsvei 23 in Kristiansand municipality has a pre-emptive right to acquire the buildings on the premises in the event of a sale of the buildings. In the event the pre-emptive right is enforced, the purchase price shall equal the value of the buildings as determined by an appraisal commission.

Kristiansand municipality has a pre-emptive right to acquire Vestre Strandgate 21 in Kristiansand municipality at market price in the event of a sale of the property.

Based on a pre-emptive right registered in the Land Registry in 1951, six private persons have a personal pre-emptive right to the property Vogts gate 17 in Moss municipality on the same terms as another potential buyer.

Trondheim municipality has pre-emptive rights to acquire certain properties in Trondheim municipality which the Group acquired in February 2011 (the aggregate purchase price for the properties were NOK 5 million).

NOTE 20 ASSOCIATES AND JOINTLY CONTROLLED ENTITIES

All amounts in NOK million

Investments in associates and jointly controlled entities are recognised using the equity method.

31.12.2014	Acquisition date	Business office	Shareholding/ voting rights
Associated companies			
Ullandhaug Energi AS	07.07.2009	Stavanger	44.00 %
Greenfield Property AS	26.09.2011	Måløy	33.00 %
Youngstorget Parkeringshus AS	16.11.2005	Oslo	21.26 %
Jointly controlled entities			
Entra OPF Utvikling AS	21.04.2012	Oslo	50.00 %
Sundtkvartalet Holding AS	02.01.2014	Oslo	50.00 %
Oslo S Utvikling AS	01.07.2004	Oslo	33.34 %

31.12.2013	Acquisition date	Business office	Shareholding/ voting rights
Associated companies			
Ullandhaug Energi AS	07.07.2009	Stavanger	44.00 %
Tverrforbindelsen AS ¹⁾	24.04.2009	Trondheim	33.33 %
Greenfield Property AS	26.09.2011	Oslo	33.00 %
Youngstorget Parkeringshus AS	16.11.2005	Oslo	21.26 %
Jointly controlled entities			
Sørlandet Kunnskapspark Eiendom AS	02.06.2005	Kristiansand	51.00 %
UP Entra AS	31.12.2003	Hamar	50.00 %
Entra OPF Utvikling AS	21.04.2012	Oslo	50.00 %
Oslo S Utvikling AS	01.07.2004	Oslo	33.34 %

¹⁾ Tverrforbindelsen AS was wound up on 17 December 2013.

MOVEMENT IN CARRYING AMOUNT OF ASSOCIATES AND JOINTLY CONTROLLED ENTITIES

	Carrying amount 31.12.2013	Share of profit for 2014	Capital injection/ reduction	Carrying amount 31.12.2014	Change in value in share of profit ¹⁾
Associated companies	6.8	0.4	0.0	7.1	0.0
Jointly controlled entities					
Sørlandet Kunnskapspark Eiendom AS ²⁾	6.1	-0.2	-5.9	0.0	-
UP Entra AS ³⁾	103.9	21.3	-125.2	0.0	13.5
Entra OPF Utvikling AS	393.7	-11.3	-19.7	362.7	-23.4
Sundtkvartalet Holding AS	0.0	15.1	111.4	126.5	15.5
Oslo S Utvikling AS	617.9	10.3	-50.0	578.1	-
Total associates and jointly controlled entities	1 128.3	35.6	-89.4	1 074.5	5.5

MOVEMENT IN CARRYING AMOUNT OF ASSOCIATES AND JOINTLY CONTROLLED ENTITIES

	Carrying amount 31.12.2012	Share of profit for 2013	Capital injection/ reduction	Carrying amount 31.12.2013	Change in value in share of profit ¹⁾
Associated companies	6.7	0.0	0.0	6.8	0.0
Jointly controlled entities					
Sørlandet Kunnskapspark Eiendom AS	4.3	1.7	-	6.1	2.8
UP Entra AS	113.1	-9.2	-	103.9	-15.9
Entra OPF Utvikling AS	403.3	20.1	-29.7	393.7	-8.0
Oslo S Utvikling AS	572.8	222.8	-177.7	617.9	-9.7
Total associates and jointly controlled entities	1 100.3	235.5	-207.4	1 128.3	-30.7

¹⁾ Changes in value consist of changes in the value of property, loans and interest rate hedging instruments, plus calculated deferred tax on the changes.

²⁾ Entra increased its shareholding from 51 per cent to 100 per cent of the shares in Sørlandet Kunnskapspark Eiendom AS on 20 November 2014.

³⁾ UP-Entra AS was sold 15 May 2014.

AGGREGATE FINANCIAL INFORMATION FOR ASSOCIATES AND JOINTLY CONTROLLED ENTITIES

(Figures stated refer to Entra's ownership interest)

	Associates and Jointly controlled entities	
	2014	2013
Total operating revenue	376.1	873.9
Total operating expenses	-337.5	-586.1
Net income from property management	38.6	287.8
Adjustment to value from investment property	66.9	-29.1
Net financial items	-31.2	-23.7
Profit before tax	74.3	235.0
Tax expense	-39.1	0.4
Profit after tax	35.2	235.4
Total comprehensive income	35.2	235.4
Total assets	1 713.3	1 619.7
Equity	1 148.6	1 120.2
Total liabilities	564.8	499.5

The Group owns 33.33 per cent of Oslo S Utvikling AS, which represents a significant asset to the Group. Oslo S Utvikling AS (OSU) is a property development company established for the purpose of developing properties at Bjørvika, Oslo. OSU is jointly controlled by the Group, and is accounted for using the equity method. Sales of property projects are measured at cost and presented under inventories. The sales price is recognised in the income statement on handover.

There has not been any change in the share of ownership or voting rights in OSU in 2014.

SUMMARY OF SIGNIFICANT ACCOUNTING ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS OF OSLO S UTVIKLING AS AFTER IFRS ADJUSTMENTS FOR 2014 AND 2013 (100 PER CENT)

	2014	2013
Income statement:		
Rental income	66.4	51.5
Other operating revenue	992.3	2 277.7
Operating revenue	1 058.7	2 329.2
Operating costs	32.8	28.8
Other property costs	767.9	1 568.3
of which depreciation and write-downs	120.9	0.7
Administrative owner costs	40.6	43.3
Total operating costs	841.3	1 640.4
Net income from property management	217.4	688.7
Interest and other finance income	3.1	0.4
Interest and other finance expense	-97.8	-21.6
Net financial items	-94.7	-21.3
Profit before tax	122.7	667.5
Tax expense	88.9	-29.8
Profit after tax	33.7	697.2
Total comprehensive income	33.7	697.2
Balance sheet:		
Current assets	2 813.2	1 987.2
of which cash and cash equivalents	56.5	62.7
Non-current assets	66.3	242.8
Current liabilities	907.4	285.5
of which current financial liabilities other than accounts payable and provisions	0.0	0.0
Non-current liabilities	389.7	245.9
of which non-current financial liabilities other than accounts payable and provisions	389.7	245.9

RECONCILIATION OF CARRYING AMOUNT

	Shareholding	2014	2013
Net assets	100 %	1 582.3	1 698.6
Group's shareholding in the company	33.33 %	527.4	566.1
Added value	33.33 %	50.7	51.7
Carrying amount of Group's shareholding	33.33 %	578.1	617.8

CONTRACTUAL OBLIGATIONS

All contractual obligations on the balance sheet date that have not been capitalised are included in the table below

	2014	2013
Property, plant and equipment	138.3	192.0
Total contractual obligations	138.3	192.0

NOTE 21 TRADE RECEIVABLES

All amounts in NOK million

	2014	2013
Trade receivables	51.4	30.1
Provisions for bad debts	-6.4	-2.2
Net trade receivables	45.0	27.9

At 31 December 2014, NOK 29.2 (NOK 21.2) million in trade receivables were overdue. Provisions for a loss of NOK 6.4 (NOK 2.2) million have been made for overdue trade receivables. The age analysis of these trade receivables is as follows:

TRADE RECEIVABLES

	2014	2013
Up to 3 months	7.3	7.3
Over 3 months	22.0	13.9
Total overdue	29.2	21.2

NOTE 22 OTHER RECEIVABLES

All amounts in NOK million

OTHER RECEIVABLES

	2014	2013
VAT owed	38.7	38.7
Accrued interest	38.2	39.0
Receivables in connection with sale of housing-units	83.8	0.0
Accrued not invoiced	38.4	0.0
Advance payments and accruals	7.3	2.0
Other current receivables	18.4	16.0
Total other current receivables	224.8	95.8

NOTE 23 BANK DEPOSITS

All amounts in NOK million

	2014	2013
Bank deposits	161.7	142.2
Tied bank deposits	36.5	35.2
Total bank deposits	198.2	177.4

Tied bank deposits relate to the withholding tax account and guarantees for loans.

NOTE 24 SHARE CAPITAL AND SHAREHOLDER INFORMATION

The share capital is NOK 142,195,000 consisting of one share with a face value of NOK 142,195,000. The share is owned by the listed company Entra ASA.

Entra Eiendom AS has one class of shares and the share carries one vote. The share provide equal right including the right to any dividend.

For other changes in shareholders' equity, see the consolidated statements of changes in equity.

NOTE 25 INTEREST-BEARING LIABILITIES AND ACCRUED INTEREST

All amounts in NOK million

NON-CURRENT INTEREST-BEARING LIABILITIES

	Nominal value 2014	Market value 2014	Carrying amount 2014	Nominal value 2013	Market value 2013	Carrying amount 2013
Bank loans	5 202.7	5 198.6	5 202.7	4 935.0	4 935.0	4 918.4
Bonds	6 100.0	6 710.2	6 658.7	6 800.0	7 003.1	6 881.0
Total non-current interest-bearing liabilities		11 908.9	11 861.4		11 938.1	11 799.4

CURRENT INTEREST-BEARING LIABILITIES

	Nominal value 2014	Market value 2014	Carrying amount 2014	Nominal value 2013	Market value 2013	Carrying amount 2013
Bank loans	271.2	271.2	271.2	16.6	16.6	16.6
Bonds	1 200.0	1 209.4	1 200.0	1 142.5	1 157.7	1 142.5
Commercial paper	1 350.0	1 350.0	1 350.0	1 650.0	1 650.0	1 650.0
Total current interest-bearing liabilities		2 830.6	2 821.2		2 824.3	2 809.1

The average risk premium on the Group's loans at 31 December 2014 was 0.94 % (0.99 %).

THE GROUP'S BONDS AND COMMERCIAL PAPER ARE SUBJECT TO THE FOLLOWING TERMS

THE GROUP'S BONDS AT 31.12.2014

ISIN	Issue limit	Coupon rate	Term to maturity	Amount issued ¹⁾	Repurchased ¹⁾	Net balance ¹⁾
NO0010552466	1 500.0	5.55 %	25.11.2019	500.0	-	500.0
NO0010592363	1 500.0	4.70 %	06.12.2017	500.0	-	500.0
NO0010662869	1 500.0	3M Nibor + 1.22%	09.11.2015	1 200.0	-	1 200.0
NO0010641806	1 500.0	3M Nibor + 1.25%	10.04.2017	1 100.0	-	1 100.0
NO0010673700	1 500.0	3M Nibor + 1.25%	20.09.2018	1 200.0	-	1 200.0
NO0010686660	1 500.0	4.25 %	02.09.2020	700.0	-	700.0
NO0010670995	1 500.0	5.00 %	08.02.2023	500.0	-	500.0
NO0010715931	1 500.0	3M Nibor + 0.61%	08.08.2019	500.0	-	500.0
NO0010282031	1 100.0	4.62 %	29.05.2030	1 100.0	-	1 100.0
						7 300.0

THE GROUP'S COMMERCIAL PAPER AT 31.12.2014

ISIN	Issue limit	Coupon rate	Term to maturity	Amount issued ¹⁾	Repurchased ¹⁾	Net balance ¹⁾
NO0010723539	400.0	1.90 %	11.05.2015	300	-	300.0
NO0010720006	400.0	1.95 %	10.04.2015	200	-	200.0
NO0010716012	400.0	2.00 %	10.03.2015	300	-	300.0
NO0010709744	400.0	2.02 %	12.01.2015	250	-	250.0
NO0010713282	400.0	2.18 %	10.02.2015	300	-	300.0
						1 350.0

THE GROUP'S BONDS AT 31.12.2013

ISIN	Issue limit	Coupon rate	Term to maturity	Amount issued ¹⁾	Repurchased ¹⁾	Net balance ¹⁾
NO0010552458	1 500.0	4.95 %	25.11.2014	975.0	(282.5)	692.5
NO0010552441	1 500.0	3M Nibor +0.80%	25.11.2014	450.0	-	450.0
NO0010662869	1 500.0	3M Nibor +1.22%	09.11.2015	1 200.0	-	1 200.0
NO0010592363	1 500.0	4.70 %	06.12.2017	500.0	-	500.0
NO0010641806	1 500.0	3M Nibor +1.25%	10.04.2017	1 100.0	-	1 100.0
NO0010552466	1 500.0	5.55 %	25.11.2019	500.0	-	500.0
NO0010670995	1 500.0	5.00 %	08.02.2023	500.0	-	500.0
NO0010673700	1 500.0	3M Nibor +1.25%	20.09.2018	1 200.0	-	1 200.0
NO0010686660	1 500.0	4.25 %	02.09.2020	700.0	-	700.0
NO0010282031	1 100.0	4.62 %	29.05.2030	1 100.0	-	1 100.0
						7 942.5

THE GROUP'S COMMERCIAL PAPER AT 31.12.2013

ISIN	Issue limit	Coupon rate	Term to maturity	Amount issued ¹⁾	Repurchased ¹⁾	Net balance ¹⁾
NO0010675101	400.0	2.30 %	10.01.2014	300	-	300.0
NO0010679442	400.0	2.20 %	10.02.2014	250	-	250.0
NO0010685514	400.0	2.17 %	10.03.2014	250	-	250.0
NO0010686876	400.0	2.20 %	10.04.2014	250	-	250.0
NO0010687494	400.0	2.24 %	09.05.2014	300	-	300.0
NO0010694011	400.0	2.30 %	10.06.2014	300	-	300.0
						1 650.0

¹⁾ nominal values

The net proceeds from issuance of the new shares in the NOK 1,700 million offering in connection with the listing on Oslo Stock Exchange was used to repay all credit facilities in Brattørkaia AS as with a total outstanding amount of NOK 905 million. The remaining amount was used to reduce borrowings outstanding under revolving credit facilities in Entra Eiendom, including revolving credit facilities drawn to pay an extraordinary dividend of NOK 650 million to the selling shareholder Norwegian Government Ministry of Trade, Industry and Fisheries.

MORTGAGES

In general the Group's financing is based on the parent company borrowing from external parties using negative pledge clauses. Wholly-owned subsidiaries are generally financed using intra-group loans.

For projects/properties with special characteristics, separate mortgage-based financing can be arranged. At 31 December 2014, a long-term bond of NOK 1,100 million is secured against the National Library and associated buildings, located at Henrik Ibsens gate 110 in Oslo. The lender also has a mortgage on the rental income from the property.

For subsidiaries that are not wholly-owned by Entra Eiendom AS, separate financing is generally arranged without any guarantee from the shareholders. This kind of financing is generally secured through a mortgage.

	2014	2013
Carrying amount of liabilities secured through mortgages	2 992.5	2 660.6
Carrying amount of mortgaged assets		
Buildings and sites	4 039.4	3 544.2

NOTE 26 PENSION

All amounts in NOK million

The Group has both defined contribution and defined benefit pension plans. The defined benefit pension plan cover a total of 162 (152) current employees and 59 (54) pensioners. The defined benefit contribution plan include 5 employees in Hinna Park.

DEFINED CONTRIBUTION PLANS

Defined contribution plans comprise arrangements whereby the Group makes annual contributions to the employees' pension plans, and where the future pension is determined by the amount of the contributions and the return on the pension plan assets. In the defined contribution pension plans, the cost is equal to the contributions to the employees' pension savings in the accounting period.

DEFINED BENEFIT PLANS

The defined benefit pension plans provide an entitlement to guaranteed defined future benefits. These benefits are mainly dependent on number of years of contributions, salary level on reaching retirement age and the level of benefits from the National Insurance Scheme. Commitments are covered through the Norwegian Public Service Pension Fund. The guarantee means that employees will receive at least 66 per cent of their pension qualifying salary. Any income over and above 12 times the National Insurance Scheme's basic amount is not included in the qualifying salary. The pension benefit payable is based on the employee's salary, average percentage of full-time equivalents and length of service (30 years' service qualifies for a full pension). The Group's pension scheme satisfies the requirements of the Norwegian Act on Compulsory Occupational Pensions.

The Group also has a contractual early-retirement scheme (AFP) from the age 62. At 31 December 2014, 14 (11) former employees had chosen to make use of the AFP scheme. Employees can cut back on their working week or retire completely. If they choose to cut back, they must continue to work 60 per cent of a full-time position. Between the ages of 62 and 65, pensions are calculated in accordance with the National Insurance Scheme's stipulations. On reaching the age of 65, the pension is calculated using either the National Insurance Scheme's rules or the Norwegian Public Service Pension Fund's rules, depending on which is better for the member. At 31 December 2014, the net pension liabilities associated with the AFP scheme amounted to NOK 8.6 (NOK 7.4) million, which is included under total pension liabilities in the table below.

The cost for the accounting period shows the employees' pension entitlement of the agreed future pension in the financial year.

The Chief Executive Officer, has a supplemental pension contribution plan under which the Group provides an annual pension premium of 30 per cent of fixed salary above 12 times the National Insurance Scheme's basic amount. The pension scheme is in accordance with the state's guidelines for senior management salaries.

THE BALANCE SHEET LIABILITIES HAVE BEEN CALCULATED AS FOLLOWS

	2014	2013
Present value of accrued pension liabilities in defined-benefit schemes in unit trusts	198.1	153.9
Fair value of pension scheme assets	-126.4	-107.3
Employers' NICs accrued	10.1	6.5
Net pension liabilities on the balance sheet at 31.12	81.8	53.1

CHANGE IN DEFINED-BENEFIT PENSION LIABILITIES OVER THE YEAR

	2014	2013
Pension liabilities at 01.01	158.5	148.3
Present value of pensions earned this year	18.2	9.8
Interest expense	5.9	5.4
Pension benefits paid	-6.0	-4.7
Plan amendment	-7.2	0.0
Actuarial losses/(gains)	28.7	-4.9
Pension liabilities at 31.12	198.1	153.9

CHANGE IN FAIR VALUE OF PENSION SCHEME ASSETS

	2014	2013
Pension scheme assets at 01.01	111.1	96.5
Anticipated return on pension scheme assets	4.7	4.1
Contributions from employer	19.1	19.8
Pension benefits paid	-6.0	-4.7
Actuarial (gains)/losses	-2.5	-8.5
Pension scheme funds at 31.12	126.4	107.3

TOTAL COST RECOGNISED IN THE INCOME STATEMENT

	2014	2013
Cost of pension benefits accrued during current period	18.4	10.2
Impact on this years plan assets	-7.2	0.0
Employers' National Insurance contributions	1.8	2.7
Contribution scheme	0.7	0.0
Total pension benefits accrued during the period	13.7	12.9
Net interest expense	1.3	1.3
Total pension benefits accrued in income statement	15.0	14.2
Estimate difference accrued in comprehensive income	35.0	4.0
Total pension benefits accrued in total comprehensive income	50.0	18.2

The actual return on pension scheme assets was NOK 2.0 million (NOK -4.4 million).

THE FOLLOWING ECONOMIC ASSUMPTIONS HAVE BEEN USED

	2014	2013
Discount rate	2.30 %	4.00 %
Anticipated return on pension scheme assets	2.30 %	4.40 %
Annual wage growth	2.75 %	3.75 %
Annual adjustment to the National Insurance Scheme's basic amount ("G")	2.50 %	3.50 %
Annual adjustment of pensions	1.75 %	2.75 %
Mortality rates	K2013	K2013
Disability rates	200 % * K63	200 % * K63
Proportion of entitled employees making use of AFP	20 %	20 %

The actuarial assumptions are based on generally accepted assumptions in the insurance industry with regard to demographic factors.

PERCENTAGE DISTRIBUTION OF THE PENSION SCHEME ASSETS BY INVESTMENT CATEGORY AT 31.12.

	2014	2013
Government bonds	100 %	100 %
Corporate bonds	0 %	0 %
Shares	0 %	0 %
Property	0 %	0 %
Other	0 %	0 %
Total	100 %	100 %

AMOUNTS FOR THE CURRENT YEAR AND FOR THE FOUR PREVIOUS YEARS

	2014	2013	2012	2011	2010
Gross defined-benefit pension liabilities	198.1	153.9	148.3	148.3	176.3
Fair value pension funds 31.12	-126.4	-107.3	-96.5	-96.5	-85.8
Net defined-benefit pension liabilities	71.7	46.6	51.7	51.7	90.5

Expected payments to the defined-benefit pension plan for the period 1 January 2015 - 31 December 2015 are NOK 22.3 (NOK 16.2) million.

NOTE 27 TAX

All amounts in NOK million

INCOME TAX EXPENSE

	2014	2013
Tax payable	-	-
Change in deferred tax on profit and loss	356.0	-8.1
Change in deferred tax on comprehensive income	-9.4	-1.1
Income tax expense	346.5	-9.2

INCOME TAX PAYABLE IS CALCULATED AS FOLLOWS

	2014	2013
Profit before tax	1 393.9	457.7
Share of profit/loss at associates and jointly controlled entities	-35.6	-212.4
Other permanent differences	-14.5	57.7
Changes in loss carry-forwards	-262.4	-127.3
Changes in temporary differences	-1 081.4	-175.8
Profit for tax purposes	0.0	0.0
Tax payable on the balance sheet	-	-
Tax payable on the balance sheet	-	-

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to profits of the consolidated entities as follows:

RECONCILIATION OF TAX EXPENSE WITH PROFIT MULTIPLIED BY NOMINAL TAX RATE

	2014	%	2013	%
Profit for accounting purposes multiplied by nominal tax rate	376.3	27.0	128.1	28.0
Tax on share of profit/loss at associates and jointly controlled entities	-9.6	-0.7	-59.5	-13.0
Tax on permanent differences	-3.9	-0.3	16.1	3.5
Effect of corrections to previous years	-	0.0	0.2	0.1
Effect of change in tax rate	-	0.0	-92.8	-20.3
Reversal of write-down of deferred tax asset	-6.9	-0.5	0.00	0.0
Tax expense for accounting purposes	356.0	25.5	-8.1	-1.8

From the income year 2014 the tax rate on normal income is reduced to 27 per cent. Deferred tax as at 31 December 2013 was measured using the new rate. The effect on tax for the period is NOK 92.8 million.

DEFERRED INCOME TAX

The Group has offset deferred tax assets and deferred tax liabilities on the balance sheet as the Group has a legally enforceable right to set off current tax assets against current tax liabilities, and the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority. The following net value was recognised:

	2014	2013
Deferred tax liability	3 772.0	3 031.8
Deferred tax assets	768.3	516.7
Net deferred tax	3 003.7	2 515.1

CHANGE IN DEFERRED TAX (+)/DEFERRED TAX ASSETS (-)

	Non-current assets ¹⁾	Financial instruments	Current assets	Gains/ losses account	Provisions	Loss carried forward	Total
31.12.2012	2 700.5	55.3	17.8	82.3	-22.7	-360.4	2 472.7
Principle change, IFRIC 12 properties	362.1	-314.2	-	-	7.4	-	55.4
01.01.2013	3 062.6	-258.8	17.8	82.3	-15.3	-360.4	2 528.1
Recognised in profit and loss	-92.2	63.7	1.3	76.1	0.3	35.6	84.9
Recognised in comprehensive income	-	-	-	-	-1.1	-	-1.1
Acquisition and disposal of subsidiaries	-3.8	-	-	-	-	-	-3.8
Effect of change in tax rate	-105.9	7.0	-0.7	-5.7	0.8	11.6	-92.8
31.12.2013	2 860.6	-188.1	18.4	152.7	-15.4	-313.2	2 515.1
Recognised in profit and loss	595.2	-141.4	-13.1	3.8	-10.9	-70.8	362.7
Recognised in comprehensive income	-	-	-	-	-9.4	-	-9.4
Acquisition and disposal of subsidiaries	148.2	-7.7	4.3	-0.2	-0.4	-2.0	142.2
Previously, not recognised deferred tax assets	-	-	-0.1	2.1	-	-8.8	-6.9
31.12.2014	3 604.0	-337.2	9.5	158.5	-36.1	-394.9	3 003.7

¹⁾ The Group has applied the main rule for recognition of deferred tax in connection with the purchase of shares in property companies that are not acquired through a business combination. This means that deferred tax is recognised as the difference between the tax value and consolidated accounting value of investment properties. Deferred tax linked to the retrospective accumulated change in the value of investment properties at 31 December 2014 is NOK 2,615.5 million (NOK 1,874.8 million).

NOTE 28 OTHER LIABILITIES

All amounts in NOK million

	2014	2013	01.01.2013
Prepayments from customers	101.3	95.0	95.0
Provisions for non-current liabilities	27.6	5.1	7.6
Total other liabilities	129.0	100.1	102.6

MOVEMENTS IN PROVISIONS FOR OTHER LIABILITIES

	2014	2013
Movements in provisions		
Opening balance at 01.01.	5.1	1.6
Additional provisions during the year	36.0	3.5
Provisions used during the year	-13.5	-
Unused provisions reversed during the year	-	-
Closing balance at 31.12.	27.6	5.1

DETAILS OF PROVISIONS FOR LEASED PROPERTIES

As at 31 December 2014 and 31 December 2013 Entra had no provision for leased properties.

Hinna Park AS has signed an agreement with Stavanger municipality to acquire and develop municipal development areas in the southern part of Jåttåvågen. The Group has recognised a liability of NOK 24.0 at 31 December 2014, which represents the Group's best estimate of the remaining infrastructure obligation to Stavanger municipality.

NOTE 29 TRADE PAYABLES AND OTHER LIABILITIES

All amounts in NOK million

	2014	2013
Trade payables	319.9	290.0
Holiday pay owed	15.0	13.5
Unpaid government taxes and duties	15.0	12.7
Shared costs for buildings, owed to tenants	24.2	27.3
Interest accrued	106.5	109.3
Other liabilities	35.1	4.7
Total trade payables and other liabilities	515.7	457.6

NOTE 30 TENANT PREPAYMENTS AND PROVISIONS

All amounts in NOK million

	2014	2013
Tenant prepayments	52.0	67.3
Provisions for current liabilities	18.4	27.8
Total tenant prepayments and provisions	70.4	95.0

MOVEMENTS IN PROVISIONS FOR CURRENT LIABILITIES

	2014	2013
Movements in provisions		
Opening balance at 01.01.	27.8	25.2
Additional provisions during the year	20.5	27.0
Provisions used during the year	-29.8	-23.4
Unused provisions reversed during the year	0.0	-1.1
Closing balance at 31.12.	18.4	27.8

Provisions mainly consist of provisions for salaries and fees.

NOTE 31 SUBSIDIARIES

The Group comprise of the following legal entities at 31 December 2014

Subsidiary of Entra ASA

Entra Eiendom AS

Subsidiary of Entra Eiendom AS

Oslo Z AS	Holtermanns veg 1-13 AS	Aasta Hansteens vei 10 AS	Grønnegata 122 AS
Biskop Gunnerusgt. 14 AS	Karoline Kristiansen vei 2 AS	Brynsengfare 4 og 6 AB+F AS	Strandveien 13 AS
Universitetsgaten 2 AS	Youngskvartalet AS	Middelthuns gate 29 AS	Tungasletta 2 AS
Kunnskapsveien 55 AS	Tullinkvartalet AS	Fritznersgate 12 AS	AS Lilletorget 1
Entra Kultur 1 AS	Universitetsgaten 7 AS	Brochsgate 3 AS	Entra AS
Kr Augustsgate 23 AS	Wexelsplass Garasje AS	Gunnar Nilsens gate 25 AS	
Nonnen Utbygging AS	Kr Augustsgate 19 AS	Vogts gate 17 AS	
Langkaia 1 AS	Papirbredden Eiendom AS ²⁾	Schweigaardsgate 15 AS	
Kjørboparken AS	Schweigaardsgate 16 AS	Vestre Strandgate 21 AS	
Brattørkaia AS	Vahlsgate 1-3 KS	Lømslands vei 6 AS	
Ribekk AS	Vahlsgate 1-3 AS	Lømslands vei 23 AS	
Bispen AS	Vahlsgate 1-3 ANS	Kvartal 71 AS	
Pilestredet 28 AS	Hinna Park Eiendom AS ¹⁾	Moloveien 10 AS	
Hagegata 22 og 24 AS	Tollbugata 1A AS	Tollbugata 2 AS	
Hagegata 23 AS			

Shares in subsidiaries owned through subsidiaries

Hinna Park Eiendom AS ¹⁾	Papirbredden Eiendom AS ²⁾	Brattørkaia AS	Ribekk AS
Hinna Park AS	Grønland 51 AS	Brattørkaia 14 AS	Ringstabekk AS
HP Stadionblokken C AS	Grønland 56 AS	Brattørkaia 15AB-16 AS	
Fjordpiren AS	Grønland 58 AS	Brattørkaia 17A AS	
Troll Næring AS	Grønland 60 AS	Brattørkaia 17B AS	
Gullfaks AS	Kreftingsgate 33 AS	Brattørkaia Energi AS	
Ormen Lange AS			
Oseberg Næring AS			
Hinna Park Logistikk AS			
Hinna Park Utvikling AS			

¹⁾ Entra Eiendom AS owns 50 per cent of the shares in Hinna Park Eiendom AS (taken over as at 1 February 2014). The remaining 50 per cent is owned by Camar Eiendom AS.

²⁾ Papirbredden Eiendom AS is owned by Entra Eiendom AS with voting and owner shares of 60% and Drammen Municipality with 40 per cent.

NOTE 32 RELATED PARTIES

All amounts in NOK million

The Group's transactions and balances with associates and jointly controlled entities in 2014 mainly related to administrative fees, loans, interest payments on loans and dividend. The aggregate figures are shown in the table below.

	2014	2013
Other operating revenue		
Jointly controlled entities	9.0	
Associates	-	-
Total operating revenue	9.0	0.0
Dividend		
Jointly controlled entities	79.8	-
Associates	-	0.1
Total dividend	79.8	0.1
Interest and other finance income		
Jointly controlled entities	-	-
Associates	0.2	0.1
Total interest and other finance income	0.2	0.1
Receivables		
Jointly controlled entities	1.6	-
Associates	-	-
Total receivables	1.6	0.0
Loans		
Jointly controlled entities	62.4	-
Associates	-	-
Total loans	62.4	0.0

NOTE 33 CONTINGENCIES

Entra is currently involved in legal or arbitration proceedings or disputes with Norwegian Datasenter Group AS, Greenfield Property AS, Evry ASA/Evry AS, Skanska Norge AS and Caverion Norge AS.

The legal and arbitration proceedings between Entra and each of Norwegian Datasenter Group AS, Greenfield Property AS and Evry ASA/Evry AS relate to the development of a data centre through Greenfield Property AS. Norwegian Datasenter Group AS and Greenfield Property AS have filed a claim against the Group for compensation of NOK 500 million related to alleged material breach of the shareholders' agreement between Entra Eiendom AS, Norwegian Datasenter Group AS and Greenfield Property AS. The hearing of the dispute took place in Oslo District Court in January 2015 and Entra prevailed on all counts. The judgment is not yet enforceable.

Evry ASA/Evry AS, the prospective tenant for the data centre, has filed a claim against the Group for alleged damages suffered by Evry ASA/Evry AS as a result of the termination of the agreement between Greenfield Property AS and Evry ASA/Evry AS. The claim from Evry ASA/Evry AS is an action for declaration only, meaning that the amount of any liability will be determined in a subsequent proceeding. The hearing of the dispute took place in Oslo District Court in February 2015 and judgment is expected end of March 2015.

The legal proceeding with Skanska Norge AS relates to a claim by the Group for compensation from Skanska Norge AS in the amount of approximately NOK 39.5 million relating to construction defects at Nonnesetertgaten 4 in Bergen.

The arbitration proceeding with the contractor Caverion Norge AS relates to the renovation of Fredrik Selmers vei 4, and involves several claims by Caverion Norge AS against Entra relating to additional work and delay and disruption of Caverion Norge AS' work at Fredrik Selmers vei 4 totalling approximately NOK 91 million and a counterclaim by Entra against Caverion Norge AS of approximately NOK 11 million.

Entra cannot predict with certainty the outcome or effect of any claim or other legal or arbitration proceedings. The ultimate outcome of any legal or arbitration proceeding and the potential costs associated with prosecuting or defending such legal or arbitration proceedings, including the diversion of the management's attention to these matters, could have a material and adverse effect on the Group's business, financial condition, results of operations and cash flows.

Entra has not made any provision for the claims as the Group considers it not probable that an outflow of resources embodying economic benefits will be required to settle the obligation.

NOTE 34 AUDITOR'S FEE

All amounts in NOK thousand

	2014	2013
Statutory audit	2 249	1 818
Tax advice	1 638	24
Other services not related to auditing	825	250
Other assurance services	792	489
Total auditor's fee (excl. VAT)	5 503	2 581

Other assurance services have been impacted by services provided by the auditor in connection with the IPO process for the Group and certifications related to the process of re-organising properties into single purpose entities.

NOTE 35 EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the net profit attributable to shareholders by the weighted average number of ordinary shares outstanding during the year.

Entra has not issued options or other financial instruments which have a dilutive effect on outstanding shares.

	2014	2013
Total comprehensive income for the year attributable to equity holders of the Company (NOK million)	1 013.5	446.3
Average number of outstanding shares (Note 24)	1	1
Basic earnings per share (NOK)	1 013 479 577	446 303 038

NOTE 36 DIVIDEND PER SHARE AND DIVIDEND POLICY

The board of Entra has an objective to pay an annual dividend corresponding to approximately 60 per cent of Cash Earnings in Entra ASA Group, defined as net income from property management less net realised financial items and tax payable.

In 2014, for the fiscal year 2013, Entra paid out a dividend of NOK 250 millions.

In 2015, for the fiscal year 2014, the board of Entra Eiendom AS will suggest for the general meeting a dividend of NOK 500.0 million.

No provision is made for dividends in the consolidated accounts until the Annual General Meeting has been held and the dividend has been decided.

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Statement of income

1 January to 31 December

All amounts in NOK million

	Note	2014	2013
Rental income	2	548 269	848 071
Other operating revenue	3	195 376	439 104
Total operating revenue		743 645	1 287 175
Repairs & maintenance		14 460	36 053
Operating costs	4	36 977	58 959
Other property costs	5	151 850	280 443
Administrative owner costs	6, 7	206 244	224 315
Total operating costs		409 530	599 769
Total operating profit		334 115	687 405
Income from investments in subsidiaries		353 276	-
Income from investments in jointly controlled entities		79 601	200 805
Interest income from Group companies		112 836	215 508
Other interest received		9 907	11 967
Other finance income	8	107 531	1 187
Interest expenses		-525 592	-524 835
Other finance expenses	9	-142 059	-84 083
Net financial items		-4 500	-179 450
Profit before tax		329 615	507 955
Tax expense	20	76 173	97 500
Profit for the year		253 442	410 455

Balance sheet

– assets

All amounts in NOK million

	Note	31.12.2014	31.12.2013
NON-CURRENT ASSETS			
Intangible assets	10	15 069	18 814
Total intangible assets		15 069	18 814
Sites, buildings and other real property	11	5 409 064	6 223 531
Buildings under construction	11	163 283	1 157 244
Other property, plant and equipment	11	46 953	46 975
Total property, plant and equipment		5 619 300	7 427 751
Investments in subsidiaries	12	7 044 983	2 801 178
Investments in associates and jointly controlled entities	12	698 766	646 530
Loans to associates and jointly controlled entities		62 389	-
Investments in shares/interests		50	50
Receivables from Group companies	13, 14	3 111 500	5 429 642
Other non-current receivables	14	71 910	88 091
Total non-current financial assets		10 989 598	8 965 492
TOTAL NON-CURRENT ASSETS		16 623 967	16 412 057
CURRENT ASSETS			
Trade receivables	15	13 554	20 932
Receivables from Group companies	13	356 147	26 220
Other receivables	16	58 659	61 857
Total current receivables		428 360	109 009
Cash and bank deposits	24	100 197	74 719
Total current assets		528 557	183 729
TOTAL ASSETS		17 152 524	16 595 785

Balance sheet

– equity and liabilities

All amounts in NOK million

	Note	31.12.2014	31.12.2013
EQUITY			
Share capital	17	142 195	142 194
Share premium reserve	17	3 534 701	1 271 984
Total paid-in equity		3 676 896	1 414 178
Retained earnings	17	509 526	782 863
TOTAL EQUITY		4 186 421	2 197 041
CURRENT LIABILITIES			
Interest-bearing debt	18	8 550 000	9 040 000
Liabilities to Group companies	13	330 864	-
Pension liability	19	79 920	53 129
Deferred tax liability	20	333 847	357 278
Other liabilities	21	87 303	111 601
Total non-current liabilities		9 381 934	9 562 008
Trade payables and other payables	22	229 566	268 482
Interest-bearing debt	18	2 800 000	2 792 500
Liabilities to Group companies	13	17 980	1 458 503
Proposed dividend		500 000	250 000
Tenant prepayments and provisions	23	36 622	67 252
Total current liabilities		3 584 168	4 836 736
TOTAL LIABILITIES		12 966 103	14 398 745
TOTAL EQUITY AND LIABILITIES		17 152 524	16 595 785

Oslo, 25 March 2015
The Board of Entra Eiendom AS


Siri Hatlen
Chair of the Board


Martin Mæland
Deputy Chair


Ingrid Tjøsøvd
Board member


Arthur Sletteberg
Board member


Kjell Bjordal
Board member


Frode Halvorsen
Board member


Birthe Smedsrud Skeid
Board member


Arve Regland
Acting CEO

Statement of cash flows

1 January to 31 December

All amounts in NOK million

	Note	2014	2013
Profit before tax		329 615	507 955
Depreciation and amortisation	10, 11	145 362	184 242
Write-down of shares and property, plant and equipment	9, 10	126 067	98 708
Gain/loss on the sale of shares and property, plant and equipment		-275 710	-422 149
Group contribution recognised but not received		-353 276	-
Dividend from jointly controlled entities recognised but not received		-79 601	-200 805
Difference between pension expense and payments into/out of pension schemes	19	-8 202	4 095
Net expensed interest on loans from financial institutions		536 179	554 257
Net interest paid on loans from financial institutions		-544 334	-579 971
Changes in trade receivables		7 378	-7 892
Changes in trade payables		-38 756	20 211
Changes in other accruals		-30 999	-93 987
Net cash flows from operating activities		-186 279	64 663
Proceeds from sales of property, plant and equipment		291 748	597 952
Payments made for the purchase/upgrading of property, plant and equipment		-361 595	-575 520
Purchase of other property, plant and equipment	11	-10 576	-33 733
Purchase of intangible assets	10	-8 177	-11 602
Proceeds from sales of investments in subsidiaries and joint ventures		166 531	57
Payments made on investments in subsidiaries and joint ventures		-470 776	-348 150
Payments received on loans to subsidiaries		118 393	16 177
Payments made on loans to subsidiaries		-58 989	-250 720
Repayment of loans to associates and jointly controlled entities		-	170
Proceeds from investment in subsidiaries, associates and jointly controlled entities		164 601	207 367
Payments made on investment in associates and jointly controlled entities		-9 900	-8 000
Group contributions paid/received		-307 000	113 395
Net change in cash pool balance		-520 003	-254 689
Net cash flows from investing activities		-1 005 744	-547 296
Proceeds from issuance of non-current interest-bearing debt	18	9 270 000	7 350 000
Repayment of non-current interest-bearing debt	18	-9 760 000	-4 157 500
Proceeds from issuance of current interest-bearing debt	18	2 907 500	2 860 000
Repayment of current interest-bearing debt	18	-2 900 000	-5 100 000
Proceeds from issuance of shares	17	1 950 000	-
Dividends paid		-250 000	-416 600
Net cash flow from financing activities		1 217 500	535 900
Net change in cash and cash equivalents		25 478	53 267
Cash and cash equivalents at the start of the period		74 719	21 452
Cash and cash equivalents at the end of the period	24	100 197	74 719

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Notes

NOTE 1 ACCOUNTING PRINCIPLES

The annual financial statements have been prepared in accordance with the Norwegian Accounting Act of 1998 and good Norwegian accounting practice.

GENERAL PRINCIPLES FOR MEASUREMENT AND CLASSIFICATION OF ASSETS AND LIABILITIES

Assets intended for long-term ownership or use are classified as non-current assets. Other assets are classified as current assets. Receivables that are repayable within a year are classified as current assets. When classifying current and non-current liabilities, equivalent criteria have been applied.

Current assets are valued at the lower of the acquisition cost and fair value.

Non-current assets are measured at cost, but are written down to their recoverable value if the latter is lower than the carrying amount, and the impairment is expected to be other than temporary. Non-current assets with a limited useful life are depreciated according to a schedule.

Other non-current liabilities and current liabilities are measured at their face value.

SUBSIDIARIES, ASSOCIATES AND JOINTLY CONTROLLED ENTITIES

Investments in subsidiaries and jointly controlled entities are included in the company accounts using the cost method. Investments are written down to their fair value if the reduction in value is other than temporary and the write-down appears to be necessary in accordance with generally accepted accounting principles. The same applies to investments in associates.

Dividends and group contributions from subsidiaries are recognised as income from the investment in the subsidiary in the year that the allocation is made by the subsidiary. Dividends and group contributions from subsidiaries that exceed the retained earnings over the period of ownership are considered repayments of the acquisition cost.

Dividends from associates and jointly controlled entities are recognised as income from the investment in the associates and jointly controlled entities in the year that the dividend is received. Dividends that exceed the retained earnings over the period of ownership are considered repayments of the acquisition cost.

FOREIGN CURRENCY

Monetary foreign currency items on the balance sheet are translated at the exchange rate on the balance sheet date.

INCOME RECOGNITION

Operating revenue consists of rental income and other operating revenue. Rental income encompasses the fair value of the payments received for services that fall within the ordinary activities of the company. Rental income is presented net of VAT, rebates and discounts. Shared costs are capitalised alongside payments on account from tenants and therefore have no impact on the income statement. Shared costs are settled after the balance sheet date.

Rental income is recognised over the duration of the lease. If a rent exemption is agreed, or if the tenant receives an incentive in conjunction with the signing of the lease, the cost or loss of rent is spread over the duration of the lease, and the resulting net rent is recognised in equal instalments. The accrued loss of rent or costs are presented under other receivables.

Lease contracts that are terminated are valued on an individual basis. Payments relating to the termination of contracts are recognised in the period from the contract being entered into until the date of its termination.

COSTS

Costs are normally reported in the same period as the related income. Where there is no clear link between expenditure and income, allocation is determined on the basis of assessment criteria.

PENSIONS

The company has pension schemes that are defined-benefit plans. A defined-benefit plan is a pension arrangement that defines the pension payment an employee will receive on retirement. The pension benefit payable is dependent on a number of factors, such as the employee's age, number of years of membership of the Norwegian Public Service Pension Fund and salary.

The recognised pension obligation relating to defined-benefit plans is the present value of the defined-benefit on the balance sheet date less the fair value of the plan assets. The gross pension obligation is calculated by an independent actuary using a linear earnings method. The gross obligation is discounted using a discount rate based on bonds with preference rights, which mature around the same time as the related pension obligation.

Changes to benefits payable under the pension plan are recognised in the income statement as they arise. Gains/losses resulting from new information or changes to actuarial assumptions are recognised against equity.

TAX

The tax expense on the income statement covers both tax payable for the period and changes in deferred tax. Deferred tax is calculated at 27 % on the basis of the temporary differences that exist between accounting and tax values, as well as any losses carried forward for tax purposes at year-end. Temporary differences which increase or reduce tax and are reversed or may be reversed in the same period have been eliminated. Net deferred tax assets are shown on the balance sheet in so far as they are likely to be utilised.

Tax on group contributions that is recorded as raising the cost price of shares in other companies, and tax on received group contributions that is recorded as a reduction in the cost of the shares, is entered directly against tax on the balance sheet (the entry is made under tax payable if the group contribution affects tax payable, and under deferred tax if the group contribution affects deferred tax).

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are recognised on the balance sheet and are depreciated to a schedule over the anticipated useful life of the assets. Direct maintenance of property, plant and equipment is recognised in the income statement on an ongoing basis. Additions or improvements are added to the asset's cost price and are depreciated in line with the asset.

Expenses related to construction projects are capitalised as buildings under construction. The financing costs for capital linked to the development of non-current assets are recognised on the balance sheet for accounting purposes, but are counted as an expense for tax purposes. Projects are recognised on the balance sheet and depreciated from the date of completion and when the non-current asset is brought into use.

INTANGIBLE ASSETS

Development costs are recognised as assets on the balance sheet to the extent that a future financial benefit can be associated with the development of an identifiable intangible asset and the costs can be measured reliably. If this is not the case, they are expensed on an ongoing basis. Intangible assets are written down to the recoverable amount where the expected economic benefit does not justify the carrying amount. Recognised development is depreciated on a straight-line basis over the useful life.

RECEIVABLES

Trade and other receivables are reported at nominal value after deduction of loss provisions. Loss provisions are made on the basis of an individual assessment of each receivable.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of bank deposits and other short-term, highly liquid investments with an original term to maturity of no more than three months.

The company has an account in a Group cash pooling arrangement and finances its subsidiaries' liquidity requirements.

CONTINGENT LIABILITIES

The company has a certain number of lease agreements where it is the tenant. These contracts are included in the letting activities. Under Norwegian Accounting Standards on contingent liabilities and assets, provision must be made for losses in the event that such premises remain vacant or partially vacant. The company has calculated the necessary provision as of 31.12. The cost of leasing the premises, the duration of the lease and the sub-lease's value have been taken into account for the calculation of the present value. Assumptions have also been made about the letting of vacant properties using the estimated vacancy period. An estimated rental price has been set based on lease agreements achieved.

NON-CURRENT LIABILITIES

Non-current liabilities are shown on the balance sheet at nominal value on the initial date. Premiums and discounts in connection with taking on non-current liabilities, as well as arrangement fees, are accrued over the period of the loan. Similarly, in the event of the repurchase of bonds, premiums and discounts are accrued over the remaining term to maturity for the relevant liabilities.

All of the company's debt is subject to variable rates (including fixed rate bonds, which are swapped to a variable rate). The company has then used interest rate swaps to convert its debt to fixed rate loans with varying maturities. For information on maturities, please see Note 9. The company accrues these interest-rate swaps in such a way that the fixed rate is expensed in the income statement. On the termination of interest rate swap agreements, the profit or loss is accrued over the remaining term to maturity of the agreement in question.

The company has chosen to apply accounting principles which mean that changes in the value of the company's interest rate swaps are not recognised in the income statement. Hedged items are carried at their nominal value.

In general, the Group's financing is based on negative pledge clauses.

STATEMENT OF CASH FLOWS

The statement of cash flows is prepared according to the indirect method. Cash and cash equivalents includes cash in hand, bank deposits and other short-term, highly liquid investments with insignificant price risk which can be converted to known amounts of cash and which have a remaining maturity of less than three months from the date of acquisition.

DEMERGER

With accounting effect 1 January 2014 there was a demerger of the Company. The demerger resulted in a reduction of share capital by NOK thousand 28 012 as the par value of the share was reduced. The demerger was completed as a transaction where properties were transferred to the newly established companies; Brochsgate 3 AS, Gunnar Nilsens gate 25 AS, Tollbugata 2 AS, Tungasletta 2 AS, Tollbugata 1A AS, Aasta Hansteens vei 10 AS, Brynsengfaret 4 og 6 AB+F AS, Vogts gate 17 AS, Moloveien 10 AS, Grønnegata 122 AS, Fritzners gate 12 AS, Middelthuns gate 29 AS, Lømslands vei 23 AS,

Lømslands vei 6 AS, Vestre Strandgate 21 AS, Schweigaardsgate 15 AS, Kwartal 71 AS, Strandveien 13 AS, Strandgata 41 AS og Hagegata 22 AS. Then the shareholder Entra ASA used the shares in the newly established companies as capital increase in Entra Eiendom AS.

MERGER

With accounting effect 30 April 2014 the subsidiary Br Sundt Verktøimaskinfabrik AS was demerged. The property was

transferred to Sundtkvartalet AS while remaining part of Br Sundt Verktøimaskinfabrik AS was merged with Entra Eiendom AS, accounted on a carryover basis, with effect from the same time.

GROUP

Entra Eiendom AS is parent company of a group of companies. The consolidated accounts can be obtained by writing to Entra Eiendom AS, Postboks 52, Økern NO-0508 Oslo.

NOTE 2 RENTAL INCOME

All amounts in NOK thousand

GEOGRAPHICAL DISTRIBUTION

	2014	2013
Central Oslo	150 242	275 909
Greater Oslo	208 845	272 319
Southern and Western Norway	155 004	198 417
Central and Northern Norway	34 178	101 425
Total	548 269	848 071

The company has four geographic operating segments.

NOTE 3 OTHER OPERATIONAL REVENUE

All amounts in NOK thousand

	2014	2013
Profit on the sale of property	167 860	421 173
Other operating revenue	27 516	17 931
Total	195 376	439 104

NOTE 4 OPERATING COSTS

All amounts in NOK thousand

Subsidiary	2014	2013
Operating costs		
Administrative costs	13 476	22 423
Operating costs	16 814	28 663
Other operating costs	6 686	7 873
Total operating costs	36 977	58 959

NOTE 5 OTHER PROPERTY COSTS

All amounts in NOK thousand

	2014	2013
Other property costs		
Rental costs	96	31 780
Project operating costs	1 424	20 355
Development costs	1	158
Depreciation of property, plant and equipment and intangible assets	145 362	184 242
Write-downs of property, plant and equipment and intangible assets	4 967	43 909
Total other property costs	151 850	280 443

NOTE 6 ADMINISTRATIVE OWNER COSTS

All amounts in NOK thousand

	2014	2013
Administrative owner costs		
Payroll and personnel costs	117 979	131 389
Office costs, furnishings and equipment	41 383	37 033
Consultancy fees	33 103	38 114
Other administrative owner costs	13 779	17 779
Total administrative owner costs	206 244	224 315

NOTE 7 SALARY COSTS, TOTAL EMPLOYEES AND REMUNERATION

All amounts in NOK thousand

PERSONNEL COSTS

	2014	2013
Salaries, performance-related pay and other taxable benefits ¹⁾	138 193	147 049
Employers' National Insurance contributions	21 175	20 576
Pension expenses	11 836	12 857
Other personnel costs	14 023	12 455
Total personnel costs	185 227	192 936
Of which capitalised as projects under development	-15 975	-13 150
Of which shared costs to be distributed amongst tenants	-43 753	-41 534
Of which related to the ongoing operation of properties	-6 223	-5 697
Total salary and personnel costs	119 276	132 556
Number of employees/full-time equivalents		
Number of full-time equivalents at 31.12.	155	150

¹⁾ Salaries, performance-related pay and other taxable benefits includes NOK 11.4 (NOK 8.8) million provision for performance-related pay for all employees in 2014, which has not yet been paid out.

See note 15 "Statement on the determination of salaries and other remuneration of senior executives" to the consolidated financial statements for the Entra Eiendom Group for information and details related to remuneration for senior executives and the Board of Director's.

AUDITOR'S FEE

	2014	2013
Statutory audit	1 049	1 022
Tax advice	17	443
Other services not related to auditing	23	24
Other assurance services	291	236
Total auditor's fee (excl. VAT)	1 380	1 725

NOTE 8 OTHER FINANCIAL INCOME

All amounts in NOK thousand

	2014	2013
Other financial income		
Gain on sale of shares	107 531	1 187
Total other financial income	107 531	1 187

NOTE 9 OTHER FINANCIAL EXPENSES

All amounts in NOK thousand

	2014	2013
Other financial costs		
Loss on the sale of shares	9	211
Write-downs of shares	121 100	42 500
Write-downs of financial assets	-	12 299
Accrued fees and premiums	19 358	27 371
Other finance expense	1 593	1 701
Total other financial costs	142 059	84 083

NOTE 10 INTANGIBLE ASSETS

All amounts in NOK thousand

	Concept development ¹⁾	Software	Options ¹⁾	Total intangible assets
Acquisition cost at 01.01.2014	5 366	48 560	3 500	57 426
Acquisition	1 418	6 760	-	8 177
Disposals	6 783	-	-	6 783
Acquisition cost at 31.12.2014	0	55 320	3 500	58 820
Accumulated depreciation and write-downs at 01.01.2014	5 366	32 746	500	38 612
Depreciation	-	10 166	-	10 166
Write-downs	1 418	338	-	1 756
Disposals accumulated depreciation and write-downs	-6 783	-	-	-6 783
Accumulated depreciation and write-downs at 31.12.2014	0	43 251	500	43 751
Carrying amount at 31.12.2014	0	12 069	3 000	15 069
Anticipated useful life		3 years		
Depreciation schedule		linear		

¹⁾ Concept development and options are not depreciated.

NOTE 11 PROPERTY, PLANT AND EQUIPMENT

All amounts in NOK thousand

	Sites ¹⁾	Buildings	Plant & equipment	Art ¹⁾	Buildings under construction ¹⁾	Total property, plant and equipment
Acquisition cost at 01.01.2014	474 807	7 162 652	76 714	6 631	1 157 554	8 878 357
Disposals demerger	137 219	2 113 997	10 400	551	66 166	2 328 334
Acquisition	-9	9 517	6 144	-	356 520	372 171
Transferred from buildings under construction		1 272 447	8 732	112	-1 281 292	-
Disposals	24 587	184 966	937	-	-	210 491
Acquisition cost at 31.12.2014	312 991	6 145 652	80 252	6 191	166 616	6 711 702
Accumulated depreciation and write-downs at 01.01.2014	13 624	1 400 303	36 370	-	309	1 450 606
Disposals demerger		-420 482	-6 397		-151	-427 030
Depreciation ²⁾	8	124 841	10 300	-	-	135 149
Write-downs for the year	37	-	-	-	3 175	3 211
Accumulated write-downs on disposals for the year	-	-68 752	-783	-	-	-69 535
Accumulated depreciation and write-downs 31.12.2014	13 669	1 035 910	39 490	-	3 333	1 092 402
Carrying amount at 31.12.2014	299 322	5 109 742	40 762	6 191	163 283	5 619 300
Anticipated useful life	69 years	50 years	3, 4, 10 years			
Depreciation schedule	Linear	Linear	Linear			

Acquisitions of buildings includes NOK 12,222 (NOK 31,522) thousand of interest on capitalised construction loans.

1) No depreciations is charged against sites and buildings under construction and art. The figure for depreciation of sites pertains to capitalised costs linked to infrastructure on leased land.

2) The difference between the year's depreciation set out in the note and the total depreciation on the income statement is NOK 46 (NOK 1,079) thousand. This relates to fixtures and fittings that have been included on the balance sheet where the depreciation is charged to tenant expenses.

NOTE 12 SUBSIDIARIES, ASSOCIATES AND JOINTLY-CONTROLLED ENTITIES

All amounts in NOK thousand

Entra Eiendom AS

Investments in subsidiaries, associates and jointly controlled entities are recognised using the cost method.

SUBSIDIARY

	Acquisition date	Business office	Shareholding/ voting rights (%)	Carrying amount 31.12
Oslo Z AS	20.09.2000	Oslo	100	413 418
Biskop Gunnerusgt. 14 AS	26.03.2001	Oslo	100	680 432
Universitetsgaten 2 AS	03.09.2001	Oslo	100	535 000
Kunnskapsveien 55 AS	17.12.2001	Oslo	100	163 714
Entra Kultur 1 AS	28.02.2002	Oslo	100	111 275
Kr Augustsgate 23 AS	01.02.2003	Oslo	100	29 078
Nonnen Utbygging AS	10.02.2003	Oslo	100	303 301
Langkaia 1 AS	21.11.2003	Oslo	100	420 060
Kjørhoparken AS	21.12.2005	Oslo	100	830 014
Brattørkaia AS	31.01.2006	Oslo	100	150 974
Ribekk AS	02.10.2006	Oslo	100	340 600
Bispen AS	24.10.2007	Oslo	100	255 967
Pilestredet 28 AS	07.05.2008	Oslo	100	22 359
Hagegata 22 og 24 AS	01.10.2008	Oslo	100	85 554
Hagegata 23 Eiendom AS	29.03.2010	Oslo	100	94 643
Holtermanns veg 1-13 AS	24.09.2010	Oslo	100	14 303
Karoline Kristiansen vei 2 AS	15.02.2011	Oslo	100	2 269
Sørlandet Kunnskapspark Eiendom AS	02.06.2005	Oslo	100	10 936
Youngskvartalet AS	30.03.2011	Oslo	100	1 035
Tullinkvartalet AS	21.11.2011	Oslo	100	12 116
Universitetsgaten 7 AS	01.04.2012	Oslo	100	224 143
Entra AS	10.04.2012	Oslo	100	120
Wexelsplass Garasje AS	11.06.2012	Oslo	100	11 792
Kr Augustsgate 19 AS	04.05.2012	Oslo	100	109 446
Schweigaardsgate 16 AS	20.02.2013	Oslo	100	321 315
Brochsgate 3 AS	01.01.2014	Oslo	100	8 333
Gunnar Nilsens gate 25 AS	01.01.2014	Oslo	100	10 091
Tollbugata 2 AS	01.01.2014	Oslo	100	1 908
Tungasletta 2 AS	01.01.2014	Oslo	100	34 181
Tollbugata 1A AS	01.01.2014	Oslo	100	30 203
Aasta Hansteens vei 10 AS	01.01.2014	Oslo	100	13 843
Brynsengfarete 4 og 6 AB + F AS	01.01.2014	Oslo	100	425 168
Vogts gate 17 AS	01.01.2014	Oslo	100	26 763
Moloveien 10 AS	01.01.2014	Oslo	100	9 241
Grønnegata 122 AS	01.01.2014	Oslo	100	11 399
Fritzners gate 12 AS	01.01.2014	Oslo	100	4 142
Middelthuns gate 29 AS	01.01.2014	Oslo	100	348 419
Lømslands vei 23 AS	01.01.2014	Oslo	100	1 587
Lømslands vei 6 AS	01.01.2014	Oslo	100	378
Vestre Strandgate 21 AS	01.01.2014	Oslo	100	4 643
Schweigaardsgate 15 AS	01.01.2014	Oslo	100	76 503
Kvartal 71 AS	01.01.2014	Oslo	100	108 974
Strandveien 13 AS	01.01.2014	Oslo	100	34 781
AS Lilletorget 1	01.07.2014	Oslo	100	202 566
Vahls gate 1-3 KS	01.07.2013	Oslo	90	293 051
Vahls gate 1-3 AS	01.07.2013	Oslo	100	16 493
Hinna Park Eiendom AS	20.12.2013	Oslo	50	177 767
Papirbredden Eiendom AS	12.01.2011	Oslo	60	60 686
Total				7 044 983

JOINTLY CONTROLLED ENTITIES

	Acquisition date	Business office	Shareholding/ voting rights (%)	Carrying amount 31.12
Entra OPF Utvikling AS	21.04.2012	Oslo	50.00	375 849
Oslo S. Utvikling AS	01.07.2004	Oslo	33.33	204 562
Sundtkvartalet Holding AS	19.06.2014	Oslo	50.00	111 404

ASSOCIATES COMPANIES

	Acquisition date	Business office	Shareholding/ voting rights (%)	Carrying amount 31.12
Ullandhaug Energi AS	07.07.2009	Stavanger	44.00	6 490
Greenfield Property AS	26.09.2011	Oslo	33.00	-
Youngstorget Parkeringshus AS	16.11.2005	Oslo	21.26	463
Total				698 766

NOTE 13 INTRAGROUP BALANCES

All amounts in NOK thousand

RECEIVABLES

	2014	2013
Trade receivables	6 478	2 353
Current receivables, Group companies	356 147	26 220
Non-current receivables, Group companies	3 111 500	5 429 642
Total	3 474 124	5 458 215

LIABILITIES

	2014	2013
Trade payables	0	2 332
Current liabilities to Group companies	17 980	1 458 503
Total	17 980	1 460 835

The company has established a group cash pooling arrangement. The net bank deposits are presented as Entra Eiendom AS's cash at bank. The company has signed long-term loan agreements with its subsidiaries. Loans to subsidiaries are classified as current financial assets (short-term element) and non-current financial assets (long-term element).

NOTE 14 NON-CURRENT RECEIVABLES

All amounts in NOK thousand

PROPORTION OF RECEIVABLES WHICH FALL DUE AFTER MORE THAN ONE YEAR

	2014	2013
Loans to Group companies	129 617	245 025
Receivables from Group companies	2 981 882	5 184 618
Loans to associates and jointly controlled entities	62 389	-
Receivable buy-out agreement	21 270	22 929
Prepaid fees	23 049	25 510
Prepaid costs	21 271	30 747
Other non-current receivables	6 320	8 905
Total non-current receivables	3 245 799	5 517 734

NOTE 15 TRADE RECEIVABLES

All amounts in NOK thousand

	2014	2013
Gross trade receivables	16 329	22 023
Provisions for bad debts	-2 775	-1 091
Total net trade receivables	13 554	20 932

TRADE RECEIVABLES

	2014	2013
Up to 3 months	1 957	976
Over 3 months	6 647	7 552
Total overdue	8 603	8 528

NOTE 16 OTHER CURRENT RECEIVABLES

All amounts in NOK thousand

OTHER CURRENT RECEIVABLES

	2014	2013
Prepaid costs	4 540	6 150
VAT owed	26 176	35 714
Accrued interest	218	12 076
Other current receivables	27 726	7 917
Total other current receivables	58 659	61 857

NOTE 17 EQUITY

All amounts in NOK thousand

	Share capital	Share premium reserve	Retained earnings	Total
Equity at 01.01.2013	142 194	1 271 984	625 309	2 039 487
Equity effect estimate difference pensions			-2 901	-2 901
Profit for the year			410 455	410 455
Proposed dividend			-250 000	-250 000
Equity at 31.12.2013	142 194	1 271 984	782 863	2 197 041
Capital reduction by demerger	-28 012		-1 408	-2 420
Capital increase by non-cash contribution	28 012	312 718	-	340 731
Capital increase by debt conversion	1	1 949 999	-	1 950 000
Merger			174	174
Equity effect estimate difference pensions			-25 545	-25 545
Profit for the year			253 442	253 442
Proposed dividend			-500 000	-500 000
Equity at 31.12.2014	142 195	3 534 701	509 526	4 186 421

The share capital is NOK 142,195,000 consisting of one share of NOK 142,195,000 par value. The share is owned by the listed company Entra ASA. Entra Eiendom AS has one class of shares and each of the shares carries one vote. The shares provide equal right including the right to any dividend.

NOTE 18 INTEREST-BEARING LIABILITIES AND FINANCIAL INSTRUMENTS

All amounts in NOK thousand

	2014	2013
Non-current interest-bearing liabilities		
Bank loans	3 550 000	3 340 000
Bond loans	5 000 000	5 700 000
Total non-current interest-bearing liabilities	8 550 000	9 040 000
	2014	2013
Current interest-bearing liabilities		
Bank loans	250 000	-
Bond loans	1 200 000	1 142 500
Commercial paper	1 350 000	1 650 000
Total current interest-bearing liabilities	2 800 000	2 792 500

MATURITY STRUCTURE OF NON-CURRENT LIABILITIES

	Year	Loan amount 2014	Loan amount 2013
	2015	-	1 510 000
	2016	1 950 000	2 690 000
	2017	1 700 000	1 700 000
	2018	1 200 000	1 440 000
	2019	2 500 000	-
	Later than 5 years	1 200 000	1 700 000
Total		8 550 000	9 040 000

Unused credit facilities

At 31 December 2014, the maturity structure of the company's new unused credit facilities was as follows:

MATURITY STRUCTURE OF COMMITTED, UNUSED CREDIT FACILITIES

	Year	Loan amount 2014	Loan amount 2013
	2015	250 000	250 000
	2016	1 500 000	760 000
	2017	1 650 000	1 650 000
	2018	-	700 000
Total		3 400 000	3 360 000

Special terms and conditions in Entra Eiendom AS's loan agreements

In general, the financing is based on negative pledge clauses.

Loans and interest rate hedges

Interest rate hedging at Entra is part of the Group's overall risk management, and must be viewed in that context. Interest-rate positions should support the company's strategic development, risk profile and anticipated future market interest rates based on the Group's interest rate view. The Group's guidelines on managing interest rate risk are expressed as a preferred interest rate structure (standard portfolio). The standard portfolio specifies the Group's requirements with respect to the weighted term and time segments.

At 31 December 2014 the weighted average duration was 3.3 years (3.1 years). The company's average interest rate was 4.5% (4.6 %) at 31 December 2014.

Entra Eiendom AS portfolio of loans and interest rate hedges have the following interest rate maturity profile:

	%	Loan amount 2014	Loan amount 2013
Up to 1 year	31	3 550 000	4 082 500
1-2 years	6	650 000	750 000
2-4 years	19	2 200 000	1 650 000
4-6 years	25	2 800 000	2 800 000
6-8 years	5	550 000	1 850 000
Over 8 years	14	1 600 000	700 000
Total	100	11 350 000	11 832 500

The effect of interest rate hedges is shown in the income statement. The fair value of the company's portfolio of interest rate hedges is not shown on the balance sheet.

Interest-bearing liabilities associated with hedging activities

Entra Eiendom AS uses interest rate derivatives to manage the interest rate risk arising from its interest-bearing liabilities.

The company's debt financing consists of bank loans, as well as commercial paper and bonds. The bank loans are subject to variable interest rates. Commercial paper is subject to variable interest rates. The company has issued both fixed- rate and variable-rate bonds. Outstanding fixed-rate bonds are hedged using fixed-to-variable interest rate swaps. As a result, the hedged bonds are classified as part of the company's portfolio of variable rate loans.

The company's exposure to variable interest rates is hedged for cash flow risk using variable-to-fixed interest rate swaps.

Cash flow hedging

Entra Eiendom AS's liabilities are directly or indirectly subject to variable interest rates. Entra Eiendom AS uses variable-to-fixed interest rate derivatives to manage the company's interest rate risk. Cash flows are hedged by matching the terms and volumes of the interest rate derivatives with the expected maturity profile of the company's interest-bearing liabilities. The expected maturity profile of Entra Eiendom AS's interest-bearing liabilities is based on an assessment of the need to refinance existing liabilities and to obtain additional financing.

The table below shows that after taking into account cash flow hedges, 80 per cent of the company's interest-bearing liabilities are effectively subject to fixed interest rates.

Changes in NIBOR rates will therefore affect the interest expense on 20 per cent of the company's interest-bearing liabilities.

CASH FLOW HEDGING

	2014	2013
Hedged item		
Variable interest rate liabilities	11 350 000	11 832 500
Hedge		
Interest rate swaps (variable-to-fixed)	9 050 000	8 300 000
Hedge ratio (unhedged position)	2 300 000	3 532 500
Hedge ratio (% hedged)	80 %	70 %

Changes in the cash flow hedges over the financial year:

CHANGE IN VALUE

	2014	2013
Opening balance – market value of liability	707 932	884 053
Change in value	557 625	-176 121
Closing balance – market value of liability	1 265 557	707 932

The fair value of the company's interest rate swaps used as cash flow hedges specifies the present value of the contractual fixed-interest rate agreements. The present value represents the market value of the company's liabilities to the counterparty of the interest rate swaps. The change in value over the financial year represents the change in the market value of liabilities. The reason for the increase in the market value of the company's liabilities for the 2014 financial year was falling market interest rates.

Fair value hedging

Entra Eiendom AS has the following fair value hedges for the company's outstanding fixed-rate bonds:

FAIR VALUE HEDGING 2014

	Total	Maturity structure	Maturity structure	Maturity structure
Hedged item				
Fixed interest rate liabilities	2 200 000	0	1 000 000	1 200 000
Hedge				
Interest rate swaps (fixed-to-variable)	2 200 000	0	1 000 000	1 200 000
Hedge ratio (unhedged position)	0	0	0	0
Hedge ratio (% hedged)	100 %			

FAIR VALUE HEDGING 2013

	Total	Maturity structure	Maturity structure	Maturity structure
Hedged item				
Fixed interest rate liabilities	2 892 500	692 500	500 000	1 700 000
Hedge				
Interest rate swaps (fixed-to-variable)	2 892 500	692 500	500 000	1 700 000
Hedge ratio (unhedged position)	0	0	0	0
Hedge ratio (% hedged)	100 %			

Changes in the value of fair value hedges over the financial year:

CHANGE IN VALUE

	2014	2013
Opening balance – market value of liabilities (+) /receivables (-)	-94 148	-115 115
Change in value	-304 305	20 967
Closing balance – market value of liabilities (+) /receivables (-)	-398 453	-94 148

At 31 December 2014, the market value of the company's fair value hedges represented a receivable for the company.

NOTE 19 PENSION

All amounts in NOK thousand

The company has pension schemes that cover a total of 158 (152) current employees and 59 (54) pensioners. The schemes provide an entitlement to defined future benefits. These benefits are mainly dependent on number of years of contributions, salary level on reaching retirement age and the level of benefits from the National Insurance Scheme. Commitments are covered through the Norwegian Public Service Pension Fund.

The company also has a contractual early-retirement scheme (AFP). At 31 December 2014, 14 (11) former employees had chosen to make use of the AFP scheme.

Entra Eiendom AS's employees are members of the Norwegian Public Service Pension Fund. This is a defined-benefit pension scheme that gives all employees a guaranteed level of pension in the future. As a member of the Norwegian Public Service Pension Fund, the guaranteed pension level ensures a defined pension benefit. The guarantee means that employees will receive at least 66 per cent of their pension qualifying salary. Any income over and above 12 times the National Insurance Scheme's basic amount is not included in the qualifying salary. The pension benefit payable is based on the employee's salary, average percentage of full-time equivalents and length of service (30 years' service qualifies for a full pension). The company's pension scheme satisfies the requirements of the Norwegian Act on Compulsory Occupational Pensions.

Entra Eiendom AS operates an early retirement pension scheme (AFP) from the age of 62. Employees can cut back on their working week or retire completely. If they choose to cut back, they must continue to work 60 per cent of a full-time position. Between the ages of 62 and 65, pensions are calculated in accordance with the National Insurance Scheme's stipulations. On reaching the age of 65, the pension is calculated using either the National Insurance Scheme's rules or the Norwegian Public Service Pension Fund's rules, depending on which is better for the member. At 31 December 2014, the net pension liabilities associated with the AFP scheme amounted to NOK 8,600 (NOK 7,400) thousand, which is included under total pension liabilities in the table below.

Employees are also insured against incapacity and death.

The Chief Executive Officer, has a supplemental pension contribution plan under which the company provides an annual pension premium of 30% of fixed salary above 12 times the National Insurance Scheme's basic amount. The pension scheme is in accordance with the state's guidelines for senior management salaries.

THE BALANCE SHEET LIABILITIES HAVE BEEN CALCULATED AS FOLLOWS

	2014	2013
Present value of accrued pension liabilities in defined-benefit schemes in unit trusts	190 846	153 901
Fair value of pension scheme assets	-120 803	-107 279
Employers' NICs accrued	9 876	6 506
Net pension liabilities on the balance sheet at 31.12	79 920	53 129

CHANGE IN DEFINED-BENEFIT PENSION LIABILITIES OVER THE YEAR

	2014	2013
Pension liabilities at 01.01	153 423	148 262
Present value of pensions earned this year	16 598	9 839
Interest expense	5 864	5 402
Pension benefits paid	-6 020	-4 681
Plan amendment	-7 170	0
Actuarial losses/(gains)	28 152	-4 921
Pension liabilities at 31.12	190 846	153 901

CHANGE IN FAIR VALUE OF PENSION SCHEME ASSETS

	2014	2013
Pension scheme assets at 01.01	107 279	96 524
Anticipated return on pension scheme assets	4 522	4 060
Contributions from employer	17 540	19 828
Pension benefits paid	-6 020	-4 681
Actuarial (gains)/losses	-2 517	-8 453
Pension scheme funds at 31.12	120 803	107 279

TOTAL COST RECOGNISED IN THE INCOME STATEMENT

	2014	2013
Cost of pension benefits accrued during current period	16 970	10 206
Impact on this years plan assets	-7 170	-
Employers' National Insurance contributions	1 571	2 664
Defined contribution plan	670	-
Total pension benefits accrued during the period	12 042	12 870
Net interest expense	1 342	1 342
Total pension benefits accrued in income statement	13 384	14 212
Estimate difference pension recognised against equity	34 993	4 030
Total pension	48 377	18 242

The actual return on pension scheme assets was NOK 2,000 thousand (NOK -4,400 thousand).

THE FOLLOWING ECONOMIC ASSUMPTIONS HAVE BEEN USED

	2014	2013
Discount rate	2.30 %	4.00 %
Anticipated return on pension scheme assets	2.30 %	4.40 %
Annual wage growth	2.75 %	3.75 %
Annual adjustment to the National Insurance Scheme's basic amount ("G")	2.50 %	3.50 %
Annual adjustment of pensions	1.75 %	2.75 %
Mortality rates	K2013	K2013
Disability rates	200 % * K63	200 % * K63
Proportion of entitled employees making use of AFP	20 %	20 %

The actuarial assumptions are based on generally accepted assumptions in the insurance industry with regard to demographic factors.

PERCENTAGE DISTRIBUTION OF THE PENSION SCHEME ASSETS BY INVESTMENT CATEGORY AT 31.12.

	2014	2013
Government bonds	100 %	100 %
Corporate bonds	0 %	0 %
Shares	0 %	0 %
Property	0 %	0 %
Other	0 %	0 %
Total	100 %	100 %

AMOUNTS FOR THE CURRENT YEAR AND FOR THE PREVIOUS YEAR

	2014	2013
Gross defined-benefit pension liabilities	190 846	153 901
Fair value pension funds 31.12	-120 803	-107 279
Net defined-benefit pension liabilities	70 044	46 623

SENSITIVITY ANALYSIS FOR THE ASSUMPTIONS USED TO CALCULATE PENSION ASSETS AND LIABILITIES

DISCOUNT RATE

		Impact on liabilities	Impact in %
0.5 percentage point reduction	1.80 %	16 900.0	8.71 %
Discount rate at 31.12.2014	2.30 %	-	-
0.5 percentage point increase	2.80 %	-14 800.0	-7.65 %

WAGE GROWTH

		Impact on liabilities	Impact in %
0.5 percentage point reduction	2.25 %	-6 900.0	-3.53 %
Expected wage growth at 31.12.2014	2.75 %	-	-
0.5 percentage point increase	3.25 %	6 400.0	3.32 %

Expected payments to the defined-benefit pension plan for the period 01.01.2015 - 31.12.2015 are NOK 22,300 (NOK 16,200) thousand.

NOTE 20 TAX

All amounts in NOK thousand

TAX EXPENSE

	2014	2013
Change in deferred tax	76 173	97 500
Total tax expense	76 173	97 500

CALCULATION OF THE TAX BASE FOR THE YEAR

	2014	2013
Profit before tax	329 615	507 955
Non-taxable income*	-172 465	-178 854
Non-taxable expenses*	124 972	65 763
Basis for tax for the year	282 122	394 864
Change in temporary differences on pensions charged directly against equity	-34 993	-4 030
Change in temporary differences included in the calculation of the tax expense	-247 128	-390 834
Tax base for the year	-	-

OVERVIEW OF TEMPORARY DIFFERENCES AND LOSS CARRIED FORWARD

	Change	2014	01.01.2014 after demerger	2013
Receivables	-1 684	-2 775	-1 091	-1 091
Non-current assets	596 187	1 650 549	1 054 362	1 395 431
Provisions in accordance with generally accepted accounting principles	-117	-3 080	-2 963	-2 963
Pensions	-26 791	-79 920	-53 129	-53 129
Financial instruments	-209	39 537	39 746	39 746
Income from interests in partnerships	10 970	-7 435	-18 405	-18 405
Gains and losses	32 082	494 279	462 197	575 589
Net temporary differences	610 438	2 091 154	1 480 717	1 935 178
Loss carried forward	-363 309	-854 684	-491 375	-611 926
Basis for deferred tax on the balance sheet	247 128	1 236 470	989 342	1 323 252
Deferred tax ¹⁾	66 725	333 847	267 122	357 278

¹⁾ From the income year 2014 the tax rate on normal income is reduced to 27%. Deferred tax as at 31 December 2013 measured using the new tax rate.

CHANGE IN DEFERRED TAX

	2014	2013
Change in deferred tax over income statement	76 173	97 500
Change in deferred tax for pensions charged directly against equity	-9 448	-1 128
Total change in deferred tax	66 725	96 372

RECONCILIATION OF NOMINAL AND EFFECTIVE TAX RATES

	2014	2013
27% / 28 % tax on profit before tax	88 996	142 228
Correction of deferred tax	-	171
Effect of change in tax rules	-	-13 233
Non-taxable income ¹⁾	-46 566	-50 079
Non-taxable expenses ¹⁾	33 742	18 414
Calculated tax	76 173	97 500
Effective tax rate	23.1 %	19.2 %

¹⁾ Includes: Non-deductible expenses, such as entertainment, gains on the sale of shares and write-downs of shares and dividends.

NOTE 21 OTHER NON-CURRENT LIABILITIES

All amounts in NOK thousand

	2014	2013
Provisions for non-current liabilities	1 931	4 435
Accrued fees on bond issues	11 571	12 190
Prepaid rent	73 801	94 976
Total other liabilities	87 303	111 601

2014

	Total
Movements in provisions	
Opening balance at 01.01.2014	4 435
Provisions used during the year	-2 504
Further provisions in the period	-
Closing balance at 31.12.2014	1 931

2013

	Total
Movements in provisions	
Opening balance at 01.01.2013	3 316
Provisions used during the year	-353
Further provisions in the period	1 472
Closing balance at 31.12.2013	4 435

Details of provisions for properties leased by Entra Eiendom AS

As at 31 December 2014 Entra Eiendom AS has made a provision for rent on Kr Augustsgate 19, Oslo.

An assessment is made of the relationship between the rent paid by Entra Eiendom AS and the rental income that can be achieved by leasing out these premises. This assessment is based on the rental cost and rental income specified in current leases, as well as an evaluation of future rental income for vacant premises and for contracts that are expiring.

For properties leased by Entra Eiendom AS, the company calculates the net cash flow over the duration of the lease contract. The present value of future cash flows is calculated using a discount rate of six per cent.

In the accounts, a provision is made at 31.12. equal to the estimated present value. Changes in the present value in relation to the previous year are recorded through the income statement.

NOTE 22 TRADE PAYABLES AND OTHER LIABILITIES

All amounts in NOK thousand

	2014	2013
Trade payables	113 002	151 759
Holiday pay owed	13 796	13 435
Unpaid government taxes and duties	13 217	12 733
Shared costs for buildings, owed to tenants	10 961	8 213
Interest accrued	69 773	74 517
Other liabilities	8 816	7 827
Total trade payables and other liabilities	229 566	268 482

NOTE 23 TENANTS PREPAYMENTS AND PROVISIONS

All amounts in NOK thousand

	2014	2013
Prepayments from customers	18 952	41 400
Provisions for current liabilities	17 670	25 851
Total prepayments and provisions	36 622	67 252

2014

	Total
Movements in provisions	
Opening balance at 01.01.2014	25 851
Additional provisions during the year	17 670
Provisions used during the year	-25 851
Unused provisions reversed during the year	-
Closing balance at 31.12.2014	17 670

2013

	Total
Movements in provisions	
Opening balance at 01.01.2013	22 179
Additional provisions during the year	25 851
Provisions used during the year	-24 136
Unused provisions reversed during the year	1 957
Closing balance at 31.12.2013	25 851

NOTE 24 RESTRICTED FUNDS

All amounts in NOK thousand

Cash in hand and at bank at the end of the period is shown in the balance sheet.

	2014	2013
Tax withholding account	10 366	10 225
Other tied deposits	77	76
Total	10 442	10 301

NOTE 25 CONTINGENCIES

Entra Eiendom AS is currently involved in legal or arbitration proceedings or disputes with Norwegian Datasenter Group AS, Greenfield Property AS, Evry ASA/Evry AS, Skanska Norge AS and Caverion Norge AS.

The legal and arbitration proceedings between Entra Eiendom AS and each of Norwegian Datasenter Group AS, Greenfield Property AS and Evry ASA/Evry AS relate to the development of a data centre through Greenfield Property AS. Norwegian Datasenter Group AS and Greenfield Property AS have filed a claim against the Company for compensation of NOK 500 million related to alleged material breach of the shareholders' agreement between Entra Eiendom AS, Norwegian Datasenter Group AS and Greenfield Property AS. The hearing of the dispute took place in Oslo District Court in January 2015 and Entra prevailed on all counts. The judgment is not yet enforceable.

Evry ASA/Evry AS, the prospective tenant for the data centre, has filed a claim against the Company for alleged damages suffered by Evry ASA/Evry AS as a result of the termination of the agreement between Greenfield Property AS and Evry ASA/Evry AS. The claim from Evry ASA/Evry AS is an action for declaration only, meaning that the amount of any liability will be determined in a subsequent proceeding. The hearing of the dispute took place in Oslo District Court in February 2015 and the judgment is expected end of March 2015.

The arbitration proceeding with the contractor Caverion Norge AS relates to the renovation of Fredrik Selmers vei 4, and involves several claims by Caverion Norge AS against Entra Eiendom AS relating to additional work and delay and disruption of Caverion Norge AS' work at Fredrik Selmers vei 4 totalling approximately NOK 91 million and a counterclaim by Entra Eiendom AS against Caverion Norge AS of approximately NOK 11 million.

Entra Eiendom AS cannot predict with certainty the outcome or effect of any claim or other legal or arbitration proceedings. The ultimate outcome of any legal or arbitration proceeding and the potential costs associated with prosecuting or defending such legal or arbitration proceedings, including the diversion of the management's attention to these matters, could have a material and adverse effect on the Group's business, financial condition, results of operations and cash flows.

Entra Eiendom AS has not made any provision for the claims as the Company considers it not probable that an outflow of resources embodying economic benefits will be required to settle the obligation.

NOTE 26 RELATED PARTY TRANSACTIONS

All amounts in NOK thousand

TRANSACTIONS WITH RELATED PARTIES

	Counterparty	2014	2013
Rental cost	Subsidiary	11 045	30 656
General manager fees ¹⁾	Parent	1 584	0
General manager fees ¹⁾	Subsidiary	8 314	5 595
General manager fees ¹⁾	Jointly controlled entity	1 788	1 020
General manager fees ¹⁾	Associate	0	0
Broker fee	Jointly controlled entity	7 092	0
Project management ²⁾	Subsidiary	11 929	10 808
Project management ²⁾	Jointly controlled entity	2 167	2 231
Project management ²⁾	Associate	0	40
Invoiced payroll expenses ²⁾	Subsidiary	26 774	20 238
Invoiced payroll expenses ²⁾	Jointly controlled entity	1 381	2 203
Invoiced operating expenses ²⁾	Subsidiary	6 439	9 165
Invoiced operating expenses ²⁾	Jointly controlled entity	417	377
Invoiced operating expenses ²⁾	Associate	0	3 606
Interest income	Subsidiary	112 553	215 508
Interest income	Associate	0	284
Finance expense	Associate	0	12 299

The Group's balances with subsidiaries, associates and jointly controlled entities are described in Note 13.

¹⁾ The company recognises this income as a reduction in expenses (offsetting).

²⁾ Some of the expenses are passed on to the tenants as shared costs.

NOTE 27 DEMERGER

In the general meeting 5 November 2014 it was decided a demerger of Entra Eiendom AS. 42 properties were spun off to 15 new companies. The demerger was completed 3 January 2015. Then the shareholder Entra ASA used the shares in the newly established companies to increase the equity in Entra Eiendom AS.

Responsibility statement

We declare to the best of our knowledge that

- the Entra Eiendom AS consolidated financial statements for 2014 have been prepared in accordance with IFRS and IFRICs as adopted by the European Union, and additional Norwegian disclosure requirements in the Norwegian Accounting Act, and that
- the financial statements for the parent company, Entra Eiendom AS, for 2014 have been prepared in accordance with the Norwegian Accounting Act and generally accepted accounting practice in Norway, and that
- the information presented in the financial statements gives a true and fair view of the assets, liabilities, financial position and results for Entra Eiendom AS and the Entra Group for period as a whole, and that
- the Board of Directors' Report includes a true and fair review of the development, performance and financial position of Entra Eiendom AS and the Entra Group, together with a description of the principal risks and uncertainties that they face, and that
- the Board of Directors' Report gives a true and fair view of the development, performance, financial position, principle risks and uncertainties of Entra Eiendom AS and the Entra Group


Oslo, 25 March 2015
The Board of Entra Eiendom AS



Siri Hatlen
Chair of the Board


Martin Mæland
Deputy Chair


Ingrid Tjøsvold
Board member


Arthur Sletteberg
Board member


Kjell Bjordal
Board member


Frode Halvorsen
Board member


Birthe Smedsrud Skeid
Board member


Arve Regland
Acting CEO



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To the Annual Shareholders' Meeting of Entra Eiendom AS

INDEPENDENT AUDITOR'S REPORT

Report on the Financial Statements

We have audited the accompanying financial statements of Entra Eiendom AS, which comprise the financial statements of the parent company and the financial statements of the group. The financial statements of the parent company comprise the balance sheet as at December 31, 2014, the statement of income and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information. The financial statements of the group comprise the balance sheet as at December 31, 2014, and the statement of total comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

The Board of Directors and the Managing Director's Responsibility for the Financial Statements

The Board of Directors and the Managing Director are responsible for the preparation and fair presentation of these financial statements in accordance with the Norwegian accounting act and accounting standards and practices generally accepted in Norway for the company accounts and in accordance with International Financial Reporting Standards as adopted by EU for the group accounts, and for such internal control as the Board of Directors and the Managing Director determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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Medlemmer av Den norske Revisorforening
Organisasjonsnummer: 980 211 282



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Independent Auditor's Report to the
Annual Shareholders' Meeting of Entra
Eiendom AS

Opinion on the financial statements for the parent company

In our opinion, the financial statements of the parent company are prepared in accordance with the law and regulations and give a true and fair view of the financial position of Entra Eiendom AS as at December 31, 2014, and of its financial performance and its cash flows for the year then ended in accordance with the Norwegian accounting act and accounting standards and practices generally accepted in Norway.

Opinion on the financial statements for the group

In our opinion, the financial statements of the group are prepared in accordance with the law and regulations and give a true and fair view of the financial position of the group Entra Eiendom AS as at December 31, 2014, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by EU.

Report on Other Legal and Regulatory Requirements

Opinion on the Board of Directors' report and the statements on Corporate Governance and Corporate Social Responsibility

Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Board of Directors report concerning the financial statements and in the statements on Corporate Governance and Corporate Social Responsibility, the going concern assumption and the proposal for the allocation of the profit is consistent with the financial statements and complies with the law and regulations.

Opinion on Registration and Documentation

Based on our audit of the financial statements as described above, and control procedures we have considered necessary in accordance with the International Standard on Assurance Engagements (ISAE) 3000, «Assurance Engagements Other than Audits or Reviews of Historical Financial Information», it is our opinion that management has fulfilled its duty to produce a proper and clearly set out registration and documentation of the company's accounting information in accordance with the law and bookkeeping standards and practices generally accepted in Norway.

Oslo, 25 March 2015
Deloitte AS


Eivind Skaug
State Authorised Public Accountant (Norway)

Definitions

12 months rolling rent	The contractual rent of the management properties of the Group for the next 12 months as of a certain date, adjusted for (i) signed new contracts and contracts expiring during such period, (ii) contract based CPI adjustments based on Independent Appraisers' CPI estimates and (iii) the Independent Appraisers' estimates of letting of current and future vacant areas.
Contractual rent	Annual cash rental income being received as of relevant date
EPRA Earnings	Net income after tax excluding value changes on investment properties, unrealised changes in the market value of financial derivatives and gains/losses on the sale of properties and their associated tax effects. All adjustments are also made for jointly controlled entities. EPRA earnings are intended to give an indication of the underlying development in the property portfolio
EPRA NAV	Net asset value adjusted to include market value of all properties in the portfolio and interest-bearing debt, and to exclude certain items not expected to crystallise in a long-term investment property business model such as e.g. financial derivatives and deferred tax on the market value of investment properties. The objective with EPRA NAV is to demonstrate the fair value of net assets given a long-term investment horizon
EPRA NNNAV	EPRA NNNAV is EPRA NAV adjusted to reflect the fair value of debt and derivatives and in order to include deferred tax on value changes. The objective with EPRA NNNAV is to report the fair value of net assets in the Group on the basis that these are immediately realised
Gross yield	12 months rolling rent divided by the market value of the management portfolio
Independent Appraisers	Akershus Eiendom and DTZ
Land and development properties	Property / plots of land with planning permission for development
Like-for-like	The percentage change in rental income from one period to another given the same income generating property portfolio in the portfolio. The figure is thus adjusted for purchases and sales of properties and active projects
Loan-to-value ("LTV")	Net nominal value of interest-bearing liabilities divided by the market value of the property portfolio and the market value of the jointly controlled entity Entra OPF Utvikling
Management properties	Properties that are actively managed by the company
Market rent	The annualised market rent of the management properties, fully let as of the relevant date, expressed as the average of market rents estimated by the Independent Appraisers
Market value of property portfolio	The market value of all the properties owned by the parent company and subsidiaries, regardless of their classification for accounting purposes. Does not include the market value of properties in associates and jointly controlled entities
Net rent	12 months rolling rent less the Independent Appraisers' estimate of ownership costs of the management properties of the Group
Net yield	Net rent divided by the market value of the management properties of the Group
Occupancy	Estimated market rent of occupied space of the management properties, divided by the market rent of the total space of the management portfolio. Based on EPRA standard
Project properties	Properties where it has been decided to start construction of a new building and/or renovation
Interest Coverage Ratio ("ICR")	Net income from property management excluding depreciation and amortisation for the Group including Entra OPF, divided by net interest on interest-bearing nominal debt and fees and commitment fees related to financing activities
Total area	Total area including the area of management properties, project properties and land / development properties
WAULT	Weighted Average Unexpired Lease Term measured as the remaining contractual rent amounts of the current lease contracts of the management properties of the Group, including areas that have been re-let and signed new contracts, adjusted for termination rights and excluding any renewal options, divided by Contractual Rent, including renewed and signed new contracts



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