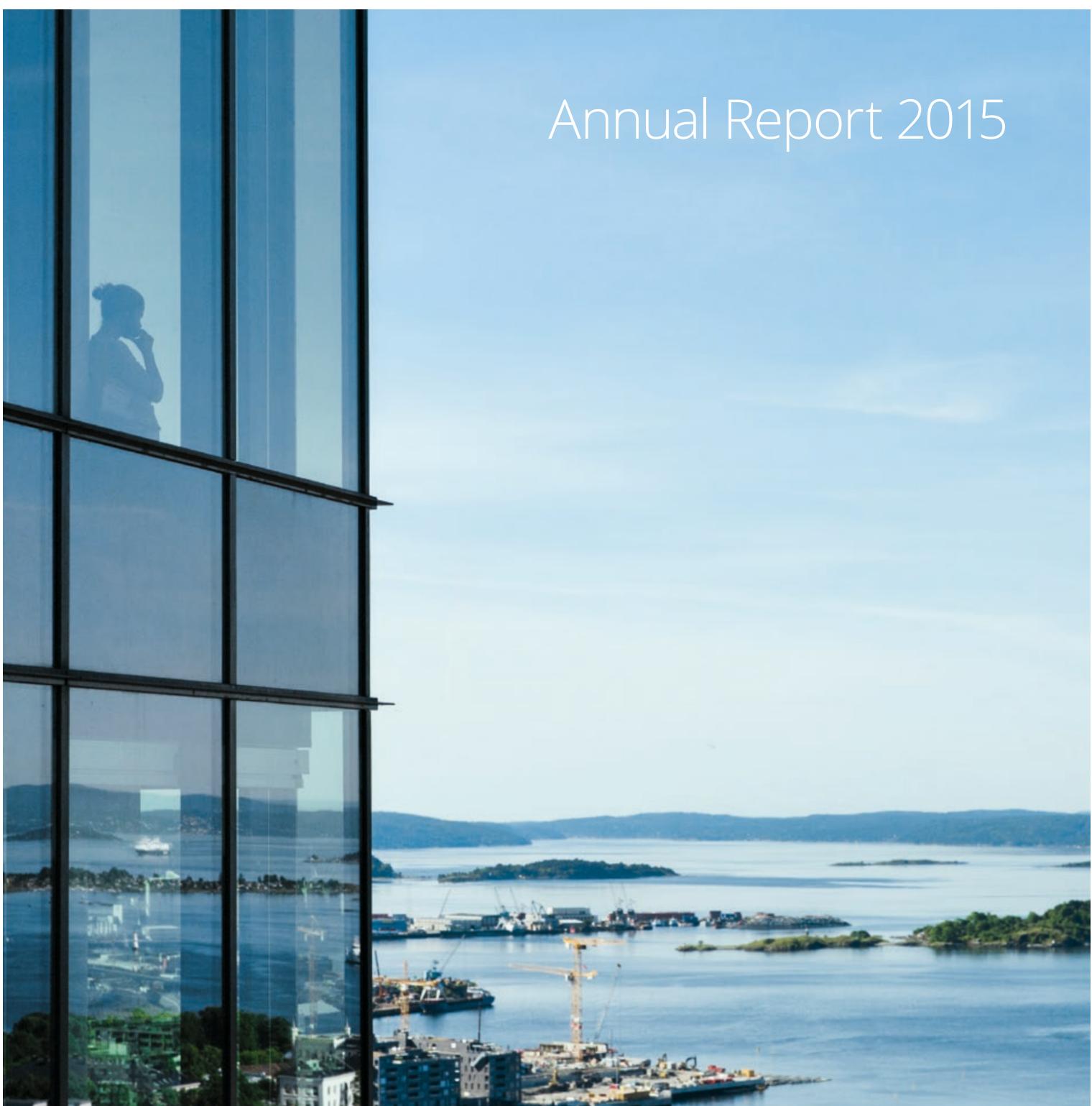


# Annual Report 2015



Flexible, attractive and environment friendly office properties



Property portfolio of

# 96 properties

---

Totaling approximately

# 1 230 000 sqm

---

Portfolio market value of

# NOK 29.6 billion

---

Average unexpired lease term of

# 7.6 years

---

Occupancy ratio of

# 95 %

# Content

This is Entra	4
Our results	5
Year in brief	6
Letter from the CEO	8
Management	10
The business	12
Corporate social responsibility	22
Corporate governance guidelines	30
Board of Directors	40
Report of the Board of Directors	42
Consolidated financial statements	52
Financial statements Entra ASA	100
Responsibility statement	122
Auditor's report	124
The property portfolio	126
Definitions	130

# This is Entra

---

Entra is a leading owner, manager and developer of office properties in Norway, focused on centrally located, high quality properties in Oslo, Bergen, Stavanger and Trondheim. As of 31 December 2015 Entra had a property portfolio of 96 properties totalling more than 1.2 million square meter. The market value of the property portfolio was close to NOK 30 billion.

Entra has particular expertise in letting to the public sector, which represented approximately 74 per cent of the total customer portfolio.

Entra's headquarter is in Oslo and the Group is organised in two geographic units: Oslo and Regional Cities.

## Business strategy

## Areas of concentration

Our business strategy has three pillars: profitable growth, customer satisfaction and environmental leadership.

Our strategic areas of concentration are Oslo and the surrounding region, Bergen, Stavanger and Trondheim.

## Business idea

Our business idea is to develop, let and manage attractive and environmentally leading buildings.

## Vision

Our vision is to contribute to customers' efficiency and reputation.

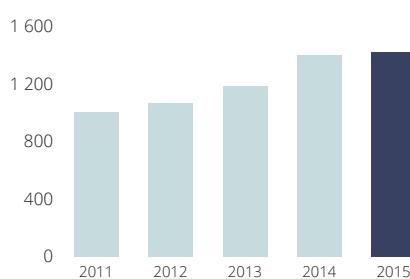
## Values

Our core values are to be responsible, ambitious and hands-on.

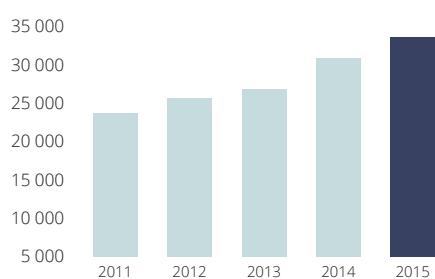
# Our results

	2015	2014	2013
<b>OPERATIONAL</b>			
Market value of real estate portfolio (NOKm)	29 598	28 358	24 963
Total area (Gross sqm)	1 229 976	1 292 107	1 218 040
Occupancy rate of management portfolio (%)	95.0	94.6	95.8
WAULT (years)	7.6	7.7	9.2
<b>FINANCIAL</b>			
Rental income (NOKm)	1 760	1 772	1 632.3
Profit before value adjustments and tax (NOKm)	840	790	780.6
Profit after tax (NOKm)	2 750	1 000	462.8
EPRA Earnings (NOKm)	597	555	403.2
Net cash flow from investment activities (NOKm)	-1 010	-1 157	-999.7
Net nominal interest-bearing debt (NOKm)	14 640	13 890	14 350.1
Debt ratio (LTV) (%)	46.1	48.4	56.6
Interest coverage ratio (ICR) (%)	2.5	2.0	1.8
Equity ratio (%)	39.7	35.9	30.3
<b>NUMBERS PER SHARE</b>			
Earnings (NOK)	14.4	5.6	3 158.3
EPRA Earnings (NOK)	3.2	3.0	2 836.0
Cash earnings (NOK)	5.0	4.1	3 833.5
Net asset value - EPRA NAV (NOK)	88.9	76.4	76 997.8
EPRA NNNAV (NOK)	81.4	68.2	69 252.7
Number of shares (million)	183.7	183.7	0.1

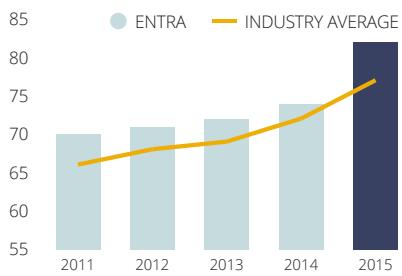
Net income from property management (NOKm)



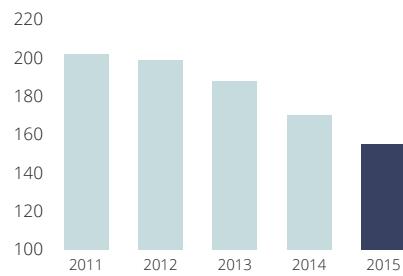
Total assets (NOK bn)



Customer satisfaction (Score)<sup>1)</sup>



Energy consumption in the portfolio (kWh/sqm)



<sup>1)</sup> Source: Norwegian tenant index

# Year in brief

First quarter



Second quarter



## January

Entra announced the sale of a portfolio of six properties in Østfold, Lillestrøm and Kjeller for NOK 1.4 bn to Hemfosa AB. The transaction was in line with Entra's strategy of divesting non-core assets.

Entra finalised the transformation of the old Loading Balcony at Langkaia 1 in Oslo into 2,400 sqm of offices as well as the remaining 49 apartments in the Ringstadbekk project in Bærum.

## April

Entra started a project involving completion of interior works on 7,400 sqm. in one of the blocks in Fredrik Selmers vei 4 at Helsfyr in Oslo. The project was finalised in January 2016 and the premises were 52 per cent pre-let as of 31.12.15.

## June

Entra completed the new-build project in Schweigaardsgate 16 in Oslo. The building comprises 15,500 sqm, and the main tenant is Statoil Fuel and Retail. The building was fully let as of 31.12.15.

Entra started refurbishing the 18,100 sqm office property in Strømsveien 96 at Helsfyr in Oslo. The refurbishment is expected to be completed in December 2016 and the building was 46 per cent pre-let as of 31.12.15.

## Third quarter



## Fourth quarter

**July**

Wintershall called an option to acquire Gullfaks, the 17,900 sqm office property under construction at Hinna Park in Stavanger. Closing will take place when the project is finalised in Q3 2016.

**September**

Entra finalised the combined new-build and refurbishment project in Akersgata 34-36. The project involved 6,200 sqm of offices in total and Amedia is the main tenant. The property was 87 per cent let as of 31.12.15.

Entra sold the property Kirkegaten 2 B in Arendal for NOK 33 million in September.

**October**

The new-built 11,400 sqm passive house at Papirbredden 3 in Drammen was completed. As of year-end the property was 61 % let and the Norwegian Housing Bank is the main tenant.

**December**

Entra announced the acquisition of the office part of Oslo City for NOK 1.65 bn. Entra's part of Oslo City contains 33,300 sqm. of offices and 170 parking spaces and is centrally located in Oslo, adjacent to Oslo central station. The property is fully let, mainly to public tenants.

In December Entra also announced the acquisition of Trondheimsporthen, a 28,600 sqm new build-project centrally located in Trondheim. As of 31.12.15 the project is 77 per cent pre-let to Trondheim Municipality and the Norwegian Labour and Welfare Administration.

In line with the strategy of divesting non-core assets, Entra also sold the properties located in Strandveien 13 in Tromsø for NOK 158 million, Tollbugata 2 in Bodø for NOK 14 million, and Hans Kiersgate 1 in Drammen for NOK 11 million in December.

## Letter from the CEO

# Gaining momentum through a focused strategy and discipline

Entra concluded 2015 with record high financial performance, sector leadership on reduced energy consumption, widespread recognition for environmental responsibility and a best in class rating for customer satisfaction. In the current challenging market conditions we profit from our strategic focus on attractive office locations and quality tenants in Norway's largest cities.

Total rental income, adjusted for divested non-core properties, increased by 6 per cent to NOK 1,772 million for the full year 2015. We maintained our strong market position and signed lease contracts during 2015 representing NOK 294 million in annual rent. Based on our cash earnings of NOK 911 million and our current dividend policy, the board has proposed a dividend of NOK 3 per share for 2015, up 20 per cent from the previous year.

### Operational excellence

Entra had 162 employees as of year-end 2015. We are actively engaged in the complete value chain and have received very positive customer feedback on our operations and follow-up of tenants.

In 2015, Entra launched several pilot projects aimed at further enhancing how we operate our buildings. New technology at selected sites allows us to monitor and operate most of the technical installations remotely from a central control centre. This enables us to work more intelligently and more efficiently and provide a faster response to tenants on technical issues. During 2016 we will further step up modernisation and efficiency in our systems and daily operations.

Streamlining our processes and cost base resulted in an increase in the company's EBIT margin from 79 per cent in 2014 to 81 per cent in 2015.

### Continued growth

We continue to grow organically through development projects, while using the transaction market to make value enhancing

acquisitions and divestments in line with our strategy. Almost all of our assets defined as non-core have been divested and the two remaining non-core properties will be sold this year.

We acquired the office part of the Oslo City shopping centre in 2015, adding 33,300 square metres to our portfolio. Oslo City enjoys a prime location in Oslo with Norway's largest public transport hub as its close neighbour and is fully let, mainly to public tenants. We further acquired the development project Trondheimsporten in Trondheim.

The development of Schweigaardsgate 16 and Akersgata 34/36 in Oslo and Papirbredden 3 in Drammen were all completed in 2015.

Full refurbishment of Strømsveien 96 and Fredrik Selmers vei 4 are progressing according to plan and the new build Sundtkvartalet will be completed in January 2017. Subject to final political approval of the zoning plan, construction of the new Faculty of Law Building for the University of Oslo at Tullinkvartalet will commence by the end of 2016. These four projects represent around 35,000 square metres of refurbishment and 45,000 square metres of new construction in our Oslo portfolio.

In Bergen our highly profiled project Media City Bergen is moving ahead at full speed with expected completion of the 45,000 square metres building in the third quarter of 2017. Our Trondheim portfolio will grow substantially with Trondheimsporten and Brattørkaia 16 representing 37,000



We will stay committed to our focused strategy and continue to strive for the best possible results in everything we do.

square metres of new buildings. Construction of the planned Powerhouse building at Brattørkaia 17A will commence during 2016 provided we are able to secure the necessary anchor tenants.

Several ongoing developments in various stages will thus ensure healthy organic growth in the coming years.

#### Environmental leadership

We see environmental leadership as a clear competitive advantage for our customers, our shareholders and our business model. The lowest possible energy consumption in our buildings is our most important contribution to combating climate change. In 2015 we continued to push down on this parameter and achieved an average energy consumption of 155 kWh per square metre, which represents an improvement of 9.3 per cent from 2014.

All our new buildings are low energy consuming or energy positive buildings. As a major participant in the Norwegian real estate sector, we are able to drive positive change. When planning the ambitious project Urban+ at Lilletorget in Oslo, we decided to launch an international innovation and architecture competition. The winner was announced in September 2015 and a zoning plan for one of the world's most environmentally friendly city development projects is under preparation.

#### Satisfied customers and strong company culture

Our goal is to deliver a service that leads to top rankings on customer satisfaction, ensure good long-term customer

relations and be a preferred supplier for existing and new tenants. The annual survey showed a customer satisfaction score of 82, up from 74 in 2014 and bringing Entra to a strong second place in the survey.

We also measure employee satisfaction annually. The 2015 results show good improvements on all fronts, qualifying Entra as a "certified Great Place to Work".

#### Responsible, profitable and industry leading

As one of Norway's largest real estate companies, we carry a big responsibility as a city developer. We will continue to see increased public focus on urbanisation and environmental issues in the large cities. Entra takes great pride in being a responsible company where profitable growth and sound operations are combined with being a good citizen and positive force in society.

We will stay committed to our focused strategy and continue to strive for the best possible results in everything we do.

A handwritten signature in blue ink, appearing to read "Arve Regland".

Arve Regland  
CEO

# Management



**Arve Regland**  
Chief Executive Officer

Arve Regland (1972) has worked in Entra since January 2014. Mr Regland has a MSc in Business ("Siviløkonom") from the Norwegian Business School (BI), holds and MBA/CPA from the Norwegian School of Economics (NHH). From 2004 to 2014 he was a Partner at ABG Sundal Collier. He has previously also been a Manager at Ernst & Young, Listing Advisor at the Oslo Stock Exchange and Accountant at Arthur Andersen & Co. Mr Regland held 21,066 shares in Entra as of 31.12.15

**Mona Aarebrot**  
Executive Vice President  
Regional Cities

Mona Aarebrot (1968) has worked in Entra since February 2012. Ms Aarebrot has a MSc in Business ("Handelsøkonom") from the Norwegian Business School (BI) and a basic university course in psychology from the University of Oslo. She has previously served as CEO of Mesta Eiendom, Head of property for the south-east region of Mesta and managing director of Brækhus Dege Eiendom. Ms Aarebrot held 6,451 shares in Entra as of 31.12.15

**Tom Bratlie**  
Executive Vice President  
HR and Communication

Bytt til: Tom Bratlie (1967) has worked in Entra since April 2015. Mr. Bratlie has extensive experience within communication and PR and was previously Director Communication and Public Affairs at DNO International and prior to that Vice President Corporate Communication at Norske Skog. Tom Bratlie has studies in communication and PR from the Norwegian Business School (BI) and held 2,683 shares in Entra AS of 31.12.15.

**Anders Olstad**  
Chief Financial Officer

Anders Olstad (1967) has worked in Entra since October 2015. He has a MBA with distinction from INSEAD, a Bachelor of Management from the Royal Norwegian Naval Academy, as well as studies at the Norwegian Business School (BI) and the Law faculty at the University in Bergen. Mr Olstad has previously served as CFO at Helly Hansen, Relacom, Hurtigruten, and Lindorff. Before that, he held the position as Director of Business Development at B.Skaugen, consultant with McKinsey & Company and various positions in the Norwegian Armed Forces. Mr Olstad held 15,000 shares in Entra as of 31.12.15

**Anders Solaas**  
Executive Vice President  
Letting and Business Development

Anders Solaas (1963) has worked in Entra since August 2010. Mr Solaas has a Bachelor in Business and Finance from the University of Mannheim and the University of Lund. He has previously held various positions with Hafslund, including CEO of Hafslund Eiendom, CFO of Markets, General Manager of Hafslund Energy Trading and Group Controller and Finance Director of Hafslund Strøm. In addition he has served as Portfolio Manager of Fondsforvaltning. Mr Solaas held 1,669 shares in Entra as of 31.12.15

**Sonja Horn**  
Executive Vice President  
Oslo

Sonja Horn (1973) has worked in Entra since August 2013. Ms Horn has a MSc in Business ("Siviløkonom") from the Norwegian Business School (BI). She has previously been Director and SVP Real Estate Asset Management at Statoil Fuel & Retail, transaction advisor and partner with Union Norsk Næringsmegling, Head of Large Corporate Accounts with Fokus Bank, Director of Commercial Real Estate at Fokus Kreditt and client account manager with Sparebankenes Kreditselskap (now DnB). Ms Horn held 7,182 shares in Entra as of 31.12.15

**Kristin Haug Lund**  
Executive Vice President  
Project Development & Technology

Kristin Haug Lund (1965) has worked in Entra since May 2012. Ms Haug Lund has a MSc from the Norwegian Technical University College (NTH) and a Master in Property Development and Management from the Norwegian University of Science and Technology (NTNU). She has previously served as Managing Director of Horisont, Project Director in Vital Eiendom, Project Manager in AF Gruppen, Project Manager in NCC Property Development and Construction Manager in Veidekke. Ms Lund held 6,451 shares in Entra as of 31.12.15

# The business



Entra is a leading owner, manager and developer of office properties in Norway. Entra is focused on centrally located, high quality properties in Oslo, Bergen, Stavanger and Trondheim. As of 31 December 2015, Entra had a property portfolio of 96 properties totalling approximately 1.2 million square metres. The market value of the property portfolio was approximately NOK 30 billion. Entra has particular expertise in letting to the public sector, which represented approximately 74 per cent of rental income at year-end.

The company is a professional owner and manager of its own property portfolio. Through a high level of technical competence, integrated IT maintenance and control systems, and an on-the-site presence, the company's operations staff ensure that Entra's buildings function optimally for its customers every day. Entra creates additional value in its portfolio through property and project development. The company has considerable expertise

and experience in early phase design, planning, building of new and renovation of existing office properties.

Approximately 90 per cent of Entra's portfolio consists of office properties. In addition, Entra owns some major cultural buildings such as the National Library and Rockheim, as well as some buildings that are used for education.

# Strategy

## Profitable growth

Entra has a solid track record of portfolio growth and value creation since its incorporation. In 2015 rental income decreased by 2 per cent as a result of a significant sale of non-core assets throughout the year. Adjusting for these sales rental income grew by 6 per cent year-on-year. The EBIT margin was improved from 79 per cent to 81 per cent resulting primarily from administrative cost efficiencies and the property values increased by NOK 1.8 bn as a result of solid project developments, positive letting activities and yield reduction in Entra's core markets. As a result, profit after tax increased by 265 per cent from NOK 1,0 bn in 2014 to NOK 2,7 bn in 2015. At year-end Entra had total assets worth NOK 33.6 bn vs NOK 30.9 bn as of year-end 2014. Entra has demonstrated its ability to access external capital on competitive terms, with multiple sources of funding and a long relationship with the capital markets. Entra's average interest rate decreased from 4.5 per cent to 3.7 per cent, contributing to a further improvement in cash earnings and a proposed 20 per cent growth in dividends for 2015 compared to 2014. Entra's dividend policy is to distribute 60 per cent of cash earnings to its shareholders. For 2015, the Board has proposed a distribution of NOK 3.0 per share, compared to NOK 2.5 per share in for 2014.

## Customer satisfaction

Entra seeks to manage its tenant relationships actively in order to increase tenant satisfaction and maximise lease renewal rates. Entra works together with its tenants to design work-spaces that will meet their current needs and future requirements. To further strengthen its relationships with tenants,

Entra use internal resources for property management on near all of its management properties. Entra has a dedicated customer service centre providing consistent and timely follow-up to enquiries. Entra also targets early engagement with its existing tenants ahead of their lease maturities and works with tenants to develop customised extension strategies as necessary.

Entra benefits from the quality of its tenants, which include both a strong public and private sector tenant base. Entra works actively on maintaining good relationships with its tenants in order to achieve high customer satisfaction and to maximise lease renewal rates. In 2015, Entra achieved an exceptionally high customer satisfaction rating of 82 versus an industry average of 77 according to the Norwegian Tenant Index.

## Environmental leadership

Entra continues to implement and seek new environmental initiatives to meet climate-related challenges and customer demand for environmentally sustainable properties and to further reduce costs. Entra's target is to achieve a rating of BREEAM-NOR Excellent or better for all new and BREEAM-NOR Very Good or better for rehabilitation/renovation projects. Entra also enters into Green Benefit Agreements with tenants, through which Entra works with the tenant to propose investments in the property to improve its environmental sustainability. Through these and other programmes, Entra has reduced the average energy consumption of its management properties by 25 per cent over the last five years and by 9 per cent, from 171 to 155 kilowatt hours per square metre, in 2015.

Profitable growth



Customer satisfaction



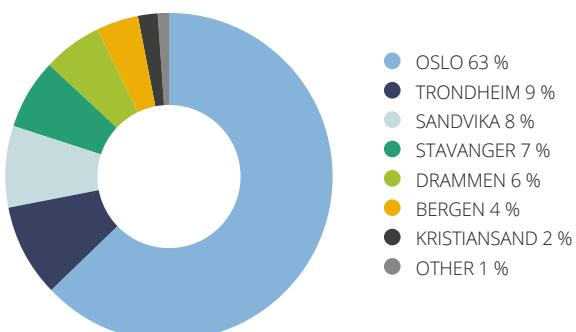
Environmental leadership

Entra has defined three strategic pillars that create a foundation for the company's priorities and action plans.



## Geographic exposure

Entra is organised in two geographic units Oslo and Regional Cities. A large part of Entra's properties (63 per cent of market value) are located in central Oslo, the remaining part (37 per cent of market value) are located in Trondheim, Bergen, Stavanger, Sandvika, Drammen and Kristiansand.

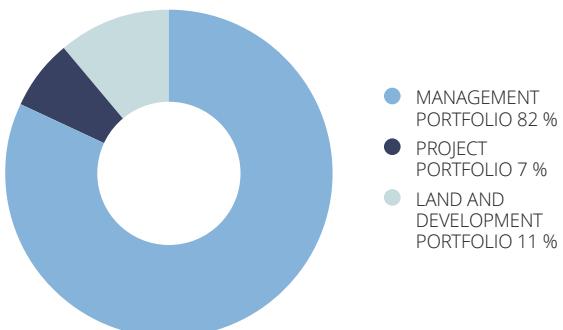


## The property portfolio

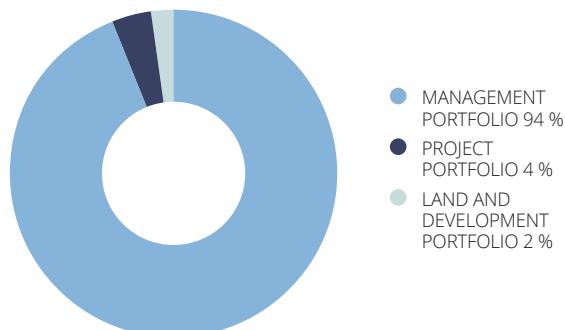
As of 31 December 2015, Entra's property portfolio comprised 96 properties, and the market value of the property portfolio was NOK 29.6 billion. A full list of the properties can be found at the back of this report.

The property portfolio consists primarily of management properties, with a significant concentration in the Oslo area. The portfolio of management properties is diversified between public sector tenants (74 per cent) and private sector tenants (26 per cent).

### Portfolio by area



### Portfolio by value



## Management properties

As of 31 December 2015, the management properties comprised 87 office properties with an aggregate lettable area of 1,005,162 square metres. Lease maturities are staggered, and the WAULT of the management properties was 7.6 years. As of the same date, the occupancy rate was 95 per cent. A full list of the management properties can be found at the back of this report.

	Area sqm	Occupancy %	Number of properties #	Wault year	Market value		12 month rolling rent		Net yield %	Market rent	
					NOKm	NOK/sqm	NOKm	NOK/sqm		NOKm	NOK/sqm
Oslo	514 532	95.8	38	7.1	17 533	34 076	1 068	2 076	5.6	1 062	2 065
Sandvika	100 047	90.1	10	10.7	2 170	21 693	127	1 274	5.4	127	1 274
Drammen	70 814	89.7	7	9.1	1 701	24 024	107	1 514	5.9	104	1 466
Bergen	57 119	99.4	6	5.4	1 02	21 042	85	1 492	6.3	92	1 605
Trondheim	117 186	96.7	9	6.6	2 048	20 546	178	1 516	6.6	165	1 408
Stavanger	78 921	93.8	6	10.2	2 075	26 290	138	1 750	6.2	131	1 661
Kristiansand	45 158	93.4	8	9.1	608	13 464	50	1 110	7.2	48	1 069
Other	21 384	90.7	3	6.8	228	10 650	23	1 090	8.9	25	1 181
<b>Total management portfolio</b>	<b>1 005 162</b>	<b>95.0</b>	<b>87</b>	<b>7.6</b>	<b>27 925</b>	<b>27 782</b>	<b>1 777</b>	<b>1 768</b>	<b>5.9</b>	<b>1 755</b>	<b>1 746</b>
Project portfolio	95 103		3	14.9	1 228	12 909					
Regulated development sites	129,711		6	0.2	446	3 436					
<b>Total property portfolio</b>	<b>1 229 976</b>		<b>96</b>	<b>7.8</b>	<b>29 598</b>	<b>24 064</b>					

## Project properties

As of 31 December 2015, Entra had a project portfolio of 95,103 square metres. A full list of the project properties can be found at the back of this report. As of 31 December 2015 Entra and its jointly controlled entities had a portfolio of five larger ongoing development projects, being projects with an estimated individual investment of more than NOK 50 million. Details of the largest ongoing development projects can be found in the table below.

Project	Ownership (%)	Location	Expected completion	Project area ('000 sqm)	Occupancy %	Estimated total project cost <sup>1)</sup> (NOKm)	Of which accrued <sup>1)</sup> (NOKm)	Yield on cost <sup>2)</sup>
<b>Group</b>								
Fredrik Selmers vei 4 (phase 2)	100	Oslo	Jan-16	7 400	52	212	183	6.7
Strømsveien 96	100	Oslo	Dec-16	18 100	46	433	162	6.6
<b>Total Group</b>				<b>25 500</b>		<b>645</b>	<b>346</b>	
<b>Jointly controlled entities</b>								
Sundtkvartalet	50	Oslo	Dec-16	31 300	45	1 055	616	6.7
MediaCity Bergen	50	Bergen	Aug-17	45 000	67	1 677	941	6.1
<b>Total Jointly controlled companies</b>				<b>76 300</b>		<b>2 733</b>	<b>1 556</b>	
<b>Forward sold property projects</b>								
Gullfaks <sup>3)</sup>	50	Stavanger	Aug-16	17 900	100	539	456	6.7
<b>Total Forward sold projects</b>				<b>17 900</b>		<b>539</b>	<b>456</b>	

<sup>1)</sup> Total project cost (Including book value at date of investment decision/cost of land).

<sup>2)</sup> Estimated net rent (fully let) at completion/total project cost (including cost of land).

<sup>3)</sup> Gullfaks; Occupancy is reported as 100 per cent let due to a rental guarantee included in the purchase transaction of Hinna Park AS.

### Fredrik Selmers vei 4

Phase two of the project in Fredrik Selmersvei 4 commenced in 2015 and includes completion of remaining interior works of 7,400 sqm. in one of the blocks. The project will be completed in Q1 2016 and 3,700 sqm. is let to the Norwegian Tax Administration.

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, where Skanska and Entra own 50 per cent each.

### Strømsveien 96

At Strømsveien 96 in Oslo, the refurbishment of 18,000 square metres (12,500 sqm. offices) was started in 2015. The Norwegian Medicines Agency will be one of the tenants, renting approximately 6,500 square metres. The project aims to obtain a BREEAM Very Good classification and will obtain energy class B. The refurbishment will be completed in December 2016.

### MediaCity Bergen

In Lars Hilles gate 30 in Bergen, the Media City Bergen (MCB) project started in 2014. The property comprises 45,000 square metres and will co-locate the largest media companies in Bergen when finalised. The project includes total renovation of the existing 35,000 square metres and a new build of 10,000 square metres. The project is 50 per cent owned by Entra through Entra OPF Utvikling.

### Sundtkvartalet

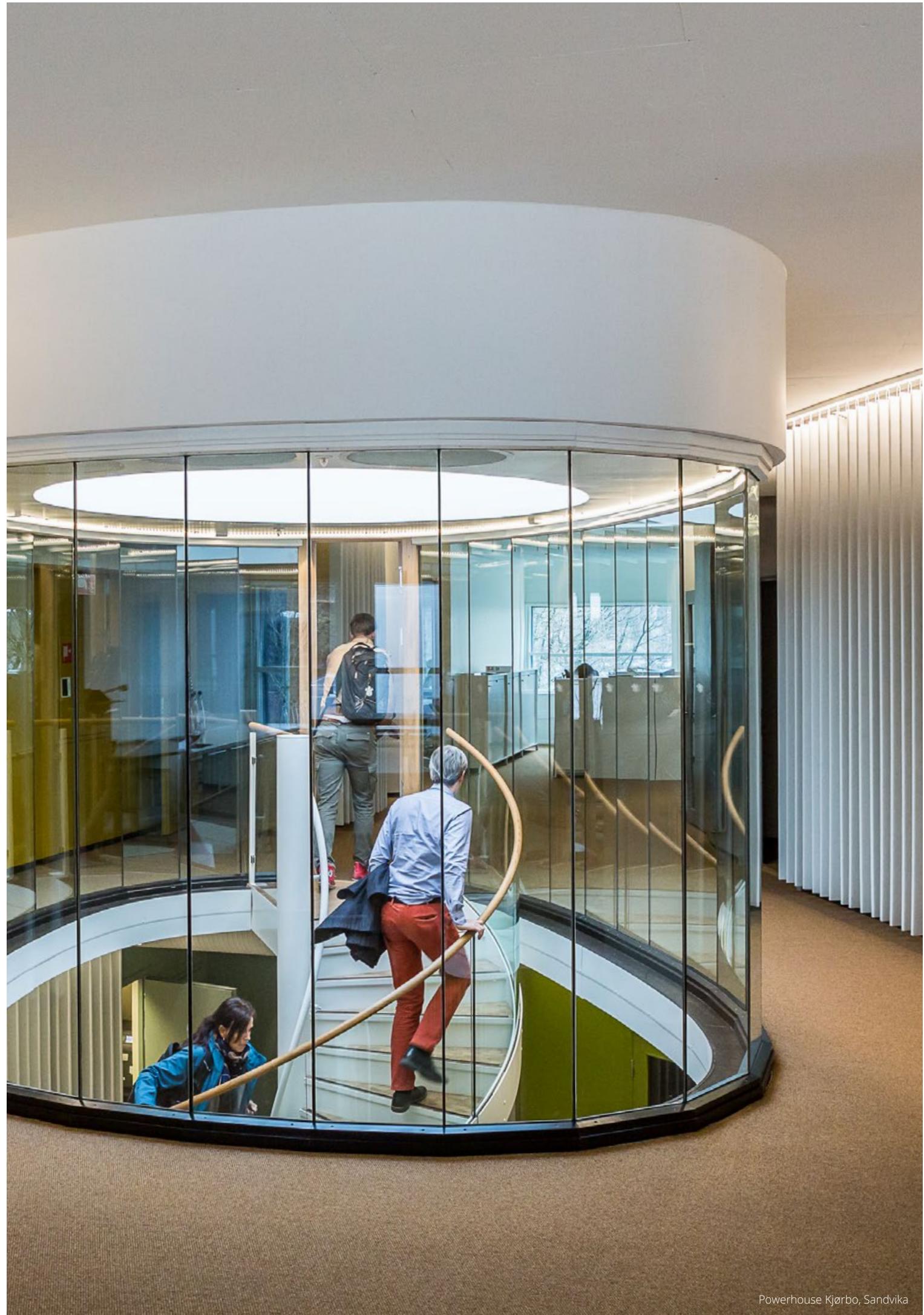
In Sundtkvartalet in Oslo, the building of a new, environmentally leading office building of 31,300 square metres is ongoing, with expected completion in December 2016. The ambition is

### Gullfaks

At Hinna Park in Stavanger, construction of the 17,400 square metre office building is ongoing with expected completion in Q3 2016. The project has been forward sold to Wintershall which is also the main tenant in the building.

## Land and development properties

Entra's portfolio of land and development properties contains properties with zoned development potential, but where no investment decision has been made. As of 31 December 2015, Entra had a land and development portfolio totalling 129,711 square meters. A full list of the properties with defined land and development potential can be found at the back of this report.



Powerhouse Kjørbo, Sandvika

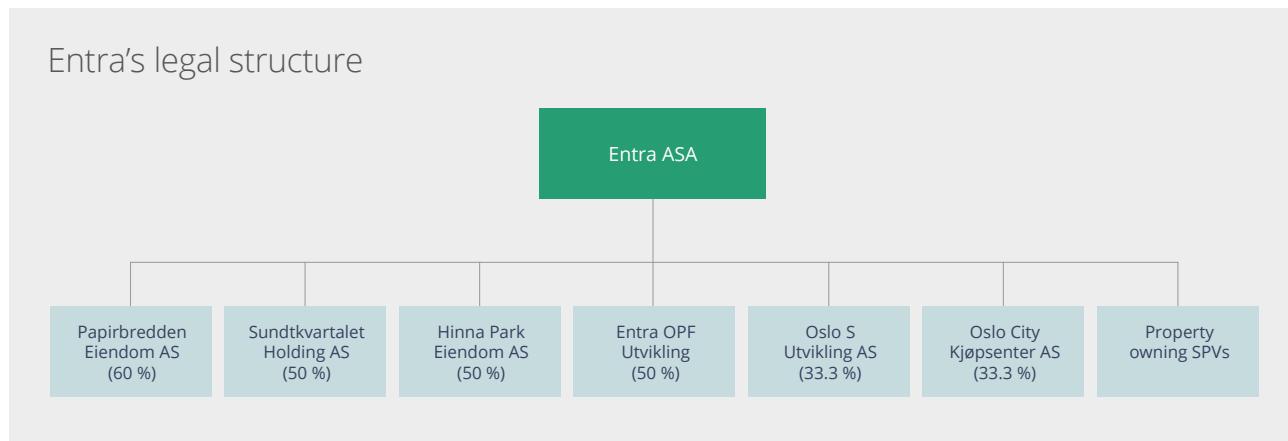
# Partly-owned companies

Entra also selectively gains access to development projects through its shareholding in subsidiaries with significant non-controlling interests and jointly controlled entities. Entra has demonstrated its ability to successfully work with partners to create value through such subsidiaries and jointly controlled entities. Entra's interests currently include:

- Papirbredden Eiendom AS (60 per cent), which owns six office properties totalling approximately 39,000 square metres in Drammen.
- Sundtkvartalet AS (50 per cent), which is developing an office property of approximately 31,000 square metres at Sundtkvartalet in the city centre of Oslo.
- Hinna Park Eiendom AS (50 per cent) in Stavanger, which owns three fully let office properties totalling approximately 47,500 square metres and additional land plots zoned for approximately 46,000 square metres of office space. The company also develops the office property Gullfaks of 17,800 sqm which are forward sold to Wintershall.

- Oslo S Utvikling AS (33.33 per cent), which is developing approximately 350,000 square meters in Bjørvika in Oslo, of which approximately 50 per cent is completed.
- Oslo City Kjøpesenter AS (33.3 per cent) is the newly acquired property Oslo City of which Steen & Strøm AS owns the remaining part. The property will as soon as possible be demerged into three separate companies where Entra will own 100 per cent of a fully consolidated office section and 50 per cent of a parking section in a jointly controlled entity.
- Entra OPF Utvikling AS (50 per cent), which owns one lettable property of 14,104 square metres and is refurbishing and developing approximately 45,000 square metres in central Bergen.

The following chart sets out the Entra's overall legal structure:



## Tenants and lease structure

Entra's tenant base comprises primarily public sector tenants with long-term leases, and, as of 31 December 2015, public sector tenants accounted for approximately 74 per cent of rental income. Entra's public sector tenants are, or are wholly owned by, governmental, county or municipal bodies. The market rent of the management properties was NOK 1,746 per square metre, while the 12 months rolling rent was NOK 1,768

per square metre, as of 31 December 2015. As of the same date, the management properties had more than 750 leases with a weighted average unexpired lease term (WAULT) of 7.6 years. The 20 largest tenants' share of Entra's rental income represents 48 per cent of revenues with a weighted average unexpired lease term (WAULT) of 9 years.

The following table sets out the 20 largest tenants in Entra's management properties as of 31 December 2015.

	Proportion of total contractual rent (%)	Public/private sector
Norwegian Tax Administration	6.0	Public
Norwegian Public Road Administration	4.1	Public
Norwegian Directorate of Health	4.0	Public
National Library of Norway	3.7	Public
Norwegian Directorate of Customs and Excise	2.7	Public
Norwegian Water Resources and Energy Directorate	2.7	Public
The Norwegian Defence Estates Agency	2.4	Public
Norway Post	2.0	Public
Borgarting Court of Appeal	2.0	Public
Buskerud and Vestfold University College	1.9	Public
Bærum Municipality	1.9	Public
The Norwegian National Rail Administration	1.9	Public
County Governor of Oslo and Akershus	1.8	Public
Norconsult AS	1.7	Private
Norwegian Petroleum Directorate	1.6	Public
Norwegian Environment Agency	1.6	Public
Asker and Bærum Police District	1.6	Public
Norwegian Directorate for Education and Training	1.5	Public
Oslo Municipality Undertaking for Social Services Buildings	1.5	Public
The National Museum of Art, Architecture and Design	1.4	Public
<b>Total</b>	<b>48.0</b>	

# Transactions

Entra actively seeks to improve the quality of its property portfolio through a disciplined strategy of acquisitions and divestments. Entra focuses on the acquisition of large properties and projects in specific areas within its four core markets of Oslo, Bergen, Trondheim and Stavanger. Target areas include both areas in the city centres and selected clusters and communication hubs outside the city centres, allowing Entra to offer rental opportunities at a price range that fits its customer base. Entra's experience, financial strength and knowledge of its tenants mean it is well positioned to make acquisitions that meet its acquisition criterias. At the same time, Entra actively divests smaller properties outside its core focus areas. The

acquisition and divestment strategy is flexible, allowing Entra to adapt to on-going feedback from customers and market changes, and to respond to market opportunities as they arise.

Entra was active in the transaction market in 2015 and acquired the office part of the property Oslo City in Oslo as well as the development project Trondheimsporten in Trondheim, both in December 2015. Entra furthermore sold 11 smaller properties in non-core areas during 2015 and entered into a forward sale agreement with Wintershall regarding the property Gullfaks at Hinna Park in Stavanger.

Property	Location	Price (NOKm)	Closing
<b>Aquisitions:</b>			
Office part of Oslo City	Oslo	1 650	31.12.2015
Trondheimsporten (development project)	Trondheim	163	18.12.2015
<b>Total aquisitions</b>		<b>1 863</b>	
<b>Sales:</b>			
Portfolio of six properties	Østfold and Lillestrøm	1 375	24.02.2015
Keysergate 15	Oslo	15	01.03.2015
Kirkegaten 2 B	Arendal	33	30.09.2015
Hans Kiersgate 1 b and c	Drammen	11	30.10.2015
Tollbugata 2	Bodø	14	01.12.2015
Strandveien 13	Tromsø	158	28.01.2016
Gullfaks, Hinna Park (forward sale)	Stavanger	711	Q3 2016
<b>Total sales</b>		<b>2 316</b>	

# Corporate social responsibility

Entra reports its work with respect to corporate social responsibility (CSR) based on the fundamental values and principles set out in the UN's Global Compact. Reporting is based on the Report to Parliament no. 27 (2013–2014) "Diverse and value-creating ownership" and the relevant section in the Accounting Act, § 3–3C.

Entra is committed to operate in accordance with responsible, ethical and sound business principles. Entra maintains a close dialogue with its main stakeholder groups. Such dialogue with customers, suppliers, employees, owners, authorities, research communities and other industry participants is fundamental to Entra's CSR work. We believe that partnership with others is important for making greater progress in our efforts to achieve a sustainable value chain.

Entra has identified the following three areas as core for making an important and positive contribution to society and for achieving a sustainable value chain:

- The environment
- Health, safety and environment (HES)
- Anti-corruption and business crime

## The environment

Climate-related challenges are our shared responsibility. Entra seeks to meet these challenges by reducing its own energy consumption and limiting carbon emissions in all parts of the value chain. Entra has an ambition to be an environmental leader in the property sector. Based on technology, expertise and experience Entra contributes to reducing energy consumption through measures in existing buildings and through refurbishments and new buildings.

Entra complies with national and international environmental requirements and takes responsibility outside its own value chain by actively driving innovation and sharing its experience and expertise with other stakeholders. Entra sees no contradiction between long-term financial profitability and its commitment on global climate change. Both customers and Entra have lower costs over time in environmentally friendly buildings, among other things through lower energy costs.

Only around 3 per cent of the total amount of buildings are being built or refurbished each year. Some 80 per cent of today's buildings will still be standing in 40 years' time. In order to create a lasting environmental impact Entra is therefore working not only on environmental measures in new buildings and refurbishments but also on measures in its existing building portfolio. Green Benefit Agreements<sup>1</sup> are examples of efficient tools for reducing the environmental burden of the existing building portfolio.

## Entra's environmental strategy and action plans

Entra has a defined environment strategy, as well as established targets and action plans for further work. Four important priorities for environmental work in Entra are set out below:

### 1. Develop the property portfolio with the help of innovation and new expertise

*Entra's objective is always to have one innovative, environmentally friendly building under development.*

In recent years Entra has established a leading position in the sector by creating, through development or renovation, innovative, environmentally friendly buildings. Entra will continue to build profitable, innovative, environmentally friendly buildings and harvest experience that can be used in the existing property portfolio. Entra uses clear, experience-based environmental criteria in property transactions and new buildings so that environmental considerations are included in the decision-making process together with commercial considerations.

Entra is developing buildings that are environmental leaders in a global context, irrespective of whether they are new buildings or refurbishments of existing properties. Entra uses BREEAM-NOR as an environment classification tool and works to achieve

<sup>1</sup>) Entra's scheme for working with customers on environmental measures. The scheme is further described later in this report



BREEAM Excellent or better on new buildings and BREEAM-NOR Very Good for refurbishments (and energy class A). In addition Entra is considering using BREEAM-NOR In-Use as a standard for classification on existing buildings in the portfolio. The objective with BREEAM-NOR In-Use is strengthened sustainability in existing buildings. Entra has participated with a pilot building in a trial of this method, and has plans for a new pilot building on the next release of the method parameters.

Powerhouse at Kjørbo outside Oslo was first in Norway to achieve the rating BREEAM-NOR Outstanding. The property has attracted considerable attention far beyond Entra's organisation and Norway's borders. The project sets new environmental standards as the building produces more energy than it uses over its lifetime. In practice the building therefore acts as a local power station that delivers environmentally friendly energy.

Entra continues to investigate new opportunities. In the refurbishment of both Powerhouse Kjørbo and Kunnskapsparken in Sandvika, Entra has reused materials in accordance with the

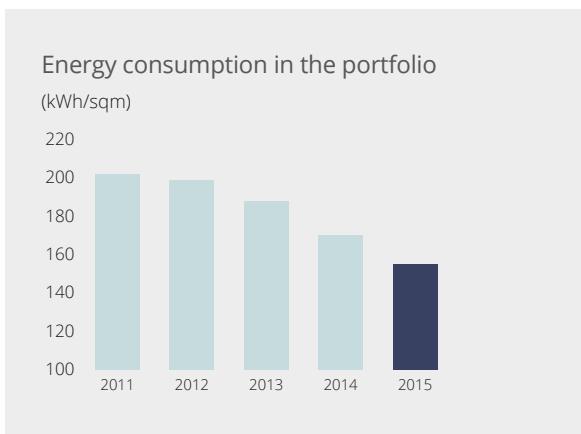
Circular Economy method, often called "Cradle to cradle". As an example, Entra used the old glass facades from Kjørbo as internal office glazing. Reused materials give environmental gains as well as possible cost savings.

Entra will continue work to arrange cycle parking, showers and cloakrooms so that more customers can use the bicycle to work.

## 2. Reduce energy consumption and strengthen customer cooperation through Green Benefit Agreements

*Entra's target is to save 17.6 GWh (- 11 per cent) in the period 2013–2018.*

Energy consumption is the single most important factor in evaluating the environmental impact of commercial buildings. Energy consumption accounts for around 94 per cent of Entra's total carbon footprint and for several years Entra has worked to reduce energy consumption in the property portfolio. In 2015 energy consumption in Entra's property portfolio was 155 KWh/m<sup>2</sup>.



In comparison energy figures from Enova show that the sectors average energy consumption amounted to 212 kWh/m<sup>2</sup> in 2014.

Entra also undertakes environmental investments in the property portfolio through systematic cooperation with customers and through Green Benefit Agreements. Green Benefit Agreements are Entra's own scheme for working with customers on environmental measures. Entra's role is to identify the potential together with customers and then finance the measures. Customers pay back the cost through an increased rent for a set period of time on the basis that the customer's share of operating costs is reduced by more than the increase in rent. As a result, the total balance is in favour of the tenant. Once the initial investment has been paid down, the customer receives the benefit through reduced common costs. Examples of buildings with Green Benefit Agreements include

Statens Hus in Bergen, Posthuset in Oslo and Kunnskapsparken in Drammen.

Since 2011 Entra has signed more than 100 Green Benefit Agreements with its tenants. Entra's customers reduced energy consumption by 12 GWh in 2015. The reduction corresponds to the consumption of approximately 600 Norwegian households and represents a total annual saving of around NOK 8.3 million for Entra's customers.

### 3. Develop and share expertise

*Entra's goal is to develop, maintain and share leading expertise on environmentally friendly buildings in Norway.*

In order to be a sector leader on the environment over time Entra works actively to develop expertise and raise know-how levels on environmental gains among customers, partners and employees. Communication channels include lectures, articles, board appointments in sector organisations and environmental courses for new employees.

Powerhouse is a successful industry co-venture with the aim of constructing "plus buildings" in Norway. The partners in the Powerhouse co-operation are Entra, Asplan Viak, Skanska, Snøhetta, Zero, Sapa and Hydro. In 2014, the first plus building in Norway became a reality - Powerhouse Kjørbo in Sandvika, with Asplan Viak as tenant. The refurbished building will produce more energy than it uses over the building's lifetime. Powerhouse Kjørbo is a world leading environmentally friendly building and the first refurbishment project outside Great Britain to achieve BREEAM Outstanding. In Trondheim, Entra has recently obtained political approval to build Powerhouse Brattørkaia which if completed would be the first newly built powerhouse.

#### 4. External environment: Urban development

Entra's strategic core areas are the four main cities Oslo, Bergen, Stavanger and Trondheim. Entra's goal is to contribute to urban districts that are attractive, inclusive and accessible for residents. A part of Entra's environment strategy is to look for locations close to important public transportation hubs, thus contributing to less use of private cars to the benefit of public transport and environmentally friendly alternatives such as bicycles.

For Entra, urban development means creating a good atmosphere and secure surroundings in and around buildings for the benefit of tenants, visitors and others who pass through the area. Entra ensures that the space around its buildings and building sites is neat, clean and attractive. Entra gives consideration to tenant composition in order to create life and variation among visitors and users of its buildings. Where it is natural Entra considers how the ground floors of buildings can be used to create life at street level.

In its work on urban development Entra places emphasis on a good dialogue with partners, competitors and other stakeholders. Entra involves neighbours, local politicians and others who live or work in the group's urban development districts in connection with new buildings and refurbishments. Involvement may constitute meetings and correspondence with neighbours, open meetings, information to the local press and a one-on-one dialogue with the selected target groups.

Examples of areas and buildings where Entra has contributed to positive urban development are Papirbredden in Drammen, Brattørkaia in Trondheim and Hinna Park in Stavanger.

#### Environmental key performance indicators

Entra has been measuring the environmental impact of its properties for several years. Entra's performance is measured through development in the key performance indicators calculated by Entra AS and provided in the table below.

Entra will continue its work on reducing energy consumption, water consumption and increase waste sorting.

#### CDP Reporting and Score

Entra reported to the Carbon Disclosure Project (CDP) for the first time in 2015. A total of 822 institutional investors around the world with assets of US\$95 trillion, comprising banks, pension funds, insurance companies and fund managers, stand behind CDP. Every year, inquiries are sent to companies to ask them to report how they are addressing the climate change threat in a structured manner. In Norway, CDP is supported by amongst others Folketrygfondet, Norges Bank Investment Management and KLP.

Entra achieved a disclosure score of 97. The disclosure Score (0-100) measures the level of transparency in the reporting company. Entra furthermore achieved the performance band score B. Performance Band (A - E) measures how effectively the company is addressing climate risk. 97B is a very high score, particularly as it was the first time that Entra reported to CDP. The average for the Industry Group in 2015 was 87C and for the CDP programme in total was 84C.

It proves that Entra had a solid environmental strategy and action plans in place long before being asked to report to CDP as well as a greater understanding of the company's exposure to climate change challenges than the average company in its industry class and in the CDP universe as a whole. It can be attributed to all the measures, large and small, taken by Entra, such as increasing energy efficiency and replacing fossil fuels.

#### Health, safety and environment (HSE)

Entra's goal is that no one should be exposed to injury or become ill (physically or mentally) as a result of the company's working environment. Entra monitors risks in the working environment, and places particular emphasis on following up its employees' health and working conditions.

Entra's business covers the whole value chain in property, from acquisition of sites to zoning, planning, construction and management. The operations represents many aspects within health, safety and environment (HSE). Entra works continuously for secure operations that protect people, the environment, the community and material assets.

### Environmental key performance indicators

	2012	2013	2014	2015	Target
Energy consumption (KWh/m <sup>2</sup> )	199	188	171	155	Ambition of 150 by 2017
Energy reduction through Green Benefit Agreements (GWh)	0	2.6	6	3,4	Goal of aggregate energy reduction of 17.6 GWh in period 2013 up to 2018
Water consumption (litre/m <sup>2</sup> )	254	262	260	280	Goal of reduction in water consumption
Waste sorting (% sorted waste)	55	55	54	54	Goal of increase in waste sorting
CO <sub>2</sub> emissions (kg CO <sub>2</sub> /m <sup>2</sup> )	52	52	48	46	Goal of reduction in CO <sub>2</sub> emissions

Source: Entra AS, Entra ASA

HSE is well established as a natural part of day-to-day operations and is a focus area at all levels of the organisation. Entra regards HSE as a personal responsibility of all employees. Members of top management are directly involved in practical HSE work and are expected to take the lead through behaviour and practical leadership. As part of this a review of the latest HSE report is one of the first points on the agenda at each management meeting. HSE status is also the first item on the agenda at all staff meetings. A serious incident on a construction project is reported directly to the company's chief executive and to the board of directors. The contractor's project manager is expected to attend to report on the situation, to state what the relevant person and the contractor could have done to avoid the incident and what future measures are to be implemented.

Entra's view is that all accidents can be prevented and that work on HSE can always be improved. In 2016, Entra will further develop its goals and strategy for HSE in general, will develop new HSE documents and further develop the HSE reporting system.

Learning from undesired incidents is an important element in strengthening the HSE work. In 2015 Entra has worked actively to increase awareness with regard to the registration of near accidents and accidents. Reporting of undesired incidents is important in order to become better, and at the same time increase awareness internally among Entra's own employees, among suppliers and customers. It is therefore positive that Entra has achieved a more than tripling of reported events in both categories.

Entra has recorded undesired incidents in 2015 that potentially could have had serious consequences. These incidents have been reviewed and analysed subsequently in order to identify and evaluate the causes and the sequence of events, draw conclusions and implement new routines where this has been necessary. During 2014 and 2015, Entra's portfolio have undergone facade checks. In addition, an overall safety assessment has been carried out of Entra's buildings. Group management has participated in HSE inspections on building sites and in Entra's buildings during 2015. These activities will continue in 2016.

The H-value for Entra was 5.2 in 2015. The H-value is a measure of the frequency of working accidents (per one million working hours) that result in absence from work. Entra targets an H-value below 4.0. The average H-value in the sector was 6.2 in 2014.<sup>2</sup>

#### Workers' rights and safety

The employees in Entra represent the company's human capital. Together they create the basis for further development and growth. A clear objective is that employees should consider Entra to be a good and attractive place to work.

#### The Entra Manual

The Manual describes Entra's values, management system and group policy and sets out guidelines and expectations in relation to employees and management, working conditions, ethics,

procurement, corporate social responsibility, the environment, HSE, etc. The values are the foundation on which Entra builds its business and express what characterises the company. In addition, the intranet is used actively for information to all employees. The company's personnel manual is also available on the intranet with details of the rights and obligations of employees.

#### Maintain standards

Entra observes established standards and employment legislation. Entra is a member of the Confederation of Norwegian Enterprise, and tariff agreements have been established with employee organisations.

#### Safety officer, working environment committee and board representation

Entra has a safety officer and working environment committee. Employees are represented on Entra's board with employee elected directors.

The safety officer's main function is to take care of employee's interests in matters that relate to the working environment. The safety officer is elected for two years at a time among employees with experience and knowledge of working conditions in the company.

Entra's working environment committee is a decision-making and advisory body. The committee's most important function is to work towards a fully safe working environment. The committee covers issues on its own initiative and at the request of the safety officer. All employees can approach the committee.

Employees in Entra are free to organise themselves and are organised in several different associations. Entra has established an accord with the Norwegian Engineers and Managers Association (FLT). The accord sets out agreement on a number of important matters affecting members' working lives.

#### Know-how programme through the Entra School

Entra's value chain is broad and imposes significant requirements for relevant experience and expertise. Entra therefore acknowledges the individual employee's need for ongoing professional education suited to his/her area of work and has developed the Entra School to provide education and training programmes for all levels of the organisation. These include an introduction course for new employees, which is intended to enable employees to orient themselves and their role in the company in a wider context and a management development programme that runs for 1.5 years and focuses on the responsibilities and challenges of a management role. Ethics and dilemma training occupy a central position in both the introduction course and the management development programme.

#### Health and working environment

Entra has carried out a number of measures to contribute to good health among employees. As an example, Entra has an internal sports club that is active in a number of sports such as running, cycling and curling. Sick leave in Entra in 2015 was 2.6

2) Source: EBA (Entrepreneur Association of Building and Civil Engineering)

per cent. This is low compared to a country average of 5.4<sup>3</sup>. The objective is a continued low level of sick leave.

Entra has established whistle-blowing routines. An external law firm has been engaged as an experienced, external partner with a duty of confidentiality in order to lower the threshold compared with having to contact someone in Entra. There have been no whistle-blowing cases in 2015.

Each year Entra carries out the survey "Great Place to Work", and has an ongoing programme of measures relating to employee satisfaction. In 2015 Entra achieved a score of 79 per cent compared to 72 per cent in 2014.

#### Diversity and equality

Different expertise and experience contribute positively to Entra's development and to a broader and better basis for decision-making.

Equal opportunities and diversity are an integrated part of the company's personnel policy and is reflected in the composition of senior management: Three of seven members of the group management and three of seven board members, including the chair, were women at the end of 2015.

At 31 December 2015, the Group had 162 employees of which 49 were women. Historically property operation jobs have been dominated by men. These jobs are, however, to an increasing extent involving more service, IT and customer service. Entra thus expects more women to work in operations over time. The company will also actively contribute to strengthening the proportion of women by recruiting women in these types of jobs.

Entra's employees have varied backgrounds and expertise from different professional and technical areas and an average age of 46 years.

#### Human rights

Entra wishes to contribute to diversity and equal opportunities for all and will promote, respect and prevent breaches of internationally recognised human rights.

Entra does not accept discrimination or bullying in the workplace. Everyone is to be treated with respect, irrespective of gender, religion, age, ethnicity, nationality, any disability or sexual orientation. In order to secure observance in practice human rights are included in guidelines and management tools, including the statement of fundamental values, ethical guidelines, socially responsible procurement, the focus on HSE and the working environment as well as IT security and personal data protection.

It is a fundamental human right that everyone has space for reflection and development. Entra provides its employees with opportunities for professional and personal development. Entra undertakes know-how development to ensure that employees have the right knowledge for the job and are able to use their expertise and assume responsibility. Entra demonstrates respect for its employees' private life and takes into account requirements for personal data protection through secure IT and HR systems.

The group's ethical guidelines build on principles of equal opportunities for all, consideration for the environment and a view of society with an emphasis on ethics, openness, integrity and sincerity. Entra creates ethical awareness through regular training. Each year all employees must sign the ethical guidelines. Entra requires integrity and fairness in all matters that relate to the group's business

Entra has established a scheme where employees can give notice of a breach of the company's values, ethical guidelines and rules, as well as public laws and rules.



#### ILO's eight core conventions

Entra complies with national legislation and observes established employment standards, including fair pay for the company's employees. The ILO's eight core conventions are central to Entra's work with respect to human rights. The core conventions are mainly taken into account through clauses in contracts with sub-contractors (in Entra's guidelines for socially responsible procurement).

3) Source: Statistics Norway as of 30.09.15

No breach of the company's values, ethical guidelines and rules, as well as public laws and rules, has been notified in 2015. The ethical guidelines will continue to be reviewed and signed by all employees once a year. Entra has not been involved in any labour conflicts in 2015. The company works continuously and in a targeted fashion on the working environment and carries out each year the "Great place to work" survey as part of these measures.

### Anti-corruption and business crime

Corruption may involve unethical preferential treatment, waste of resources, misuse of power, distortion of competition and weakened confidence in democratic institutions.

Entra has zero tolerance for corruption in all parts of the group's business. Ethical behaviour is a necessary condition for a sustainable business. Entra conducts its business in an ethical and transparent manner, acts within the law and its ethical guidelines and behaves in line with its fundamental values of being responsible, ambitious and hands-on.

The construction industry in which Entra operates faces serious challenges related to business crime and social dumping. Entra has zero tolerance for such matters and has established several routines to ensure compliance with the law. During 2015, a programme was introduced for a more detailed review/audit of our most important and most risk-exposed frame agreement suppliers. The reviews are partly being performed by Entra and partly by a third party. The programme and follow-up work will continue through 2016, reviewing existing frame agreement suppliers across the business.

Entra invited most of its larger construction suppliers to meetings during the autumn of 2015 to discuss developing a common approach to the challenges faced by the industry (including HSE). It is important for Entra to support serious companies in their work against social dumping and business crime and to be aligned with their best practices and requirements. These meetings will take place on an annual basis.

### Absolute requirement on suppliers

- Follow Entra's guidelines "Socially responsible procurement". Undertaking also on behalf of sub-suppliers.
- A healthy financial situation – all are credit checked etc.
- In order to be able to enter into agreements for more than NOK 200,000 the supplier must have an environment strategy, be environment certified or be willing to implement an environment strategy within six months.
- Confirmation of VAT and tax payments (large purchases).

In 2015 Entra has reviewed "Socially responsible procurement" together with eleven frame agreement suppliers in order to ensure that the guidelines are being followed. The goal is closer involvement, raising levels and increased reporting.

Reviews are made of all new suppliers to Entra that deliver services/goods with a value above NOK 200 000. One of the routines is a credit check before entering into a contract to ensure that suppliers have a financially sustainable business. At the end of December 2015 an annual credit check was made of all suppliers that had delivered for at least NOK 200 000 during the year. In addition, a routine was introduced at the end of 2015 (that will continue in 2016) for checking compliance with tax and VAT payments by suppliers within construction, craft trades and cleaning services.

Entra also exercises its supervisory duty on large investment projects as well as carrying out HSE inspections. In relation to cleaning services, all cleaning suppliers have signed a declaration confirming compliance with Entra's requirements related to tax, VAT, payments to workers, etc.

### Active work on ethics in practice

Entra has established the "Entra Manual" that includes ethical business guidelines for employees. In addition, personal guidelines are available on the intranet with practical examples of acceptable/unacceptable behaviour in relation to suppliers (gifts, entertainment, participation in arrangements, etc.). Ethical business guidelines are also incorporated in the ongoing management development programme and the guidelines are evaluated by the Board on an annual basis.

### Responsible procurement

Entra's fundamental purchasing principle is to achieve the best possible total result through competition and the fewest possible suppliers. Purchasing is also to take advantage of economies of scale.

Entra aims to be a responsible purchaser in all parts of the value chain and has established a set of processes and routines for purchasing that include requirements on documentation, role/work division (dualism) and equal treatment of suppliers through competition. The routines are intended to counter conflicts of interest and corruption.



All new employees take a purchasing course focusing on processes, guidelines and tools for implementing good and fair procurement processes. Anti-corruption has also been a theme on these courses.

Entra continuously monitors the number of suppliers and frame agreements within each category with a target to decrease the total and ensure that the company only does business with serious suppliers. Entra has strengthened the supplier qualification criteria to prevent business crime and social dumping and has updated its "Responsible Purchasing" documents to which all suppliers must agree. The update includes, amongst others, a requirement for only two levels in large construction companies' supply chains, only one level of supplier in a frame agreement supplier's chain, use of approved manpower companies and membership in StartBANK where relevant.

Entra wishes to have a "hands-on" relationship with key suppliers and in 2014 Entra implemented a supplier follow-up programme that has been maintained in 2015 and will continue in 2016. The main purpose is to have an established arena for dialogue and cooperation that, among other things, will focus on contributing to solving the sector's challenges relating to working conditions, corruption and business crime.

#### Close supplier follow-up

In order to enter into an agreement with Entra, suppliers must follow the company's guidelines ("Socially responsible procurement"). Suppliers must then take responsibility for healthy and safe working conditions for their own and Entra's employees, take precautions against accidents and occupational illnesses, undertake training, and observe requirements related to HSE and a well-functioning working life.

The guidelines cover prohibitions against the use of materials from threatened species that can harm the environment or are in conflict with the UN Convention on the Rights of the Child, the European Human Rights Convention etc. Suppliers also give undertakings in relation to their sub-suppliers. In accordance with the guidelines suppliers must give notice of unsatisfactory conditions or suspicions of the same with respect to themselves, sub-suppliers or Entra. No unsatisfactory conditions were reported in 2015.

### Sponsorships

#### Church City Mission

Since 2014, Entra has been engaged as a sponsor of the Church City Mission in Norway. The Church City Mission's vision is that people in the city should experience respect, justice and care and through such co-operation Entra contributes to positive urban development. Entra's financial support to, and dialogue with, the Church City Mission strengthens the constructive measures that the Church City Mission is carrying out in connection with social challenges in the cities covered by the agreement: Oslo and the surrounding districts, Bergen and Trondheim. In Oslo, Entra is involved, among other things, in the newly started "Neighbour cooperation", which involves

Main sponsor of Ridderrennet



several companies in the city centre of Oslo and Bjørvika, working to create a safer and better local environment for all those passing through the area. In 2015, Entra has been actively involved in a Christmas campaign collecting money to provide Christmas dinners for the homeless. Using the reception areas in Entra's largest buildings several Entra employees have been engaged in the campaign.

#### Ridderrennet

For 17 consecutive years, Entra has been the main sponsor of Ridderrennet, a full week of skiing activities and competitions for all classes of visually and mobility disabled persons. The lower age limit is 15 years with no upper limit. In 2016, it is expected that around 500 disabled skiers from several different countries will participate in various competitions at Beitostølen. Ridderrennet is important for Entra in order to learn more about everyday life for people with disabilities and maintain our focus on universal design and arrangements to make life easier for disabled persons.

#### Refugees welcome to Norway

In 2015 Entra contributed to the initiative "Oslo welcomes refugees" where volunteers became engaged through an extremely fast growing facebook-campaign. Huge amounts of clothing and necessary everyday articles for refugees were collected and distributed from an Entra building at Tøyen. Entra prepared the necessary space and made it available free of charge.

# Corporate governance guidelines

## 1. Introduction

Entra ASA ("Entra", and together with its 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 30 October 2014, issued by the Norwegian Corporate Governance Board (NUES), ("the Code"). The code is available at [www.nues.no](http://www.nues.no).

Entra's board approved these guidelines at its board meeting on 20 January 2016 ("the Guidelines") in order to express Entra's desire to demonstrate good corporate governance in accordance with the Code. 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, 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 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 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 group has good corporate governance. Entra is organised in two geographic units: Central Oslo and Regional Cities. These units are supported by a Letting and Business Development division and a Development and Technology division. In addition, Entra has group and support functions within accounting and finance, legal, procurement,

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 and operational key figures, 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 such reporting. The reporting forms a basis for the management's control and monitoring of the business, as well as management 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. Entra has a zero tolerance for corruption in all parts of the group's business. Ethical behaviour is a necessary condition for a sustainable business.

The report on corporate social responsibility in Entra has been approved by the board and is published at [www.tra.no](http://www.tra.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 group's 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.tra.no](http://www.tra.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 group 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 properties. Entra's strategy is to actively manage new and 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.tra.no](http://www.tra.no) for a more detailed description of the group's business.

The purpose clause in the Articles of Association and the group'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 per cent of Cash Earnings, 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

Authorisations to the board to undertake a capital increase shall be linked to defined purposes. If the board authorisation covers several purposes, each purpose is to be considered as a separate matter in the general meeting. A board authorisation shall not be given for a period longer than until the next annual general meeting. The same applies to authorisations to purchase the group's own shares.

Non-compliance with the Code: None

### 5. Equal treatment of shareholders and transactions with related parties

#### 5.1 General

Entra has only one share class. Each share carries one vote and otherwise has equal rights including the right to participate in general meetings.

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

If existing shareholders' preferential rights are to be waived on a capital increase, this is to be explained. If the board approves a capital increase with a waiver of preferential rights based on an authorisation, the reason is to be published in a stock exchange notice in connection with the capital increase.

The group's transactions in its own shares shall take place over the stock exchange or otherwise at market price. If there is limited liquidity in the share, consideration shall be given to meeting the requirement for equal treatment in other ways.

#### 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 group 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, a 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

### 7.1 Exercise of rights

The board shall arrange for as many shareholders as possible to be able to exercise their rights to participate in Entra's general meeting, and for the general meeting to be an effective meeting place for shareholders and the board, through, among other things, ensuring that:

- the notice and agenda documents for the general meeting, including the nomination committee's recommendations, are published on the group's website at the latest 21 days before the general meeting is to be held;
- agenda documents are sufficiently detailed for shareholders to be able to take a position on all matters that are to be considered;
- the deadline for notice of attendance is to be set as close to the meeting as practically possible and in accordance with the provisions in the Articles of Association;
- the board and the person chairing the meeting shall ensure that the general meeting is able to vote on each of the candidates for appointment to the group's governing bodies;
- the board, nomination committee and auditor attend the general meeting; and
- routines are in place to ensure that the person chairing the general meeting is independent

### 7.2 Participation by proxy

Shareholders who are not able to be present at the general meeting shall be given the opportunity to vote through a proxy or through electronic participation. Entra shall:

- give information on the procedure for attending by proxy;
- appoint a person who can vote for shareholders as proxy; and
- prepare a proxy form, which as far as possible is laid out in such a way that votes can be given for each matter that is to be considered and candidates who are to be elected.

Non-compliance with the Code: None

## 8. Nomination committee

The group shall have a nomination committee. The general meeting shall elect the Chair of the committee and its members and determine their remuneration. The Articles of Association shall provide for the nomination committee.

The composition of the nomination committee shall be such that account is taken of the interests of the shareholders as a whole. The nomination committee is independent of the board and Senior Executives. Neither any member of the board, the group CEO nor any other member of the senior management is a member of the committee.

The nomination committee shall give recommendations to the general meeting on the election of shareholder-elected members, and any deputy members, to the board, including the Chair of the board. The nomination committee shall present proposals on the remuneration of members of the board. The nomination committee shall also present proposals for members of the nomination committee, including the Chair of the nomination committee, as well as the remuneration of the nomination committee's members. Reasons shall be given for the committee's recommendations.

The group shall provide information on the members of the committee, and any deadlines for presenting proposals to the committee. The nomination committee wishes to ensure that shareholders' views are taken into account when qualified members are nominated to the governing bodies of Entra, and shareholders are invited to provide input to the nomination committee. See [www.tra.no](http://www.tra.no) for more information on the members of the group's nomination committee and the nomination committee's contact details.

Non-compliance with the Code: None

## 9. Corporate assembly and board, composition and independence

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

Emphasis is placed on the combined board being able to safeguard the interests of the shareholders as a whole and the group's need for expertise within the group's main business and board work. In addition 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 is composed so that it can act independently of special interests. All the shareholder-elected members are independent of senior management and significant business connections. All the shareholder-elected members are also independent of the group'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 those board members who are considered to be independent. Board members shall be encouraged to own shares in the group.

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 group, including determining the group'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 Composition of the board

The board consists of the following seven members: Siri Hatlen (Chair), Martin Mæland (Deputy Chair), Kjell Bjordal, Arthur Sletteberg, Ingrid Tjøsvold, Birthe S. Skeid (employee representative) and Frode Halvorsen (employee representative)

The board schedules regular board meetings each year. Ordinarily, eight meetings are held each year. Additional meetings are held on an ad hoc basis. 16 Board meetings were held in 2015.

The Chair of the audit committee is Arthur Sletteberg and the Chair of the remuneration committee is Siri Hatlen.

### 10.3 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 group'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 CLO (Chief Legal Officer/Board Secretary) attend all board meetings. The group'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.

## PARTICIPATION IN BOARD MEETINGS AND BOARD COMMITTEES IN 2015

	Board meetings	Audit committee	Remuneration committee
Siri Hatlen (Chair)	15		7
Martin Mæland (Deputy Chair)	13	8	
Kjell Bjordal	16		7
Arthur Sletteberg	14	8	
Ingrid Tjøsvold	15	8	
Birthe S. Skeid	16		
Frode Halvorsen	16		

#### 10.4 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 group and the group's business and ensuring that the board's resolutions are implemented, as well as ensuring that the group'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.

#### 10.5 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 an employee elected by the committee to attend the meetings as the committee secretary always attend as representatives of the management. The group'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 Executives, 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 Senior Executives 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 Executives with the remuneration committee. The remuneration committee shall further discuss and present proposals to the board on guidelines for the remuneration of Senior Executives, prepare the board's statement on the determination of salaries and other remuneration of Senior Executives in accordance with § 6-16a of the Norwegian Public Companies Act, and deal with other statutory reporting requirements.

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 Executives. The CEO attends as the representative of the management. The CEO does not participate in discussions on issues that affect the CEO personally or matters that relate to the Senior Executives as a whole. The group's CLO acts as the committee's secretary. The remuneration committee meets approximately six times a year.

#### 10.6 The board members' shareholdings

At 31 December 2015, the shareholder-elected board members held the following portfolios of shares in the Group:

- Siri Hatlen (Chair) holds 1,163 shares
- Martin Mæland (Deputy Chair) holds 2,328 shares
- Kjell Bjordal holds 14,704 shares
- Arthur Sletteberg holds 775 shares
- Ingrid Tjøsvold holds 466 shares
- Birthe S. Skeid (employee representative) holds 4,143 share
- Frode Halvorsen (employee representative) holds 834 shares

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 group's strategic and financial goals and help the group avoid events that may have an adverse impact on the group's 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, 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 group's 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 group's 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 group's 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 items 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. 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.

In connection with quarterly reporting, the group's external auditor performs an audit review, without issuing an audit report.

The group's quarterly and annual financial statements are reviewed by the audit committee before they are considered by the board. As part of this process management prepares a memorandum for the audit committee that describes significant accounting and financial assessments made during the quarter. The audit committee reviews annually the external auditor's audit report, as well as the findings and assessments of audits in conjunction with interim and annual reports. Significant issues in the auditor's report are presented to the whole board.

### 11.4 Financial management

The group is managed by means of financial targets linked to the return on equity and the weighted average cost of capital, 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 group's 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 continuous 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 group'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 is to 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 group's potential investments. Special requirements have been defined for the group's 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 group's requirements regarding corporate social responsibility in the supply chain, 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 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 group's 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 CLO 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 Entra's intranet. Employees are encouraged to report unsatisfactory situations. In addition to internal reporting, the group has also established an external reporting channel to a firm of lawyers, which can receive notifications on behalf of the group. 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 based on the nomination committee's proposal. The board's remuneration shall reflect the board's responsibilities, expertise, and use of time and the complexity of the business. Remuneration shall not be dependent on results and no options shall be issued to board members.

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 executives

#### 13.1 Board statement regarding Senior Executives remuneration

The board shall prepare a statement on the determination of salaries and other remuneration of Senior Executives 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 Entra's Senior Executives salary policy, and shall seek to contribute to the alignment of interests between the shareholders and Senior Executives. 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 Executives

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

The Group operates a performance-related pay scheme for Senior Executives. Performance-related pay for the Group's Senior Executives in 2016 includes a performance-related pay scheme ("STI") and a long-term performance based share incentive programme ("LTI").

##### STI scheme

The STI scheme is based on set targets at Group and business level in accordance with board approved scorecards for 2016, as well as predefined personal targets. The board sets individual targets for the CEO and assesses the actual achievements. Individual targets and the corresponding assessment of achievement for the other Senior Executives is made by the CEO and approved by the board.

For the CEO the STI scheme has a maximum limit of 50 per cent of base salary and for other Senior Executives the maximum limit is 30 per cent of base salary.

##### LTI scheme

The LTI scheme is based on a Return on Equity target and a Total Shareholder Return target, 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 is not accounted for when determining the basis for pensionable salary. For the CEO the LTI scheme has a maximum limit of 30 per cent of base salary and for other Senior Executives the maximum limit is 20 per cent of base salary.

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 Entra'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.

Entra shall at all times 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 Entra's reporting of financial and other information.

Entra 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 Entra's shareholders

The group considers that it is very important to inform shareholders about the group's development and economic and financial status. The management (CEO, CFO 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 shareholders' viewpoints are communicated to the whole board.

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

Non-compliance with the Code: None

## 15. Takeover

The board will handle takeover bids in accordance with Norwegian law and the Norwegian Code of Practice for Corporate Governance. In a bid situation, Entra's board and Senior Executives have an independent responsibility to help ensure that shareholders are treated equally, and that the group's business activities are not disrupted unnecessarily. The Board will not hinder or obstruct take-over bids for Entra's activities or shares. The Board will ensure that shareholders are given sufficient information and time to form an opinion on an offer. If a take-over offer is made, the Board will issue a

statement making a recommendation as to whether shareholders should or should not accept the offer.

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 group'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 management.

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

When presenting the results of the interim audit to the audit committee, the auditor focuses on the group's 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 group 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

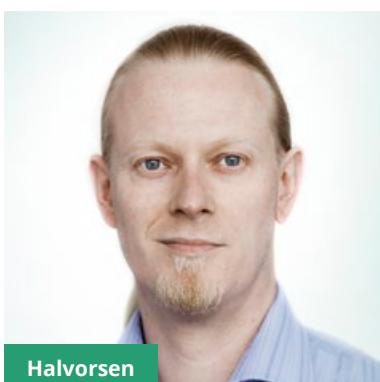
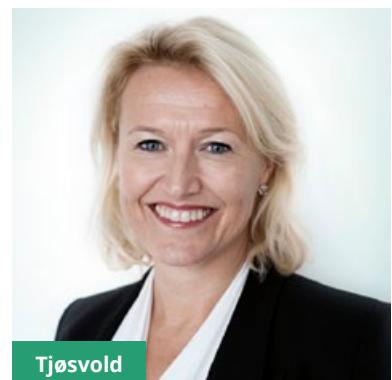
The auditor attends the annual general meeting for consideration of the annual financial statements. The auditor's fee for the statutory audit and other services is approved by the general meeting.

Non-compliance with the Code: None





# Board of Directors



## Siri Beate Hatlen Chair

Siri Beate Hatlen has been the Chair of the board of directors of Entra ASA (Entra Eiendom) since 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 she 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 other Sevan Marine ASA, NMBU (Norwegian University of Life Sciences) and The Norwegian Board of Technology and she is a board member of Export Credit Norway AS. Ms Hatlen held 1,163 shares in Entra as of 31.12.15

## Kjell Bjordal Board member

Kjell Bjordal has been a member of the board of directors of Entra ASA (Entra Eiendom) 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, Axess AS, Brødr. Dyrøy AS and Norsk Landbrukskjemi AS and he is a board member of Novela AS and Florvaag Bruk Holding AS. Mr Bjordal held 14,704 shares in Entra as of 31.12.15

## Frode Erland Halvorsen Board member

Frode Erland Halvorsen has been an employee representative of the board of directors of Entra ASA (Entra Eiendom) since 2014. He serves as a 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 834 shares in Entra as of 31.12.15

## Martin Mæland Vice Chair

Martin Mæland has been a member of the board of directors of Entra ASA (Entra Eiendom) since 2007. Mr Mæland has a Master of Science (Cand.mag) and a Master of Economics (Cand.oecon) from the University of Oslo. He serves as the chair of the board of directors of Veidekke ASA, Brimar AS and Kultur og Idrettsbygg KF. Mr Mæland held 2,328 shares in Entra as of 31.12.15

## Arthur Sletteberg Board member

Arthur Sletteberg has been a member of the board of directors of Entra ASA (Entra Eiendom) 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 Arctic Securities and a member of the Council on Ethics for the Norwegian Government Pension Fund Global. Mr Sletteberg held 775 shares in Entra as of 31.12.15

## Ingrid Therese Tjøsvold Board member

Ingrid Therese Tjøsvold has been a member of the board of directors of Entra ASA (Entra Eiendom) since 2012. Ms Tjøsvold has a BA Hons. in Business Administration from the University of Strathclyde. She also serves as Executive Vice President (Business Support) of Mesta, a board member of Mesta Eiendom AS and a board member of Giertsen Tunnel AS. Ms Tjøsvold held 466 shares in Entra as of 31.12.15

## 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) since 2012. Ms Smedsrud Skeid has a Master of Technology from the Norwegian University of Science and Technology (NTNU). She serves as senior investment advisor in the Group. She also serves as chair of Ormåsen Utbygging AS and board member in Sameiet Stasjonsgaten 61. Ms Skeid held 4,143 shares in Entra as of 31.12.15

# Report of the Board of Directors 2015

Entra reported solid value and earnings growth in 2015. Underlying income growth, cost efficiency initiatives and reduced interest costs have improved cash earnings by NOK 157 million, despite the sale of several non-core properties in late 2014 and 2015. The Board proposes to pay a dividend of NOK 3 per share for 2015, representing 20 per cent growth from 2014.

Entra had operating revenues of NOK 1,760 (NOK 1,772) million in 2015. The net income from property management was NOK 1,421 (NOK 1,399) million. Positive value changes in the investment properties of NOK 1,818 (NOK 1,195) million and the share of profit from associates and jointly-controlled entities of NOK 44 (NOK 36) million contributed to the Group's operating profit being NOK 3,284 (NOK 2,629) million. Net realised financial costs of NOK -625 (NOK -645) million and a positive unrealised change in the value of financial instruments of NOK 417 (NOK -607) million gave net financial items of NOK -209 (NOK -1,252) million. The profit before tax was NOK 3,075 (NOK 1,377) million.

During 2015, Entra signed new and renegotiated leases with an annual rent totalling NOK 294 million (143,600 square metres) and received notices of termination on leases with an annual rent of NOK 52.1 million (27,600 square metres). Entra also completed five major development projects in 2015. In Q1, the transformation into 2,400 sqm. of offices at the old loading balcony at Langkaia 1 in Oslo was finalised as well as the remaining 49 apartments in the Ringstadbekk project in Bærum. In Q2, the new office building in Schweigaardsgate 16 comprising 15,500 sqm. was finalised, achieving a BREEAM Excellent classification. In Q3, the combined new-build and renovation project in Akersgate 34-36 was completed. The property comprises 6,200 sqm. and achieved a BREEAM Very Good classification. In Q4, the new-built passive building at Papirbredden 3 in Drammen was finalised. The property consists of 11,400 sqm. and is 60 per cent owned through Papirbredden Eiendom AS

Entra has been active in the transaction market in 2015. In line with the strategy of growth in the four largest cities in Norway, Entra acquired the office part of the property Oslo City in central Oslo, as well as the development project "Trondheimsporten" in Trondheim in December. Entra has also taken advantage of the active transaction market and sold 11 non-core properties during the year.

## 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 public transportation hubs. The property portfolio is characterised by solid tenants, long leases and a high occupancy ratio. As of 31 December 2015, Entra owned and managed approximately 1.2 million square metres in 96 buildings. At the end of the year the real estate portfolio had a market value of NOK 30 billion and the average remaining lease period was 7.8 years. The public sector represented approximately 74 per cent of the customer portfolio.

Entra is a solid and well-run enterprise. The values, responsible, ambitious and hands-on, 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 two geographic units: Oslo and Regional Cities. Entra has its head office in Oslo. Approximately 63 per cent of the property value is located in Oslo.

## THE BUSINESS IN 2015

### The Board's work

The Board has supervised management and monitored the Group's business in accordance with good corporate governance. In 2015, the Board has continued to focus on active portfolio management (acquisitions and divestments), new and ongoing development projects, cost efficiency initiatives, corporate social responsibility and development of the organisation.

In February, it was announced that Klaus-Anders Nysteen had resigned from his position as CEO of Entra to take on the position as CEO of Lindorff Group. CFO Arve Regland was appointed as Entra's new CEO in May and Anders Olstad was appointed new CFO in August 2015.

### The letting market

The Norwegian economy is currently influenced by a weaker macroeconomic development and general uncertainty. Office vacancies have continued to increase slightly despite the relatively low volume of new buildings being completed. Sub-markets with a high level of oil sector exposure are experiencing increasing vacancies and pressure on rents, whilst Entra is in a relatively good position having long lease contracts with solid tenants and a low exposure towards the oil sector. Particularly in Oslo, that constitutes some 60 per cent of Entra's revenues, the level of vacancies are expected to stabilise and eventually be reduced according to Entra's consensus report. The main reason for this is that net new office space coming into the market during 2016 and 2017 is marginal due to low levels of new building and a high level of conversion from commercial to residential buildings.

Modern offices located near public transportation are attractive and obtain solid rents compared to premises located in less central areas. Market rent levels have decreased slightly in 2015 but, according to Entra's consensus report, one expects a positive trend from 2016 and onwards, driven primarily by limited new capacity.

Office vacancy in Oslo and Bærum increased to around 8.5 per cent by the end of 2015, compared to 7.8 per cent at year-end 2014. Rent levels in the region decreased by around 7 per cent in 2015 compared to an equal increase in 2014. Rent levels in the region as a whole decreased by around 7 per cent, mainly in the western corridor, compared to an equal increase in 2014. However, only a few large contracts were signed and the overall level of letting activity in the market was moderate in 2015, as in 2014.

Rents in the city centre of Bergen remained relatively stable in 2015, and demand for modern, centrally located office premises was good. Office vacancy in Bergen overall increased to around 10 per cent, mainly due to increased vacancies in the oil and gas related clusters outside the city centre.

In Stavanger, overall office vacancy has continued to rise to around 10 per cent at the end of the year, up from around 8 per cent at the end of 2014. Lower activity within the oil- and oil service industry is expected to contribute to a further increase in the vacancy level in 2016. The Forus area is particularly exposed towards this trend and has started experiencing significant downward pressure on rents. In Stavanger city centre and at Hinna Park, the vacancy is lower and the rent levels remain more stable.

Rents in Trondheim decreased by about 5 per cent in 2015. Strong competition in the new building market put pressure on rental growth and contributed to somewhat higher office vacancies at the end of 2015 compared to 2014. The vacancy level was around 10 per cent at the end of the year.

### Letting activity in 2015

In 2015, Entra signed leases with an aggregate annual rent of NOK 294 million, divided between 143,600 square metres. The largest contracts were:

- New contract with the Norwegian Medicines Agency for 15 years and 6,500 sqm. in Strømsveien 96 in Oslo
- New contract with the Norwegian Tax Administration for 13 years and 3,700 sqm. in Fredrik Selmers vei 4 in Oslo
- Renegotiated contract with Norway Post for 8 years and 9,700 sqm. at Biskop Gunnerusgate 14 in Oslo
- Renegotiated contract with Sopra Steria for 9 years (5 year extension) and 5,500 sqm. at Biskop Gunnerusgate 14 in Oslo
- Renegotiated contract with the Norwegian National Rail Administration for 4 years and 7,800 sqm. at Biskop Gunnerusgate 14 in Oslo

The occupancy level was highest in Bergen with 99.4 per cent and lowest in Sandvika and Drammen with 90.1 per cent and 89.7 per cent 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 82 (74) in 2015 against a national average for the sector of 77 (72). Only one small, regional competitor achieved a better result than Entra. On environmental matters, Entra achieved a score of 82 (76) compared with a national average of 72 (65), proving that customers value Entra's environmental efforts.

Entra's customer centre has been further enhanced and developed during 2015. The customers' score for handling fault reports increased to 84 (78) in 2015 compared to a national average in the sector of 73 (72) 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 2015:

- In Q1, the transformation of the old Loading balcony to new office space was completed in Langkaia 1 in Oslo. The project involved 2,400 sqm. of new office space and was fully let as of 31.12.15
- The remaining 49 apartments at Ringstadbekk in Bærum were also finalised in Q1. As of 31.12.15, 43 of the apartments had been sold and 41 handed over to the buyers
- In Q2, the new office building in Schweigaardsgate 16 comprising 15,500 sqm. was finalised, achieving a BREEAM Excellent classification. The main tenants Statoil Fuel and Retail and Dinamo Norge moved in during the summer. The property was close to fully let as of 31.12.15
- In Q3, the combined new-build and renovation project in Akersgaten 34-36 was completed. The property comprises 6,200 sqm. and achieved a BREEAM Very Good classification. The main tenant Amedia occupied 87 per cent of the area in September. As of 31.12.15 the property was 87 per cent let
- In Q4, the new-built passive building at Papirbredden 3 in Drammen was finalised. The property is 11,400 sqm. and Husbanken is the main tenant. As of 31.12.15 the property was 61 per cent let. Papirbredden 3 is 60 per cent owned by Entra through Papirbredden Eiendom AS

The following projects are the most important projects started up or ongoing during 2015:

- In Sundtkvartalet in Oslo, the building of a new, environmentally leading office building of approximately 31,300 square metres is ongoing, with expected completion in December 2016. The ambition is to obtain BREEAM classification Excellent, a passive building with Energy class A. The project is organised through a jointly controlled company where Skanska and Entra own 50 per cent each
- In Lars Hilles gate 30 in Bergen, the Media City Bergen (MCB) project started in Q4 2014. The property comprises 45,000 square metres and will co-locate the largest media companies in Bergen when finalised. The project includes total renovation of the existing 35,000 square metres and a new build of 10,000 square metres. The project is 50 per cent owned by Entra through Entra OPF Utvikling
- Phase two of the project in Fredrik Selmersvei 4 in Oslo started up in 2015 involving completion of remaining interior works on 7,400 sqm. in one of the blocks. The project will be completed in Q1 2016 and 3,700 sqm. is let to Norwegian Tax Administration
- At Strømsveien 96 in Oslo, the refurbishment of 18,000 square metres (12,500 sqm. offices) was started in 2015. Norwegian Medicines Agency will be one of the tenants, renting approximately 6,500 square metres. The project aims to obtain a BREEAM Very Good classification and will obtain energy class B. The refurbishment will be completed in December 2016

- At Hinna Park in Stavanger, construction of the 17,400 square metre office building "Gullfaks" is ongoing with expected completion in Q3 2016. The project has been sold on a forward contract to Wintershall, which also is the main tenant in the building
- The project in Youngskvartalet in Oslo involves both a new building and refurbishment of an existing building. The internal demolition has started in the buildings that will be refurbished. The project consists of 9,400 square metres and will be finalised in Q4 2017. The project has been sold on a forward contract to Industri Energi

At year-end 2015, Entra's project portfolio contained 95,103 square metres.

In addition, Entra worked on a number of projects that are at an early phase of which the most important are:

- Entra has signed a lease contract with BI Norwegian Business School for a new-build project of 8,350 sqm at Brattørkaia in Trondheim. The project will start in January 2017 and is expected to be finalised in the summer of 2018.
- Entra has continued to work on the plans to develop the Tullin quarter in Oslo. Entra is in close dialogue with Oslo University in connection with a new building for the faculty of law. The project is awaiting zoning plan approval.
- In 2015, Entra arranged an international architect and innovation competition for a new project at Lilleløkka 1 in Oslo. Entra is planning to demolish the existing building and build an urban energy plus house. Code architects won the design contest with the project Oslo Solar, and the planning and zoning work has commenced

## The transaction market

In 2015 the transaction volume in the Norwegian market was record high and totalled close to NOK 120 billion. Office and retail made up roughly a third of the total transaction market each. International investors accounted for around 35 per cent of transaction values in 2015.

The interest for modern and central properties close to transportation hubs is very high and has pushed down the prime office yield in Oslo to record low levels of around 4.1 per cent, according to Entra's consensus report. The overall high demand for Norwegian properties is pushing down yields also in other cities and segments.

## Property transactions in Entra

In accordance with the strategy of growth in the four largest cities, Entra acquired the following properties/companies during 2015:

- In December 2015, Entra signed a share purchase agreement for the office part of Oslo City. Oslo City is a combined shopping center and office property of 80,500 sqm. Entra acquired the offices and Steen & Strøm the shopping center. Oslo City was completed in 1988 and enjoys a prime location next to the Oslo Central Station. Entra's share of the property value was approximately NOK 1.65 bn. of the NOK 5 bn. total property value. The property is fully let, mainly to public tenants. Closing took place on 31 December 2015.

- In December 2015, Entra also entered into an agreement to purchase the development project "Trondheimspor", a new-build project centrally located in Holtermanns veg 70 in Trondheim. When finalised, the property will be a 15-floor building of approx. 28,600 sqm of office and education areas. The property is 77 per cent pre-let to Trondheim municipality and the Norwegian Labour and Welfare Administration on 10-year contracts. The tenants have options to take a lease on the remaining areas in the building. Construction started in January 2016. The building is expected to be finalised during the second half of 2017 with a BREEAM-NOR Very Good classification. The purchase price was approximately NOK 680 million, of which NOK 163 million was paid upon closing and the remainder will be paid as construction commences.

Entra has furthermore taken advantage of the strong transaction market and sold several of its non-core properties.

- The properties Skansegaten 2 in Stavanger and Grønnegata 122 in Tromsø were sold in 2014 but closing took place in January and April 2015, respectively
- In January 2015, Entra sold a portfolio of six properties in Østfold and Skedsmo. The total property value in the transaction was NOK 1.4 billion. Closing took place on 24 February 2015
- In January 2015, Entra also sold two sections in Keysersgate 15 in Oslo for NOK 15 million. Closing took place on 31 January 2015
- In July 2015, Wintershall called its option to acquire the property project Gullfaks at Hinna Park in Stavanger when finalised in the third quarter 2016. The estimated transaction price is NOK 711 million. Gullfaks is a 17,900 sqm office building under construction
- In September 2015, Entra sold Kirkegaten 2 B in Arendal for NOK 33 million. Closing took place on 30 September 2015
- In November 2015, Entra announced the sale of the properties Hans Kiersgate 1 b and c in Drammen for NOK 10.5 million and Tollbugata 2 in Bodø for NOK 14 million. Closing took place on 30 October 2015 and 1 December 2015 respectively. In December 2015 Entra sold the property Strandveien 13 in Tromsø for NOK 158 million. Closing took place on 28 January 2016

#### Associates and jointly-controlled entities

**Oslo S Utvikling AS (OSU) (33.33 per cent ownership)**  
OSU is a property development company that is undertaking the development of parts of the city centre district Bjørvika in Oslo. OSU is developing around 380,000 square metres above ground and around 105,000 square metres below ground, of which approximately 182,000 square metres above ground and approximately 70,000 square metres below ground has been completed.

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 540 million in the

consolidated financial statements as at 31.12.2015. The market value of the properties and projects in OSU is estimated at approximately NOK 3.8 billion (100 per cent). Entra's ownership of 33.33 per cent gives a market value of NOK 1.3 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 31.12.2015 was NOK 658 million after taking into account estimated latent deferred tax of 10 per cent.

#### *Entra OPF Utvikling AS (50 per cent ownership)*

Entra and Oslo Pensjonsforsikring (OPF) own the jointly controlled enterprise Entra OPF Utvikling AS (50 per cent 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. The property Allehelgens gate 6 is fully let to the police with a remaining lease term of just above 3 years as of 31 December 2015.

Under the agreement between Entra and Oslo Pensjonsforsikring, Entra OPF Utvikling 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 per cent ownership)*

Hinna Park Eiendom AS is owned by Entra (50 per cent) and Camar Eiendom AS (50 per cent). Entra acquired its 50 per cent interest in the newly established Hinna Park Eiendom in February 2014.

Hinna Park Eiendom AS owns the management properties Jåttåvågveien 18 (Troll), Jåttåvågveien 7 (Blokk C) and Laberget 22 (Fjordpiren) and the parking garage Gullhallen. Hinna Park Eiendom AS also owns the development project Gullfaks which has been forward sold to Wintershall, as described under the project development section above, as well as development potential for two new office properties totalling around 29,300 sqm.

As Entra holds 51 per cent 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 per cent ownership)*

Entra and Drammen Municipality own Papirbredden Eiendom AS. The company owns six properties in Drammen totalling around 54,000 sqm. Construction of a new office building, Papirbredden 3, was completed in 2015. Zoning work is ongoing for the property Kreftingsgate 33 in Drammen.

### *Oslo City Kjøpesenter AS (33.3 % ownership)*

Oslo City Kjøpesenter AS owns the newly acquired property Oslo City. Steen & Strøm AS owns the remaining 66.7 %.

The property will as soon as possible be demerged into three separate companies where Entra will own 100 % of a fully consolidated office section and 50 % of a parking section in a jointly controlled entity.

### **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. See the separate section in the annual report on corporate social responsibility 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.

### **HSE and organisation**

It should be safe to work, visit and live in and around Entra's properties and construction projects. 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.

Entra's LTI rate (the number of work-related injuries resulting in absence per million work-hours) was 5.2 in 2015, compared with 4.4 in 2014. In 2015 five personal injuries with leave of absence from work were registered. HSE is an important focus area in Entra and 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 2015, the Group had 162 employees, of which 13 were employed in Hinna Park. Entra's employees have varied backgrounds and expertise from different professional and technical areas. The average age is 46 years. Sickness absence in Entra was 2.6 per cent in 2015 versus 3.4 per cent in 2014. This is low compared to a country average of 5.4<sup>1)</sup>. 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 and implemented ethical guidelines. The ethical guidelines are signed by all employees annually and on new appointments. It is important to Entra that all employees are familiar with the content and commit to follow the guidelines.

Cooperation with the employee organisations was good and constructive during 2015 and made a positive contribution to the operation of the Group.

### **Equality and diversity**

At 31 December 2015, 49 (44) of the Group's employees were women. Entra aims to increase the number of women working in the Group, and this goal is incorporated into the Group's recruitment procedures. In 2015, over 40 per cent of the Board members were women. As of 31 December 2015, three out of seven of the Senior Executives 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 important measures in the efforts to ensure equal opportunities.

The Group believes in the benefits of diversity, and this goal is 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 was NOK 1,760 million (NOK 1,772 million) The year-on-year reduction is mainly explained by the sale of non-core assets in Q4 2014 and during 2015, and is partly offset by the completion of development projects such as Schweigaardsgate 16 and Akersgata 34/36 in Oslo, and Papirbredden 3 in Drammen. The underlying like-for-like growth amounted to 2.2 percent. Adjusting for the sales of non core assets, with rental income of NOK 112 million in 2014, the income growth was 6 % year-on-year.

Other operating revenue amounted to NOK 240 million against NOK 225 million in 2014. The company delivered 32 apartments at Ringstabekk to buyers and thus recognised to income NOK 184 million. Otherwise other operating income consists mainly of income from administration charges, invoicing of additional services to tenants and the effects from the start up the project at Youngskvartalet that will influence both other income and other property cost as the project moves forward.

Repairs and maintenance amounted to NOK 56 million (NOK 52 million) in 2015.

Operating costs was NOK 129 million (NOK 96 million) in 2015. The increase is mainly related to the reclassification of property management personnel cost from administrative owner cost to operating cost. In 2015 the total effect amounted to around NOK 29 million.

Other property costs amounted to NOK 224 million in 2015 against NOK 223 million in 2014. Other property costs in 2015 mainly consist of apartments sold at Ringstabekk (as referred to above) of NOK 186 million.

1) Source: Statistics Norway as of 30.09.14

Administrative owner costs amounted to NOK 168 million in 2015 against NOK 227 million in 2014. The decrease is related to streamlining of the cost base, and a reclassification of property management personnel from administrative costs to operating costs. In 2014 the administrative owner costs were affected by the listing of Entra ASA on the Oslo Stock Exchange.

For 2015 the net income from property management totalled NOK 1,421 million against NOK 1,399 million in 2014.

The valuation of the property portfolio resulted in positive value changes of NOK 1,818 million in 2015 compared with NOK 1,195 million in 2014. The positive value changes are mainly due to decreasing yield levels as well as commencement and completion of projects.

The share of the result of associated companies and jointly controlled entities amounted to NOK 44 million in 2015 against NOK 36 million in 2014. In 2015 the result has been affected by a positive value change in Sundkartalet AS.

The net unrealised value change on financial instruments was NOK 417 million (NOK - 607 million) in 2015. The positive development is mainly due to decreased liabilities on the Group's fixed rate loans as a result of increased market valued credit margins, and reduced time to maturity of the existing high interest rate swap and termination of interest rate swaps with a market value of NOK 115 million in Q2 2015.

Net realised financial costs amounted to NOK 625 million (NOK 645 million). The reduction is caused by lower interest bearing debt compared to 2014 due to repayment of debt in connection with the IPO in October 2014 and the sale of non-core properties in the first quarter of 2015. In addition, falling market interest rates and the expiry of historical interest hedging agreements have contributed to a decrease in realised financial expenses, somewhat offset by NOK 115 million in fees related to the termination of a swap portfolio of NOK 2 billion ultimo June 2015.

For 2015 the profit before tax totalled NOK 3,075 million, against NOK 1,377 million in 2014, and total comprehensive income after tax was NOK 2,750 million against NOK 1,000 million in 2014. Comprehensive income after tax has been positively impacted by NOK 265 million as a result of the change in tax rate from 27 per cent to 25 per cent.

#### Balance sheet

The Group's assets amounted to NOK 33,619 million (NOK 30,850 million) as at 31.12.15. Of this, investment property amounted to NOK 28,823 million (NOK 26,679 million) and investment property held for sale to NOK 165 million (NOK 1,551 million). Two properties were classified as held for sale as at 31.12.15.

Other intangible assets were NOK 15 million (NOK 34 million) at year end 2015. The decrease is due to reclassification of intangible assets to investment properties related to the project at Tullinkartalet.

Investments in associated companies and jointly controlled entities were NOK 2,789 million (NOK 1,074 million). The increase is mainly due to the purchase of 33.3 per cent of Oslo City Kjøpesenter AS, of which Steen og Strøm owns the remaining part. The property will as soon as possible, and most likely during Q2 2016, be sectioned and Oslo City Kjøpesenter AS will be demerged into three separate companies where Entra will own 100 per cent of a fully consolidated office section and 50 per cent of a parking section in a jointly controlled entity. Until the demerger is finalised the share in Oslo City Kjøpesenter AS will be treated as a jointly controlled entity and recorded applying the equity method in Entra's accounts.

Property and housing units for sale amounted to NOK 589 million (NOK 197 million) at year-end 2015 mainly impacted by the reclassification of the property "Gullfaks" at Hinna following the forward sale of the property with expected delivery to the buyer Wintershall in Q3 2016. At year-end 2014 the amount comprised the housing unit projects at Ringstabekk of which the major part of the apartments had been sold at year-end 2015.

The Group's interest-bearing debt as of 31.12.15 was NOK 15,206 million (NOK 14,647 million). Since mid 2014 the Group has decreased its interest-bearing debt primarily as a result of the IPO in October 2014 and the sales of investment properties in Q4 2014 and during 2015. In connection with the acquisition of Oslo City Kjøpesenter AS for approximately NOK 1.6 bn and the development project "Trondheimsporten" for NOK 132 million in Q4 2015 interest-bearing debt increased at year end 2015.

The pension liability was NOK 40 million (NOK 82 million) at the end of the fourth quarter. The decrease is due to changes in actuarial assumptions, particularly impacted by a higher discount rate on the pension liability. With effect from year-end 2015 the existing pension scheme in Statens Pensjonskasse was closed for employees born after 1960, who will from 1.1.2016 be included in a newly established pension contribution scheme.

Trade payables and other payables were NOK 310 million (NOK 521 million). The decrease is mainly related to lower trade payables due to lower ongoing investments at year-end 2015 compared to 2014.

The Group's equity capital, including non-controlling interests, was NOK 13,354 million (NOK 11,064 million) as of 31.12.15, which corresponds to an equity ratio of 39.7 per cent (35.9 per cent). The increase is affected by the sale of properties in 2015 and the positive result. The increase in non-controlling interests from NOK 286 million at 31.12.14 to NOK 359 million at 31.12.15 is mainly explained by a positive share of profit in 2015 from Hinna Park and Papirbredden.

#### Cash flow

The Group's cash flow from operations for 2015 amounted to NOK 849 million (NOK 668 million). The change from the previous year is mainly related to a positive change in working

capital and lower fees and interest paid on loans to financial institutions.

The net cash flow from investments was NOK -1,010 million (NOK -1,157 million).

Proceeds from the sale of investment properties, companies and housing-units of NOK 1,792 million (NOK 511 million) mainly consist of proceeds from the sale of investment properties of which the largest contribution comes from the sale of the six properties in Østfold and Lillestrøm in Q1 2015 with a total property value of NOK 1,375 million and the sale of housing-units at Ringstabekk.

The cost of upgrades of investment properties amounted to NOK 911 million (NOK 1,106 million) in the 2015.

Investment in property and housing units for sale of NOK 82 million (NOK 154 million) related to investments in the property Gullfaks in Stavanger in 2015 and for 2014 it was related to the housing unit project in Ringstabekk.

Net payment of financial assets of NOK -24 million (NOK 0) relates to a subordinated loan to the seller of "Trondheimsporten" and to the buyer of Skansegaten 2/Tollpakkhuset in Stavanger.

Net repayment of loans to associates and jointly controlled entities of NOK 62 million (NOK -62 million) relates to repayment of loans from the jointly controlled entity Sundtkvartalet Holding AS.

Net payments to associates and jointly controlled entities amounted to NOK -1,720 million (NOK 115 million) in 2015 and mainly relates to the purchase of Entra's 33.3 per cent share in Oslo City Kjøpesenter AS. In addition it consists of investments of NOK 128 million in the jointly controlled entity Entra OPF.

Net cash flow from financing was NOK 174 million (NOK 510 million). During 2015 the Group had net borrowings of NOK 1,013 million in bank debt and NOK 550 million in commercial paper partly offset by a repayment of NOK 800 million of bond loans. The borrowing is mainly related to the financing of the purchase of "Trondheimsporten" and Entra's share in Oslo City Kjøpesenter AS. 2014 was impacted by proceeds from the share issue in October 2014 and repayment of debt.

The net change in liquid assets was NOK 14 (NOK 21) million in 2015.

#### 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 2015. There have not been any events since 31 December 2015 that have a 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 2015, the nominal interest-bearing debt was NOK 14,851 (NOK 14,088) million. The interest-bearing debt has a diversified maturity structure, with an average time to maturity of 4.4 years. Entra's financing is based on negative pledge of the Group's assets that enables a broad and flexible financing mix.

The capital markets funding as at 31 December 2015 consisted of bonds and commercial paper outstanding of NOK 6,500 million and NOK 1,900 million, respectively, which accounted for 57 per cent of total interest-bearing debt. Bank funding of NOK 6,451 million represents the remaining part of the financing mix. The Group's bank facilities are mainly revolving credit facilities, which enable active liquidity management by adjusting

#### FINANCIAL RISK

31.12.2015 Financial policy

Financial leverage		
Loan to value	46 %	approx. 50 %
<b>Financing risk</b>		
Unutilised credit facilities and cash/short-term interest-bearing debt	118 %	at least 100 %
Weighted average time to maturity	4.4	at least 3 years
Short-term interest-bearing debt/total interest-bearing debt	21 %	max 30 %
<b>Interest rate risk</b>		
Interest coverage ratio	2.5	at least 1.65 times
Average remaining term to maturity	3.6	2-6 years
Interest rate maturity within next 12 months	46 %	max 50 %
<b>Credit risk/currency exposure</b>		
Counterpart's credit rating	Fulfilled	at least A-/A3
Share of debt per counterparty	14 %	max 40 %
Currency exposure	0	0

the revolving facilities according to any ongoing cash needs or surplus. The Group's liquid assets amounted to NOK 212 million (NOK 198) million as at 31 December 2015. In addition, the Group had committed, unutilised credit facilities totalling NOK 3,435 (NOK 3,965) million.

The Group's average interest cost as at 31 December 2015 was 3.69 (4.45) per cent, and 54 (63) per cent of the Group's total interest-bearing debt was subject to fixed interest rates. At the same time, the average remaining term to maturity of the Group's interest rate hedging instruments was 3.6 (3.7) years. The decrease in the average interest rate is mainly due to termination of old and expensive interest rate swaps in the second quarter, as well as a higher share of floating interest rate debt compared to the previous year-end.

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 2015 was 46.1 per cent, reduced from 48.4 per cent at year-end 2014. The reduction in the loan-to-value ratio is mainly due to higher valuation of the existing property portfolio.

The Group manages financial risk in accordance with a framework included in the financial policy. The main financial risks, in addition to financial leverage referred to above, are financing risk, interest rate risk and credit risk. The Group's financial policy has been approved by the Board and is considered 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 as far as possible avoiding 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

The section of this annual report on corporate governance provides 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 183,732,461 divided into 183,732,461 shares, with each share having a par value of NOK 1.00. All shares have been issued in accordance with the Norwegian Public Limited Companies Act and are fully paid. Entra has one class of shares. All shares provide equal rights, including the right to any dividends. Each of the shares carries 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 2015, Entra had 5,847 shareholders. Norwegian investors held 69.4 per cent of the share capital and foreign investors 30.6 per cent. The 10 largest shareholders as of 31 December 2015 were as follows:

### THE 10 LARGEST SHAREHOLDERS AS OF 31 DECEMBER 2015

NAME	SHAREHOLDING	%
NORWEGIAN MINISTRY OF TRADE, INDUSTRY AND FISHERIES	91 368 893	49.7
GEVERAN TRADING	14 223 406	7.7
FOLKETRYGDFONDET	10 588 234	5.8
DANSKE INVEST NORSKE	4 148 995	2.3
STATE STREET BANK (NOMINEE)	4 118 309	2.2
J.P. MORGAN BANK LUXEMBURG (NOMINEE)	3 624 294	2.0
THE BANK OF NEW YORK (NOMINEE)	2 835 886	1.5
DANSKE INVEST NORSKE	2 300 784	1.3
STATE STREET BANK (NOMINEE)	1 806 040	1.0
THE BANK OF NEW YORK (NOMINEE)	1 722 085	0.9
<b>SUM 10 LARGEST SHAREHOLDERS</b>	<b>136 736 926</b>	<b>74.4</b>
OTHER	46 995 535	25.6
<b>TOTAL</b>	<b>183 732 461</b>	<b>100.0</b>

### *Dividend policy*

Entra targets a dividend payout ratio of approximately 60 per cent of Cash Earnings defined as result from property management less net realised financial items and tax payable. In line with the dividend policy, the Board of Entra proposes a dividend of NOK 3 per share for 2015 (NOK 2.5 per share 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 commercial, operational, project, 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. 74 per cent of the Group's customers are from the public sector as of 31.12.15 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 and Loan-to-Value ratios.

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 a 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 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. Due to recent political changes in the city council in Oslo, Entra will be exposed to property tax on all its properties in Oslo, effective from 2017. 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 2015, Entra ASA made a profit after tax of NOK 390 (NOK 488) 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 ASA distributes a dividend of NOK 551 million (NOK 3 per share)

The profit after tax from Entra ASA of NOK 390 million will be distributed as dividend. In addition, the company will distribute NOK 161 million from retained earnings as dividend.

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

With effect from 31 December 2015, the subsidiary of Entra ASA, Entra Eiendom AS, was merged into Entra ASA.

### OUTLOOK

The Norwegian economy is currently influenced by a weaker macroeconomic development and general uncertainty. Office vacancies have continued to increase slightly despite the relatively low volume of new buildings being completed. Sub markets with a high level of oil sector exposure are experiencing increasing vacancies and pressure on rents. Entra is in a relatively good position having long lease contracts with solid tenants and a low exposure towards the oil sector.

Particularly in Oslo, that constitutes more than 60 per cent of Entra's revenues, we expect the level of vacancies to stabilise and eventually be reduced as net new office space coming into the market during 2016 and 2017 is marginal due to low levels of newbuilds and high conversion from commercial to residential buildings. Market rent levels have decreased slightly in 2015 but one expects a positive trend from 2016 and onwards driven primarily by limited new capacity.

Modern offices located near public transportation are attractive and obtain solid rents compared to premises located in less central areas.

The credit market environment has become less favourable over the last months as credit margins have risen. However, credit markets are still attractive for property investors with good credit availability and historically low market interest rates for all maturities.

Property investors seek quality properties with good locations and long and secure cash flows. International investors have

been particularly active in the Norwegian market in 2015 driving transaction volumes to a record high.

The yield compression in the Norwegian market is expected to level out. However, Entra's portfolio with a healthy mix of attractive properties and value enhancing development projects, should provide a continued positive value development, albeit at a significantly slower pace.

With its flexible properties in attractive locations, strong tenant base with long lease contracts, exciting project pipeline and solid financial position, the Board believe that Entra is well positioned for the future.

Oslo, 14 March 2016

The Board of Directors of Entra ASA

  
Siri Hatlen  
Chair of the Board

  
Martin Maeland  
Deputy Chair

  
Ingrid Tjøsvold  
Board member

  
Arthur Sletteberg  
Board member

  
Kjell Bjordal  
Board member

  
Frode Halvorsen  
Board member

  
Birthe Smedsrød Skeid  
Board member

  
Arve Regland  
CEO

# Consolidated financial statements Entra ASA

Statement of total comprehensive income	53
Balance sheet - assets	54
Balance sheet - equity and liabilities	55
Statement of changes in equity	56
Statement of cash flows	57
Notes	58

# Statement of total comprehensive income

## 1 January to 31 December

All amounts in NOK million

	Note	2015	2014
Rental income	6	1 760	1 772
Other operating revenue	9 10	240	225
<b>Total operating revenue</b>		<b>1 999</b>	<b>1 997</b>
Repairs & maintenance		56	52
Operating costs	11	129	96
Other property costs	9 12	224	223
Administrative owner costs	13 14	168	227
<b>Total operating costs</b>		<b>578</b>	<b>598</b>
<b>Net income from property management</b>		<b>1 421</b>	<b>1 399</b>
Changes in value from investment properties	19	1 818	1 195
Share of profit from associates and jointly controlled entities	20	44	36
<b>Operating profit</b>		<b>3 284</b>	<b>2 629</b>
Interest and other finance income	16	19	21
Interest and other finance expense	16	-645	-666
<b>Net realised financials</b>		<b>-625</b>	<b>-645</b>
Unrealised changes in value of financial instruments		417	-607
<b>Net financial items</b>		<b>-209</b>	<b>-1 252</b>
<b>Profit before tax</b>		<b>3 075</b>	<b>1 377</b>
Tax payable	27	-	0
Change in deferred tax	27	-354	-351
<b>Profit for year</b>		<b>2 721</b>	<b>1 026</b>
Actuarial gains (-) / losses (+)	26	-39	35
Change in deferred tax on comprehensive income	27	10	-9
<b>Total comprehensive income for the year</b>		<b>2 750</b>	<b>1 000</b>
<b>Profit attributable to:</b>			
Equity holders of the Company		2 648	1 027
Non-controlling interest		73	-1
<b>Total comprehensive income attributable to:</b>			
Equity holders of the Company		2 677	1 001
Non-controlling interest		73	-1
<b>Earnings per share</b>			
Continuing operations			
Basic=Diluted (NOK)	35	15	22

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

# Balance sheet – assets

*All amounts in NOK million*

	Note	31.12.2015	31.12.2014
<b>NON-CURRENT ASSETS</b>			
Goodwill	17	146	146
Other intangible assets	18	15	34
<b>Total intangible assets</b>		<b>161</b>	<b>180</b>
Investment property	19	28 823	26 679
Property used by owner	18	7	7
Other operating assets	18	28	34
<b>Total property, plant &amp; equipment</b>		<b>28 859</b>	<b>26 721</b>
Investments in associates and jointly controlled entities	20	2 789	1 074
Loan to associates and jointly controlled entities	32	-	62
Financial derivatives	7	530	550
Other long-term receivables		53	49
<b>Total financial assets</b>		<b>3 372</b>	<b>1 736</b>
<b>TOTAL NON-CURRENT ASSETS</b>		<b>32 391</b>	<b>28 637</b>
<b>CURRENT ASSETS</b>			
Property and housing-units for sale		589	197
Trade receivables	21	56	45
Other receivables	9, 22	206	222
<b>Total current receivables</b>		<b>850</b>	<b>464</b>
Cash and bank deposits	23	212	198
<b>TOTAL CURRENT ASSETS</b>		<b>1 062</b>	<b>662</b>
Investment property held for sale	19	165	1 551
<b>TOTAL ASSETS</b>		<b>33 619</b>	<b>30 850</b>

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	31.12.2015	31.12.2014
<b>EQUITY</b>			
Paid-in equity	24	3 739	3 739
Retained earnings	36	9 255	7 039
Non-controlling interests		359	286
<b>TOTAL EQUITY</b>		<b>13 354</b>	<b>11 064</b>
<b>LIABILITIES</b>			
Interest-bearing debt	25	12 083	11 826
Pension liability	26	40	82
Deferred tax liability	27	3 324	2 984
Financial derivatives	7	1 121	1 353
Other liabilities	28	196	129
<b>Total non-current liabilities</b>		<b>16 764</b>	<b>16 373</b>
Trade payables and other payables	29	310	521
Interest-bearing debt	25	3 123	2 821
Tenant prepayments and provisions	30	68	70
<b>Total current liabilities</b>		<b>3 501</b>	<b>3 412</b>
<b>TOTAL LIABILITIES</b>		<b>20 265</b>	<b>19 786</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>33 619</b>	<b>30 850</b>

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

Oslo, 14 March 2016  
The Board of Directors of Entra ASA

  
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 Smedsrød Skeid  
Board member

  
Arve Regland  
CEO

# Statement of changes in equity

*All amounts in NOK million*

	Share capital	Other paid-in capital	Retained earnings	Non-controlling interest	Total equity
<b>Equity at 31.12.2013</b>	<b>142</b>	<b>1 587</b>	<b>6 288</b>	<b>115</b>	<b>8 131</b>
Capital increase	42	2 658			2 700
Share issue cost net of tax		-40			-40
Additions with non-controlling interests				257	257
Profit for the year			1 027	-1	1 026
Other comprehensive income			-26		-26
Dividend paid		-650	-250		-900
Repaid paid-in capital non-controlling interests				-85	-85
<b>Equity at 31.12.2014</b>	<b>184</b>	<b>3 556</b>	<b>7 039</b>	<b>286</b>	<b>11 064</b>
Profit for period			2 648	73	2 721
Other comprehensive income			28		28
Dividend paid			-459		-459
Acquired own shares - employee saving scheme	-0	-6	-1		-7
Sold own shares - employee saving scheme	0	6	0		6
<b>Equity 31.12.2015</b>	<b>184</b>	<b>3 556</b>	<b>9 255</b>	<b>359</b>	<b>13 354</b>

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

# Statement of cash flows

## 1 January to 31 December

All amounts in NOK million

	Note	2015	2014
Profit before tax		3 075	1 377
Expensed interest and fees on loans from financial institutions	16	645	695
Interest and fees paid on loans from financial institutions		-584	-740
Share of profit from associates and jointly controlled entities	20	-44	-36
Depreciation and amortisation	18	18	16
Change in market value investment properties	19	-1 818	-1 200
Change in market value financial instruments	7,25	-417	607
Change in working capital		-26	-52
<b>Net cash flow from operating activities</b>		<b>849</b>	<b>668</b>
Proceeds from sales of investment properties, companies and housing-units		1 792	511
Purchase of business net of cash		-	-213
Purchase of investment properties	19	-132	-287
Cost of upgrades of investment properties	19	-911	-1 106
Investment in property and housing-units for sale		-82	-154
Purchase of intangible assets and other plant and equipment	18	-41	-40
Net payment financial assets		-30	-
Net payment of loans to associates and jointly controlled entities		62	-62
Net payments in associates and jointly controlled entities	20	-1 720	115
Dividends from associates and jointly controlled entities	20	51	80
<b>Net cash flow from investment activities</b>		<b>-1 010</b>	<b>-1 157</b>
Proceeds interest-bearing debt	25	19 126	11 910
Repayment interest-bearing debt	25	-18 492	-13 086
Proceeds from/repayment of equity	24	-1	2 645
Dividends paid	36	-459	-960
<b>Net cash flow from financing activities</b>		<b>174</b>	<b>510</b>
Change in cash and cash equivalents		14	21
Cash and cash equivalents at beginning of period		198	177
<b>Cash and cash equivalents at end of period</b>		<b>212</b>	<b>198</b>

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

# Summary of Notes

NOTE 1 General information	59
NOTE 2 Accounting policies	59
NOTE 3 Critical accounting estimates and subjective judgements	65
NOTE 4 Financial risk management	67
NOTE 5 Risk lease management	70
NOTE 6 Segment information	71
NOTE 7 Categories of financial instruments	72
NOTE 8 Information about fair value	73
NOTE 9 Construction contracts	75
NOTE 10 Other operating revenue	75
NOTE 11 Operating costs	76
NOTE 12 Other property costs	76
NOTE 13 Administrative owner costs	76
NOTE 14 Personnel costs	77
NOTE 15 Statement on the determination of salaries and other remuneration of senior executives	77
NOTE 16 Financial items	80
NOTE 17 Goodwill	80
NOTE 18 Intangible assets, property used by owner and other property, plant and equipment	81
NOTE 19 Investment properties	81
NOTE 20 Associates and jointly controlled entities	83
NOTE 21 Trade receivables	86
NOTE 22 Other current receivables	86
NOTE 23 Bank deposits	87
NOTE 24 Share capital and shareholder information	87
NOTE 25 Interest-bearing liabilities and accrued interest	89
NOTE 26 Pension	91
NOTE 27 Tax	93
NOTE 28 Other liabilities	94
NOTE 29 Trade payables and other liabilities	95
NOTE 30 Tenant prepayments and provisions	95
NOTE 31 Subsidiaries	96
NOTE 32 Related parties	97
NOTE 33 Contingencies	97
NOTE 34 Auditor's fee	97
NOTE 35 Earnings per share	98
NOTE 36 Dividend per share and dividend policy	98

# Notes

## NOTE 1 GENERAL INFORMATION

Entra ASA ("the Company") is listed on Oslo Stock Exchange with the ticker ENTRA. Entra ASA and its subsidiaries (together ""Entra" or "the Group") is one of Norway's leading real estate companies, focusing on high quality, flexible office buildings with central locations. The Group owns and manages 96 buildings with a total area of approximately 1.2 million square metres. As of 31.12.15 the real estate portfolio had a market value of around NOK 29.6 billion. The public sector represents approximately 74 per cent of

the total customer portfolio. Entra's strategic areas are Oslo and the surrounding region, Bergen, Stavanger and Trondheim. The Group is organised in two units: Oslo and Regional cities. Entra has its head office in Oslo.

The consolidated financial statements were adopted by the Company's Board on 14 March 2016.

## 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 Group'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 2015.

No new or amended IFRS or IFRIC interpretations came into effect for the 2015 financial year that have a significant impact on the consolidated financial statements.

### 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 2015, 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. The standard is effective for accounting periods beginning on or after 1 January 2018. Early adoption is permitted. The Group is assessing the impact of IFRS 9, but currently does not see any major impact on the financial statements from implementation of the standard.

#### *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 2018 and earlier application is permitted. The Group is assessing the impact of IFRS 15, but currently does not see any major impact on the financial statements from implementation of the standard.

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.

## 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 per cent 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 used by owner". 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-current 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.

#### SHARE DISCOUNTS

Sales of shares to employees in the share saving scheme are reported in accordance with IFRS 2 "Share-based payments". The recognised discount is calculated as the difference between market price and purchase price at the time of purchase, taking into account the agreed lock-in period for the shares. The effect of the agreed lock-in period is calculated as the value of a put option using the Black-Scholes model. The discount is recognised as payroll expenses at the time of allocation. The assumptions relating to volatility are based on the actual fluctuations in the price of Entra's shares

#### SHARE BASED PAYMENTS

The Group has a share-based incentive program for executives ("LTI"). The LTI scheme is reported in accordance with IFRS 2 "Share-based payments". LTI remuneration is share-based and has a vesting period of one year and a lock-up period of three years. The fair value at the grant date is measured applying Black & Scholes based on the market price. The fair value of the shares allocated through the LTI is calculated on the basis of the share price at grant date, taking into account the likelihood of the employee still being employed after three years. The amount is recognised as payroll expenses at grant date and accrued for the vesting period from grant date to the reception of shares without any restrictions.

#### 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 25 per cent from 31 December 2015. 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 2015 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 per cent	Value change (NOK) <sup>1)</sup>
Inflation	+ 1.00	312
Market rent	+ 10.00	2 354
Discount rates	+ 0.25	-1 068
Exit yield	+ 0.25	-604

<sup>1)</sup> Estimates by DTZ Realkapital Verdivurdering AS in conjunction with valuations at 31 December 2015.

#### 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](http://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.

31.12.2015	Total change in profit after tax <sup>1)</sup> (NOKm)	Change in the Group's interest expense (annualised) (NOKm)	Change in the fair value of bonds and derivatives (after tax) (NOKm)
<b>Market rates increase by 1 percentage point</b>	<b>315</b>	<b>-41</b>	<b>355</b>
Interest-bearing debt	123	-62	185
Derivatives	191	21	170
<b>Market rates fall by 1 percentage point</b>	<b>-327</b>	<b>41</b>	<b>-368</b>
Interest-bearing debt	-123	62	-185
Derivatives	-204	-21	-183

<sup>1)</sup> A positive figure signifies an increase in profit after tax.

31.12.2014	Total change in profit after tax <sup>1)</sup> (NOKm)	Change in the Group's interest expense (annualised) (NOKm)	Change in the fair value of bonds and derivatives (after tax) (NOKm)
<b>Market rates increase by 1 percentage point</b>	<b>333</b>	<b>-28</b>	<b>361</b>
Interest-bearing debt	135	-65	199
Derivatives	198	36	162
<b>Market rates fall by 1 percentage point</b>	<b>-348</b>	<b>28</b>	<b>-376</b>
Interest-bearing debt	-135	65	-199
Derivatives	-213	-36	-177

<sup>1)</sup> 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 2015, 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 (NOKm)	Impact as a percentage
0.5 percentage point reduction	2.2 %	15
Discount rate at 31.12.2015	2.7 %	0
0.5 percentage point increase	3.2 %	-15
Wage growth	Impact on liabilities (NOKm)	Impact as a percentage
0.5 percentage point reduction	2.0 %	-7
Expected wage growth at 31.12.2015	2.5 %	0
0.5 percentage point increase	3.0 %	5

## NOTE 4 FINANCIAL RISK MANAGEMENT

*All amounts in NOK million*

### Governance structure, exposure and reporting

The Board of Entra ASA 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 Group'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 Group, 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 remaining term to maturity in the range of 2–6 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 creditworthiness. 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 2015, 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 2015, 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

31.12.2015	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	-	1 200	802	2 644	1 276	-	-	339	6 261	
Interest-bearing bank loans – amortising	6	17	23	45	39	24	24	12	190	
Interest-bearing bank loans – estimated interest	30	103	120	161	46	12	11	6	488	
Bonds – principal	-	-	1 600	2 200	700	900	-	1 100	6 500	
Bonds – estimated interest	41	190	217	323	201	161	102	254	1 489	
Commercial paper – principal	1 300	600	-	-	-	-	-	-	1 900	
Commercial paper – estimated interest	7	5	-	-	-	-	-	-	13	
Financial instruments										
- interest rate derivatives	45	91	133	191	51	-29	-20	-94	370	
Trade payables	142	-	-	-	-	-	-	-	142	
Other financial liabilities	79	-	-	-	-	-	-	-	79	
<b>Total</b>	<b>1 651</b>	<b>2 206</b>	<b>2 895</b>	<b>5 565</b>	<b>2 313</b>	<b>1 068</b>	<b>116</b>	<b>1 617</b>	<b>17 432</b>	

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	1 950	1 050	1 500	145	-	339	5 234	
Interest-bearing bank loans – amortising	5	16	21	42	42	29	24	24	204	
Interest-bearing bank loans – estimated interest	34	103	132	162	58	19	15	14	537	
Bonds – principal	-	1 200	-	2 800	1 700	-	500	1 100	7 300	
Bonds – estimated interest	53	215	234	386	247	152	127	305	1 718	
Commercial paper – principal	850	500	-	-	-	-	-	-	1 350	
Commercial paper – estimated interest	12	5	-	-	-	-	-	-	17	
Financial instruments										
- interest rate derivatives	56	127	160	226	88	2	-35	-89	536	
Trade payables	324	-	-	-	-	-	-	-	324	
Other financial liabilities	91	-	-	-	-	-	-	-	91	
<b>Total</b>	<b>1 424</b>	<b>2 416</b>	<b>2 497</b>	<b>4 667</b>	<b>3 636</b>	<b>346</b>	<b>631</b>	<b>1 694</b>	<b>17 310</b>	

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

31.12.2015	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 ASA	-	1 000	1 000	-	1 250	-	-	-	3 250	
Unused credit facilities subsidiaries	-	-	48	56	82	-	-	-	185	
<b>Total unused credit facilities</b>	<b>-</b>	<b>1 000</b>	<b>1 048</b>	<b>56</b>	<b>1 332</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3 435</b>	

## 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 ASA	-	250	1 500	1 650	-	-	-	-	3 400	
Unused credit facilities subsidiaries	-	-	-	350	160	55	-	-	565	
<b>Total unused credit facilities</b>	<b>-</b>	<b>250</b>	<b>1 500</b>	<b>2 000</b>	<b>160</b>	<b>55</b>	<b>-</b>	<b>-</b>	<b>3 965</b>	

At 31 December 2015, the Group had NOK 179 (NOK 162) million of available liquid assets. See Note 23.

### Interest rate risk

The Group's liabilities are subject to fixed interest rates (54 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 2015, the weighted average remaining term to maturity was 3.6 (3.7) years. The average interest rate was 3.69 (4.45) per cent at 31 December 2015.

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

As at 31.12.2015	31.12.2016	31.12.2017	31.12.2019	31.12.2021	31.12.2023	31.12.2025	31.12.2025+ Over 10 years	Total
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	
Percentage	45.8	1.6	11.8	15.8	4.7	14.8	5.5	100
Amount	6 799	242	1 750	2 350	700	2 200	810	14 851

As at 31.12.2014	31.12.2015	31.12.2016	31.12.2018	31.12.2020	31.12.2022	31.12.2024	31.12.2024+ Over 10 years	Total
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	
Percentage	36.7	5.5	14.5	23.8	7.1	8.9	3.6	100
Amount	5 166	770	2 042	3 350	1 000	1 250	510	14 088

#### KEY FIGURES FOR THE GROUP'S FINANCIAL INSTRUMENTS

	2015	2014
Nominal value of interest rate derivatives on the balance sheet date <sup>1)</sup>	13 522	13 972
of which		
- Fixed-to-variable swaps <sup>1)</sup>	3 700	3 300
- Variable-to-fixed swaps	9 822	10 672
Range of fixed interest rates	From 1.976 % to 5.800 %	From 2.116 % to 5.950 %
Variable rate basis	NIBOR	NIBOR
Average fixed rate excl. forward starting swaps	4.06 %	4.44 %
Average fixed rate incl. forward starting swaps	3.19 %	3.90 %
Fair value of derivatives on the balance sheet date (NOKm)	591	803
Change in fair value of bonds over the year	205	-478
Change in fair value of interest rate derivatives over the year	212	-129
<b>Total change in fair value of financial instruments</b>	<b>417</b>	<b>-607</b>

<sup>1)</sup> NOK 3 700 (NOK 3 300) 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 9 822 (NOK 10 672) million. At 31 December 2015 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.

	2015	2014
≤ 1 year	1 691	1 686
1 year < 5 years	6 455	6 516
≥ 5 years	5 520	5 260
<b>Total <sup>1)</sup></b>	<b>13 666</b>	<b>13 462</b>

### THE GROUP'S LEASE CONTRACTS AT 31.12 HAVE THE FOLLOWING MATURITY STRUCTURE MEASURED IN ANNUAL RENT <sup>1)</sup>

Remaining term	2015			2014		
	No. of contracts	Contract rent	Contract rent, %	No. of contracts	Contract rent	Contract rent, %
≤ 1 year	334	92	5.2	188	78	4.4
1 year < 5 years	300	740	41.4	285	601	34.3
5 years < 10 years	94	464	26.0	127	558	31.8
≥ 10 years	43	491	27.5	51	514	29.4
<b>Total <sup>1)</sup></b>	<b>771</b>	<b>1 787</b>	<b>100.0</b>	<b>651</b>	<b>1 751</b>	<b>100.0</b>

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

<sup>1)</sup> 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

	2015				2014			
	Area (sqm)	Occupancy (%)	Wault (yrs)	Share of public sector tenants (%)	Area (sqm)	Occupancy (%)	Wault (yrs)	Share of public sector tenants (%)
Oslo	514 532	95.8	7.1	71	502 132	93.1	7.2	75
Sandvika	100 047	90.1	10.7	69	100 721	95.9	9.3	62
Drammen	70 814	89.7	9.1	87	61 757	99.1	9.3	85
Bergen	57 119	99.4	5.4	84	57 084	99.2	5.8	84
Trondheim	117 186	96.7	6.6	90	117 186	97.9	7.2	88
Stavanger	78 921	93.8	8.7	48	80 698	93.0	8.9	45
Kristiansand	45 158	93.4	9.1	98	46 033	91.0	9.9	99
Other	21 384	90.7	6.8	95	97 716	98.4	8.4	96
<b>Total management portfolio</b>	<b>1 005 162</b>	<b>95.0</b>	<b>7.6</b>	<b>73</b>	<b>1 063 327</b>	<b>94.6</b>	<b>7.7</b>	<b>76</b>
Project portfolio	95 103		14.9	43	86 637		10.7	10
Regulated development sites	129 711		0.2	-	142 143		0.6	62
<b>Total property portfolio</b>	<b>1 229 976</b>		<b>7.8</b>	<b>72</b>	<b>1 292 107</b>		<b>7.8</b>	<b>72</b>

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*

The Group has since 2013 reported four geographic operating segments in line with IFRS 8: Central Oslo, Greater Oslo, South/West Norway and Mid/North Norway.

In order to adapt the organisational structure to how the Group is run on a daily basis, the Group reorganised the former four geographic operating segments into two geographic units from Q4 2015: Oslo and Regional Cities. These units are supported by a Letting and Business Development division and a Development and Technology division. In addition, Entra has group and support functions within accounting and finance, legal, procurement, communication and HR.

Each of the geographic units are organised and monitored by management teams in seven geographic areas: Oslo, Bergen, Trondheim, Stavanger, Sandvika, Drammen and Kristiansand.

As the geographic units no longer have their own profit responsibility, financial results are reported as economical and non-economical key figures ("key performance indicators"). These key performance indicators are reported and analysed by geographic area to the chief operating decision maker, who is the executive board and the CEO, which are the highest decision-making authority of the Group, for the purpose of resource allocation and assessment of segment performance. Hence, the Group will going forward report their segment information based upon these seven geographic areas. Comparable figures have been made.

31.12.2015	Area (sqm)	Occupancy (%)	No. of properties (#)	Vault (yrs)	Market value		12 month rolling rent		Net yield (%)	Market rent	
					(NOKm)	(NOK/sqm)	(NOKm)	(NOK/sqm)		(NOKm)	(NOK/sqm)
Oslo	514 532	95.8	38	7.1	17 533	34 076	1 068	2 076	5.6	1 062	2 065
Sandvika	100 047	90.1	10	10.7	2 170	21 693	127	1 274	5.4	127	1 274
Drammen	70 814	89.7	7	9.1	1 701	24 024	107	1 514	5.9	104	1 466
Bergen	57 119	99.4	6	5.4	1 202	21 042	85	1 492	6.3	92	1 605
Trondheim	117 186	96.7	9	6.6	2 408	20 546	178	1 516	6.6	165	1 408
Stavanger	78 921	93.8	6	8.7	2 075	26 290	138	1 750	6.2	131	1 661
Kristiansand	45 158	93.4	8	9.1	608	13 464	50	1 110	7.2	48	1 069
Other	21 384	90.7	3	6.8	228	10 650	23	1 090	8.9	25	1 181
<b>Total management portfolio</b>	<b>1 005 162</b>	<b>95.0</b>	<b>87</b>	<b>7.6</b>	<b>27 925</b>	<b>27 782</b>	<b>1 777</b>	<b>1 768</b>	<b>5.9</b>	<b>1 755</b>	<b>1 746</b>
Project portfolio	95 103		3	14.9	1 228	12 909					
Regulated development sites	129 711		6	0.2	446	3 436					
<b>Total property portfolio</b>	<b>1 229 976</b>		<b>96</b>	<b>7.8</b>	<b>29 598</b>	<b>24 064</b>					

Ringstabekk housing project is included in market value of management portfolio at cost price of NOK 19 million. Youngsgt. 7-9 is included in market value of management portfolio at sales price of NOK 60 million. The calculation of net yield is based on the valuers' assumption of ownership costs, which at 31.12.15 corresponds to 8.1 per cent of market rent.

31.12.2014	Area (sqm)	Occupancy (%)	No. of properties (#)	Wault (yrs)	Market value		12 month rolling rent (NOKm)	Net yield (%)	Market rent		
					(NOKm)	(NOK/sqm)			(NOKm)	(NOK/sqm)	
Oslo	502 132	93.1	36	7.2	15 130	30 131	961	1 914	5.9	1 013	2 018
Sandvika	100 721	95.9	8	9.3	2 066	20 509	139	1 380	6.2	133	1 322
Drammen	61 757	99.1	8	9.3	1 322	21 403	92	1 494	6.5	83	1 341
Bergen	57 084	99.2	6	5.8	1 099	19 259	82	1 436	6.6	89	1 553
Trondheim	117 186	97.9	9	7.2	2 270	19 368	173	1 476	6.8	163	1 388
Stavanger	80 698	93.0	8	8.9	2 139	26 500	147	1 826	6.5	146	1 811
Kristiansand	46 033	91.0	8	9.9	574	12 469	46	995	6.9	48	1 050
Other	97 716	98.4	12	8.4	1 560	15 960	133	1 365	7.7	123	1 259
<b>Total management portfolio</b>	<b>1 063 327</b>	<b>94.6</b>	<b>95</b>	<b>7.7</b>	<b>26 158</b>	<b>24 600</b>	<b>1 774</b>	<b>1 668</b>	<b>6.3</b>	<b>1 798</b>	<b>1 691</b>
Project portfolio	86 637		4	10.7	1 727	19 939					
Regulated development sites	142 143		6	0.6	472	3 321					
<b>Total property portfolio</b>	<b>1 292 107</b>		<b>105</b>	<b>7.8</b>	<b>28 358</b>	<b>21 947</b>					

Ringstabekk housing project is included in market value of management portfolio at cost price of NOK 197 million. Youngsgt. 7-9 is included in market value of management portfolio at sales price of NOK 60 million. The calculation of net yield is based on the valuers' assumption of ownership costs, which at 31.12.14 corresponds to 7.7 per cent of market rent.

## NOTE 7 CATEGORIES OF FINANCIAL INSTRUMENTS

All amounts in NOK million

31.12.2015	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	Designated upon initial recognition			
<b>Assets</b>									
Financial investments - shares					Interest-bearing non-current liabilities		4 054	8 029	<b>12 083</b>
- other financial assets	30		30	30	Interest-bearing current liabilities		1 900	1 223	<b>3 123</b>
Financial derivatives		530	530	530	Financial derivatives	1 121			<b>1 121</b>
Trade receivables	56		56	56	Other non-current liabilities			75	<b>75</b>
Other current receivables	206		206	206	Trade payables			142	<b>142</b>
Cash and cash equivalents	212		212	212	Other current liabilities			79	<b>79</b>
<b>Total financial assets</b>	<b>503</b>	<b>-</b>	<b>530</b>	<b>1 033</b>	<b>Total financial liabilities</b>	<b>1 121</b>	<b>5 954</b>	<b>9 547</b>	<b>16 622</b>

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						
<b>Assets</b>												
Financial investments - shares					Interest-bearing non-current liabilities		3 859	7 967 <b>11 826</b>				
- other financial assets					Interest-bearing current liabilities		1 350	1 471 <b>2 821</b>				
Financial derivatives	550		<b>550</b>		Financial derivatives	1 353		<b>1 353</b>				
Trade receivables	45		<b>45</b>		<b>Other non-current liabilities</b>							
Other current receivables	222		<b>222</b>		Trade payables			324 <b>324</b>				
Cash and cash equivalents	198		<b>198</b>		Other current liabilities			91 <b>91</b>				
<b>Total financial assets</b>	<b>465</b>	-	<b>550</b>	<b>1 015</b>	<b>Total financial liabilities</b>	<b>1 353</b>	<b>5 209</b>	<b>9 852 16 414</b>				

## 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](http://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 assets and liabilities, 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.

## ASSETS MEASURED AT FAIR VALUE

	31.12.2015	Level 1	Level 2	Level 3
Assets at fair value through profit or loss				
- Investment properties	28 823			28 823
- Derivatives	530		530	
Financial assets available for sale	-			
- Investment properties	165			165
- Equity instruments	1			1
<b>Total</b>	<b>29 520</b>		<b>530</b>	<b>28 989</b>

## LIABILITIES MEASURED AT FAIR VALUE

	31.12.2015	Level 1	Level 2	Level 3
Liabilities at fair value through profit or loss				
- Derivatives	1 121		1 121	
- Bank loans	-		-	
- Bonds	4 054		4 054	
- Commercial paper	1 900		1 900	
<b>Total</b>	<b>7 075</b>		<b>7 075</b>	

## ASSETS MEASURED AT FAIR VALUE

	31.12.2014	Level 1	Level 2	Level 3
Assets at fair value through profit or loss				
- Investment properties	26 679			26 679
- Derivatives	550		550	
Financial assets available for sale				
- Investment properties	1 551		1 551	
- Equity instruments	1		1	
<b>Total</b>	<b>28 781</b>		<b>550</b>	<b>28 231</b>

## LIABILITIES MEASURED AT FAIR VALUE

	31.12.2014	Level 1	Level 2	Level 3
Liabilities at fair value through profit or loss				
- Derivatives	1 353		1 353	
- Bank loans	-		-	
- Bonds	3 859		3 859	
- Commercial paper	1 350		1 350	
<b>Total</b>	<b>6 561</b>		<b>6 561</b>	

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

	2015	Carrying amount	2014	Carrying amount
	Fair value		Fair value	
Loans to associates	-	-	62	62
Loans to external	30	30	-	-
Trade receivables	56	56	45	45
<b>Closing balance</b>	<b>86</b>	<b>86</b>	<b>107</b>	<b>107</b>

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

	2015		2014	
	Fair value	Carrying amount	Fair value	Carrying amount
Seller credit and withheld purchase price	75	75	-	-
<b>Closing balance</b>	<b>75</b>	<b>75</b>	-	-

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, except for the amounts above, are short term and the difference between the fair value and the amortised cost is marginal.

## NOTE 9 CONSTRUCTION CONTRACTS

*All amounts in NOK million*

Entra has in 2015 started a project in Youngskvartalet in Oslo, involving both a new building and refurbishment of an existing building. The project consists of 9,400 square metres and will be finalised in the fourth quarter of 2017. The project has been forward sold to Industri Energi in 2012. When the construction is finalised, Entra will deliver the project at cost plus a project management fee NOK 7.5 million.

The existing property in Youngskvartalet has in november 2015 been reclassified from investment property to construction contract following the start-up of the project. Settlement of the sale price of NOK 60 million and the accrued construction costs will not be made until the completion and handover of the project in 2017. The project management fee will be recognised in the income statement according to the stage of completion measured by reference to the contract costs incurred up to the end of the reporting period as percentage of total estimated costs. No project management fee has been recognised in 2015 as the project has just started.

The net balance sheet position for ongoing construction contracts is as follows:

	2015
Amounts due from customers for contract work	102
<b>Total</b>	<b>102</b>
<b>The net position relates to:</b>	
Amounts due from sales of investment property	60
Amounts due from pre-phase work on the property	30
Aggregate costs incurred and recognised income in the income statement	12
<b>Total</b>	<b>102</b>

## NOTE 10 OTHER OPERATING REVENUE

*All amounts in NOK million*

	2015	2014
Sales of maintenance services to tenants	7	8
Administrative mark-ups	9	11
Sales of housing-units	186	177
Construction contract revenue	12	0
Other operating revenue	26	28
<b>Total other operating revenue</b>	<b>240</b>	<b>225</b>

## NOTE 11 OPERATING COSTS

*All amounts in NOK million*

	2015	2014
<b>Operating costs</b>		
Administrative costs	38	40
Payroll and personell expenses	35	1
Rent related expenses	5	6
Operating expenses	51	48
Other operating costs	1	1
<b>Total operating costs</b>	<b>129</b>	<b>96</b>

<sup>1)</sup> A total of NOK 2.2 (NOK 1.6) million of the total operating expenses are related to properties that do not generate any income.

In 2015 the Group has reclassified NOK 29 million in payroll expenses from administrative owner costs to operating costs. The reclassification relates to all personell that works closely to the ongoing operations regarding the customers and the properties in the property management portfolio. The reclassification is done in order to increase the basis for comparison with other real estate companies. Comparable figures for 2014 have not been changed.

## NOTE 12 OTHER PROPERTY COSTS

*All amounts in NOK million*

	2015	2014
<b>Other property costs</b>		
Rental costs	1	17
Project operating expenses	7	3
Development costs - housing-units for sale	186	184
Construction contract costs	12	-
Depreciation and write-downs	18	18
<b>Total other property costs</b>	<b>224</b>	<b>223</b>

## NOTE 13 ADMINISTRATIVE OWNER COSTS

*All amounts in NOK million*

	2015	2014
<b>Administrative expenses</b>		
Payroll and personnel expenses	98	127
Office expenses, furnishings and equipment	23	25
Consultancy fees	29	50
Other administrative owner costs	19	26
<b>Total administrative owner costs</b>	<b>168</b>	<b>227</b>

Payroll and personnel expenses of NOK 29 milion relates to property management personnel and have been reclassified from administrative owner costs to operating costs in 2015. See note 11.

## NOTE 14 PERSONNEL COSTS

*All amounts in NOK million*

### PERSONNEL COSTS

	2015	2014
Salaries, performance-related pay and other taxable benefits <sup>1)</sup>	155	144
Employers' National Insurance contributions	19	22
Pension expenses	24	14
Other personnel costs	13	14
<b>Total personnel costs</b>	<b>211</b>	<b>194</b>
Of which capitalised as projects under development	-31	-18
Of which shared costs to be distributed amongst tenants	-44	-44
Of which related to the ongoing operation of properties	-3	-6
<b>Total salary and personnel costs</b>	<b>133</b>	<b>127</b>
Number of full-time equivalents.	163	169
Number of employees at 31.12	162	167

<sup>1)</sup> Salaries, performance-related pay and other taxable benefits includes a NOK 12.6 (NOK 11.4) million provision for performance-related pay for all employees in 2015, 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 Chief Executive Officer (CEO) and other senior executives (hereafter "Senior Executives") of the company has been prepared in accordance with the provisions of the Norwegian Public Limited Companies Act, the Norwegian Accounting Act and the Norwegian Code of Practice for Corporate Governance.

The company has received from the Ministry of Trade, Industry and Fisheries the Norwegian Government's guidelines on remuneration of Senior Executives in entities in which the Government has an ownership interest, amended with effect from 13.2.2015 (the Guidelines). These guidelines form the basis for the Board's remuneration policy. 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.

#### Guidelines for management remuneration

Remuneration of Senior Executives is based on the Group's general HR strategy and remuneration policy in accordance with the Government's guidelines and 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 level of salaries of the Group's employees is of importance
- Management remuneration shall be competitive, but not leading in the relevant industry
- The fixed salary shall be the main element of the remuneration but all remuneration elements shall be considered in total
- The targets for a performance-related pay scheme shall be objective, measurable and definable, and there should be a clear correlation between the Group's business goals and the targets in such performance-related pay scheme
- Senior Executive remuneration shall be transparent and in line with the principles of good corporate governance, as well as the Government's guidelines for senior executive remuneration

#### Process for determination of remuneration

The Board has established a separate Remuneration Committee consisting of the Chair of the Board and one additional board member to follow up on the remuneration of the Group's Senior Executives. The CEO normally participates in the committee's meetings unless the committee is considering issues regarding the CEO.

The Remuneration Committee functions as an advisory body for the Board and the CEO and is responsible primarily for:

- Making recommendations to the Board based on the committee's evaluation of the principles and systems underlying the remuneration of the CEO and other Senior Executives.

- Making recommendations to the Board based on the committee's evaluation of the overall remuneration of the CEO, including the annual basis for bonus payments and bonus payments actually made.
- Assisting the CEO in determining the remuneration of the other Senior Executives.
- Advising the Board and the CEO in compensation matters which the committee finds to be of material or principle importance for Entra.

#### Determination of remuneration in 2016

The guidelines for management remuneration set forth above forms the basis for all remuneration of Senior Executives. The Board of Directors furthermore proposes that the following principles shall apply for 2016 and up until the annual shareholders' meeting in 2017.

The total remuneration of the CEO and other Senior Executives consists of a fixed package of salary and benefits supplemented by performance-based bonuses, share-based long-term incentive plans, employee share plans, pension and insurance arrangements.

#### Fixed remuneration

The fixed remuneration provided to Senior Executives includes a base salary (which is the main element of remuneration) and benefits in kind such as car allowance, mileage agreements and telephone. The Senior Executives also has insurance coverage and other benefits in line with what is offered to the other employees in accordance with collective agreements, legislation and normal practice in Norwegian companies.

#### OVERVIEW OF REMUNERATION SCALE LTI SCHEME 2016

	Target scale 2016 (%)			Maximum LTI result Senior Executives (%) <sup>1)</sup>	Maximum LTI result CEO (%) <sup>1)</sup>
	80	100	120		
RoE	5.3	<b>6.6</b>	7.9	10	15
TSR	80 % of index	<b>100 % of index</b>	120% of index	10	15
Result LTI	0	<b>50</b>	100	20	30

<sup>1)</sup> Calculated as actual achieved RoE / TSR divided by target RoE / TSR ("Result"). This Result is compared to the target scale for 2016 and if between 80 and 120 per cent, the linear percentage achievement is multiplied with the maximum LTI result. I.e. if the Result is 100 per cent on the target scale, LTI remuneration is calculated by 50 per cent multiplied by maximum LTI of 20 per cent and 30 per cent for Senior Executives and CEO, respectively. The maximum LTI payout is 20 and 30 per cent of the base salary for Senior Executives and CEO, respectively.

The LTI remuneration will be distributed in shares which will have a vesting period of one year and a lock-up period of three years. LTI remuneration is not accounted for when determining the basis for pensionable salary.

#### Share purchase scheme

The CEO and other Senior Executives are eligible to participate fully in Entra's discounted employee share purchase plan on the same terms as all other employees.

#### Pension benefits

Following the stock exchange listing, Entra no longer fulfills the conditions for membership in the Norwegian Public Service Pension Fund (SPK). From 1 January 2016, Entra has closed the defined benefit-based scheme for a majority of the current employees, including Senior Executives, and has established a contribution-based service pension scheme for all employees. The contributions

#### Performance-related pay

The Group operates performance-related pay schemes for Senior Executives. For the Group's Senior Executives, performance-related pay in 2016 includes a performance-related pay scheme ("STI") and a long-term performance based share incentive programme ("LTI").

#### STI scheme

The STI scheme is based on set targets at Group level in accordance with Board approved scorecards for 2016, as well as predefined personal targets. The Board sets individual targets for the CEO and assesses the actual achievements. Individual targets and the corresponding assessment of achievement for the other Senior Executives is recommended by the CEO and approved by the Board.

For the CEO the STI scheme has a maximum limit of 50 per cent of base salary and for other Senior Executives the maximum limit is 30 per cent of base salary.

#### LTI scheme

The LTI scheme is based on two Key Performance Indicators (KPIs); Return on Equity after tax (RoE) and Total Shareholder Return (TSR), each weighting 50 per cent. Actual performance is determined on a linear target scale between a hurdle at 80 per cent and a cap at 120 per cent for both KPIs.

1. Return on Equity: three-year average RoE compared to a target determined by the Remuneration Committee.
2. Total Shareholder Return: annual Entra TSR performance compared to the performance of the FTSE EPRA/NAREIT index.

are 5 per cent of salaries between 0G and 7.1 G and 15 per cent of salaries from 7.1G to 12G.

**Board compensation for company management and other employees**  
The CEO and the other Senior Executives have a number of internal directorships in subsidiaries and partly-owned companies. They do not receive any remuneration for these directorships.

Employee-elected members of the Board of Entra ASA 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 Senior Executives have pre-agreed severance pay agreements.

### Determination of remuneration in 2015

Determination of senior executive remuneration for 2015 has been carried out in accordance with the guidelines determined by the Board in 2015. The base salary of the Senior Executives increased by on average 2.7 percent in 2015. Performance-related pay for 2014 was determined and paid in 2015 on the basis of the principles determined in 2014. Performance-related pay for 2015 will be determined and paid in 2016 on the basis of the principles determined in 2015.

### OVERVIEW OF TOTAL REMUNERATION TO SENIOR EXECUTIVES IN 2015

#### PAYMENTS TO SENIOR EXECUTIVES

All amounts in NOK thousand	Salary	Performance related pay (STI) <sup>1)</sup>	LTI	Benefits in kind	Estimated pension costs	Total remunderation 2015
<b>Senior executives as at 31.12.2015</b>						
Klaus-Anders Nysteen, CEO, left the company 28.02.2015 <sup>2)</sup>	556	-	-	26	31	613
Arve Regland, CFO to 06.05.2015, CEO from 06.05.2015	3 303	1 456	101	140	191	5 191
Anders Olstad, CFO from 01.10.2015	601	113	47	33	25	819
Tom Bratlie, EVP HR and Communication from 01.04.2015	1 176	242	29	107	144	1 699
Sonja Horn, EVP Oslo	1 766	439	36	142	191	2 574
Mona Aarebrot, EVP Regional Cities	1 418	353	29	142	191	2 133
Anders Solaas, EVP Letting and Business Development	1 735	433	35	143	191	2 537
Kristin Haug Lund, EVP Project Development & Technology	1 699	423	35	138	191	2 486
Hallgeir Østrem, EVP Legal to 01.11.2015 <sup>3)</sup>	1 880	468	38	143	191	2 721
Jorunn Nerheim, EVP South/West Norway to 01.11.2015 <sup>3)</sup>	1 201	267	24	150	191	1 834
Karl Fredrik Torp, EVP Mid/North Norway to 01.11.2015	1 341	122	24	139	191	1 818
<b>Total</b>	<b>16 676</b>	<b>4 317</b>	<b>399</b>	<b>1 301</b>	<b>1 732</b>	<b>24 426</b>

<sup>1)</sup> Performance-related pay is based on a provision based on targets met in 2015, which will be paid out in 2016.

<sup>2)</sup> The former CEO Klaus-Anders Nysteen had a supplemental contribution plan in accordance with the state's guidelines for senior management salaries. As the pension plan was not supported by any insurance company, the pension benefits earned was accrued in the company's financial statements. The pension amount of NOK 1,065 was paid out when he resigned.

<sup>3)</sup> The EVP Legal and the EVP South/West Norway are from 1 November 2015 not members of the senior executive board of Entra, but is still employed in the Company. Their remuneration is reflecting the total remuneration they have received as employees in the Company in 2015.

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

Total loans given by Entra to senior executives were NOK 223 (201) at 31 December 2015.

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

#### PAYMENTS TO SENIOR EXECUTIVES

All amounts in NOK thousand	Salary	Performance related pay <sup>2)</sup>	Benefits in kind	Estimated pension costs	Total remunderation 2014
<b>Senior executives as at 31.12.2014</b>					
Klaus-Anders Nysteen, CEO <sup>1)</sup>	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 Bjørkmann, EVP Communication to 31.12.2014	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
<b>Total</b>	<b>17 316</b>	<b>3 483</b>	<b>1 365</b>	<b>2 381</b>	<b>24 545</b>

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

<sup>2)</sup> 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.

The Group did not have any share-based long-term incentive program or option scheme for its executive management in 2014.

All amounts in NOK thousand	Board fees	Committee fees	Total remuneration 2015 <sup>2)</sup>	Total remuneration 2014 <sup>1)</sup> <sup>2)</sup>
<b>Board</b>				
Siri Hatlen, Chair	416	44	460	505
Martin Mæland, Deputy Chair	209	44	253	245
Ingrid Tjøsvold	209	44	253	245
Arthur Sletteberg	209	63	272	338
Kjell Bjordal	209	25	234	227
Birthe Smedsrød Skeid, employee representative <sup>3)</sup>	209	-	209	202
Frode Halvorsen, employee representative from 25 August 2014 <sup>3)</sup>	209	-	209	103
Tore Benediktsen, employee representative until 25 August 2014 <sup>3)</sup>	-	-	-	99
<b>Total <sup>1)</sup></b>	<b>1 670</b>	<b>220</b>	<b>1 890</b>	<b>1 964</b>

<sup>1)</sup> Include fees for the privatisation committee paid to the chair of the committee, Siri Hatlen, of NOK 60 and the member of the committee, Arthur Sletteberg, of NOK 75.

<sup>2)</sup> The overview of the remuneration of the Board of Directors shows remuneration earned in the financial year.

<sup>3)</sup> 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

	2015	2014
Interest income	16	21
Other finance income	3	0
<b>Total interest and other finance income</b>	<b>19</b>	<b>21</b>
Interest expenses	550	682
- of which capitalised borrowing costs	-32	-37
Other finance expenses	126	22
<b>Total interest and other finance expense</b>	<b>645</b>	<b>666</b>
Average interest on capitalised borrowing costs	4.0 %	4.2 %

## NOTE 17 GOODWILL

All amounts in NOK million

### MOVEMENT IN CARRYING AMOUNT OF GOODWILL

	2015	2014
Opening balance at 01.01.	146	-
Additional amounts recognised from business combination occurring during the year	-	146
<b>Closing balance at 31.12.</b>	<b>146</b>	<b>146</b>

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 2015.

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

All amounts in NOK million

	2015			2014		
	Intangible assets <sup>1)</sup>	Property used by owner	Other property, plant and equipment	Intangible assets <sup>1)</sup>	Property used by owner	Other property, plant and equipment
Acquisition cost at 01.01.	78	8	59	65	7	49
Acquisitions	26	0	10	15	0	10
Reclassified to investment property	-38	0	0	0	0	0
Disposals	-34	0	-31	-3	0	0
<b>Acquisition cost at 31.12.</b>	<b>31</b>	<b>8</b>	<b>38</b>	<b>78</b>	<b>8</b>	<b>59</b>
Accumulated depreciation and write-downs at 01.01.	43	1	25	34	1	18
Depreciation and write-downs	7	0	11	12	0	6
Disposals	-34	0	-27	-3	0	0
<b>Accumulated depreciation and write-downs at 31.12.</b>	<b>16</b>	<b>1</b>	<b>10</b>	<b>43</b>	<b>1</b>	<b>25</b>
<b>Carrying amount at 31.12.</b>	<b>15</b>	<b>7</b>	<b>28</b>	<b>34</b>	<b>7</b>	<b>34</b>

<sup>1)</sup> Intangible assets mainly relate to software.

## NOTE 19 INVESTMENT PROPERTIES

All amounts in NOK million

### VALUE OF INVESTMENT PROPERTIES

	2015	2014
<b>Opening balance at 01.01.</b>	<b>28 230</b>	<b>24 818</b>
<b>Other movements</b>		
Purchase of investment property	213	1 581
Investment in the property portfolio	807	1 077
Capitalised borrowing costs	22	37
Sale of investment property	-1 548	-477
Reclassified to property and housing-units for sale	-493	-
Reclassified to construction contracts	-60	-
Change in value from operational lease	-59	36
Change in value from investment properties	1 877	1 158
<b>Closing balance at 31.12.</b>	<b>28 989</b>	<b>28 230</b>
Of which investment properties held for sale	165	1 551
<b>Investment properties</b>	<b>28 823</b>	<b>26 680</b>

Investment properties held for sale comprise 2 (9) 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 2015, the Group has identified 2 (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 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 "Halvbroen"). 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 "Halvbroen" if the tenant itself leases and uses more than 50 per cent of the building. As of 31 December 2015, the tenant leased and used 65 per cent 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 1,566 (1,429) million as of 31 December 2015.

Pursuant to the lease agreement entered into between Entra 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 97.1 million; after fifteen years lease at a purchase price of NOK 86.9 million; and after 20 years lease at a purchase price of NOK 63.3 million. The market value of the property was NOK 103 (105) million as of 31 December 2015.

Pursuant to deed registered in the Land Registry on 18 August 1980, Bergen municipality has an option to acquire Kunsthåndverkskolen in Strømgaten 1 in Bergen municipality. Bergen municipality has claimed the right to exercise the option effective from the point in time Kunsthåndverkskolen vacates the property and the property shall at such time be returned to Bergen municipality without any compensation. The lease agreement is during 2015 extended and expires on 30 September 2017. The market value of the property was NOK 4.4 (4.1) million as of 31 December 2015.

Pursuant to the ground lease agreement entered into between Entra 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 649 (712) million as of 31 December 2015.

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.

## 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.

31.12.2015	Acquisition date	Business office	Shareholding/voting rights (%)
<b>Associated companies</b>			
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
<b>Jointly controlled entities</b>			
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
Oslo City Kjøpesenter AS	31.12.2015	Oslo	33.30

31.12.2014	Acquisition date	Business office	Shareholding/voting rights
<b>Associated companies</b>			
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
<b>Jointly controlled entities</b>			
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

### MOVEMENT IN CARRYING AMOUNT OF ASSOCIATES AND JOINTLY CONTROLLED ENTITIES

	Carrying amount 31.12.2014	Share of profit for 2015	Capital injection/ reduction	Carrying amount 31.12.2015	Change in value in share of profit <sup>1)</sup>
<b>Associated companies</b>	7	1	-1	7	0
Entra OPF Utvikling AS	363	1	129	492	-3
Sundtkvartalet Holding AS	127	30	0	157	49
Oslo City Kjøpesenter AS	0	0	1 592	1 592	0
Oslo S Utvikling AS	578	12	-50	540	0
<b>Total associates and jointly controlled entities</b>	<b>1 074</b>	<b>44</b>	<b>1 670</b>	<b>2 789</b>	<b>46</b>

## 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 <sup>1)</sup>
<b>Associated companies</b>	<b>7</b>	<b>0</b>	<b>0</b>	<b>7</b>	<b>0</b>
<b>Jointly controlled entities</b>					
Sørlandet Kunnskapspark Eiendom AS <sup>2)</sup>	6	0	-6	0	0
UP Entra AS <sup>3)</sup>	104	21	-125	0	13
Entra OPF Utvikling AS	394	-11	-20	363	-23
Sundkvartalet Holding AS	0	15	111	127	16
Oslo S Utvikling AS	618	10	-50	578	0
<b>Total associates and jointly controlled entities</b>	<b>1 128</b>	<b>36</b>	<b>-89</b>	<b>1 074</b>	<b>6</b>

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

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

<sup>3)</sup> 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	
	2015	2014
Total operating revenue	169	376
Total operating expenses	-142	-338
<b>Net income from property management</b>	<b>27</b>	<b>39</b>
Adjustment to value from investment property	46	67
Net financial items	-4	-31
<b>Profit before tax</b>	<b>68</b>	<b>74</b>
Tax expense	-25	-39
<b>Profit after tax</b>	<b>44</b>	<b>36</b>
<b>Total comprehensive income</b>	<b>44</b>	<b>36</b>
Total assets	3 854	1 713
Equity	2 784	1 149
Total liabilities	1 070	565

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 amortised 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 this jointly controlled company in 2015.

SUMMARY OF SIGNIFICANT ACCOUNTING ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS OF OSLO S UTVIKLING AS AFTER IFRS ADJUSTMENTS FOR 2015 AND 2014 (100 PER CENT)

	2015	2014
<b>Income statement:</b>		
Rental income	76	66
Other operating revenue	383	992
<b>Operating revenue</b>	<b>459</b>	<b>1 059</b>
Operating costs	59	33
Other property costs	315	768
of which depreciation and write-downs	1	121
Administrative owner costs	17	41
<b>Total operating costs</b>	<b>391</b>	<b>841</b>
<b>Net income from property management</b>	<b>67</b>	<b>217</b>
Interest and other finance income	2	3
Interest and other finance expense	-11	-98
<b>Net financial items</b>	<b>-9</b>	<b>-95</b>
<b>Profit before tax</b>	<b>59</b>	<b>123</b>
Tax expense	22	89
<b>Profit after tax</b>	<b>36</b>	<b>34</b>
<b>Total comprehensive income</b>	<b>36</b>	<b>34</b>
<b>Balance sheet:</b>		
Current assets	3 335	2 813
of which cash and cash equivalents	90	56
Non-current assets	46	66
Current liabilities	501	907
of which current financial liabilities other than accounts payable and provisions	0	0
Non-current liabilities	1 411	390
of which non-current financial liabilities other than accounts payable and provisions	1 411	390

RECONCILIATION OF CARRYING AMOUNT

	Shareholding (%)	2015	2014
Net assets	100.00	1 469	1 582
Group's shareholding in the company	33.33	490	527
Added value	33.33	51	51
<b>Carrying amount of Group's shareholding</b>	<b>33.33</b>	<b>540</b>	<b>578</b>

CONTRACTUAL OBLIGATIONS

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

	2015	2014
Property, plant and equipment	218	138
<b>Total contractual obligations</b>	<b>218</b>	<b>138</b>

The Group acquired 33.3 per cent of the shares in Oslo City Kjøpesenter AS ("Oslo City") at 31 December 2015. The remaining shares are owned by Steen og Strøm AS. Oslo City is a combined shopping center and office property of 80,500 sqm located next to the Oslo Central Station. Oslo City will be demerged in 2016 and Entra will be 100 per cent owner of the office part of the property then the demerger is finalised. The demerger will be carried out to discontinued book values and Entra will be 100 per cent owner of the office property with a market value of NOK 1.5 billion and 50 per cent owner of the parking area with a market value of NOK 290 million.

## NOTE 21 TRADE RECEIVABLES

*All amounts in NOK million*

	2015	2014
Trade receivables	60	51
Provisions for bad debts	-4	-6
<b>Net trade receivables</b>	<b>56</b>	<b>45</b>

At 31 December 2015, NOK 28 (NOK 29) million in trade receivables were overdue. Provisions for a loss of NOK 4 (NOK 6) million have been made for overdue trade receivables. The age analysis of these trade receivables is as follows:

### TRADE RECEIVABLES

	2015	2014
Up to 3 months	17	7
Over 3 months	11	22
<b>Total overdue</b>	<b>28</b>	<b>29</b>

## NOTE 22 OTHER CURRENT RECEIVABLES

*All amounts in NOK million*

### OTHER CURRENT RECEIVABLES

	2015	2014
VAT owed	8	39
Accrued interest	45	38
Receivables in connection with sale of housing-units	3	84
Accrued not invoiced	34	38
Advance payments and accruals	6	7
Deferred payment sales of Youngskvartalet	60	0
Accrued not invoiced construction cost Youngskvartalet	42	0
Other current receivables	8	16
<b>Total other current receivables</b>	<b>206</b>	<b>222</b>

## NOTE 23 BANK DEPOSITS

*All amounts in NOK million*

	2015	2014
Bank deposits	179	162
Tied bank deposits	32	36
<b>Total bank deposits</b>	<b>212</b>	<b>198</b>

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

## NOTE 24 SHARE CAPITAL AND SHAREHOLDER INFORMATION

Entra's share capital is NOK 183,732,461 divided into 183,732,461 shares, with each share having a par value of NOK 1.00. All the shares have been issued in accordance with the Norwegian Public Limited Companies Act and are fully paid. Entra has one class of shares. All shares provide equal rights, including the right to any dividends. Each of the shares carries 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 2015 Entra had 5,847 shareholders. Norwegian investors held 69.4 per cent of the share capital and foreign investors 30.6 per cent.

The table below sets out the change in share capital, the average number of shares in the last two years, the largest shareholders at year end, and shares owed by directors at 31 December 2015.

	No. of shares	Share capital (NOKm)	Share premium (NOKm)	Face value (NOK)
Beginning of year 01.01.2014	142 194	142		1 000
Share split (1:1000)	142 194 000	142		1
Issue of shares	41 538 461	42	2 658	1
IPO costs			-40	1
End of year 31.12.2014	183 732 461	184	2 619	1
End of year 31.12.2015	183 732 461	184	2 619	1

Paid-in capital amounts to NOK 3,739 million (NOK 3,739 million) and consists of NOK 184 million (NOK 184 million) in share capital and NOK 3,556 million (NOK 3,556 million) in other paid-in capital.

Entra ASA has a share purchase scheme, offering all employees, including management, the opportunity to purchase shares in Entra ASA at a 20 per cent discount. The shares are subject to two-year lock-in period. The purchase price in the employee offering is calculated as the average share price the last 30 days (VWAP) until and including 29 May 2015 less a 20 per cent discount. Total subscription amounted to NOK 5 million after discount. Entra has acquired in 2015 a total of 83,129 of its own shares. The total amount paid to acquire the shares was NOK 6 million. All shares were sold to the employees in connection with the share purchase scheme to employees in June 2015.

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

The 20 largest shareholders as registered in the VPS as of 31 December 2015 were as follows:

Shareholder	No of shares per 31.12.2015	Shareholding %	Country
Norwegian Ministry of Trade, Industry and Fisheries	91 368 893	49.7	Norway
Geveran Trading	14 223 406	7.7	Cyprus
Folketrygdfondet	10 588 234	5.8	Norway
Danske Invest Norske	4 148 995	2.3	Norway
State Street Bank (Nominee)	4 118 309	2.2	USA
JP Morgan Bank Luxemburg (Nominee)	3 624 294	2.0	Luxemburg
The Bank of New York (Nominee)	2 835 886	1.5	Great Britain
Danske Invest Norske	2 300 784	1.3	Norway
State Street Bank (Nominee)	1 806 040	1.0	USA
The Bank of New York (Nominee)	1 722 085	0.9	USA
BNP Paribas Sec	1 600 586	0.9	Australia
Skandinaviska Enskilda Banken	1 234 621	0.7	Sweden
MP Pensjon	1 096 960	0.6	Norway
State Street Bank (Nominee)	1 086 074	0.6	USA
BNY Mellon	1 000 000	0.5	Netherlands
Goldman Sachs	982 547	0.5	USA
State Street Bank (Nominee)	859 321	0.5	Ireland
State Street Bank (Nominee)	857 390	0.5	USA
Danske Invest Norske	843 620	0.5	Norway
State Street Bank (Nominee)	821 003	0.4	USA
<b>Total 20 largest shareholders</b>	<b>147 119 048</b>	<b>80.1</b>	
<b>Total</b>	<b>183 732 461</b>	<b>100.0</b>	

#### SHARES HELD BY DIRECTORS AND SENIOR EXECUTIVE OFFICERS AT 31.12.

Shareholder	Position	Number of shares 2015	Number of shares 2014
<b>Board of directors</b>			
Siri Hatlen	Chair	1 163	1 091
Martin Mæland	Deputy Chair	2 328	2 183
Ingrid Tjøsvold	Board member	466	437
Kjell Bjordal	Board member	14 704	14 551
Arthur Sletteberg	Board member	775	727
Birthe Smedsrød Skeid	Employee representative	4 143	2 307
Frode Halvorsen	Employee representative	834	230
<b>Senior executives</b>			
Arve Regland	Chief Executive Officer	21 066	9 230
Anders Olstad	Chief Financial Officer	15 000	
Tom Bratlie	EVP HR and Communication	2 683	-
Sonja Horn	EVP Oslo	7 182	3 846
Mona Aarebrot	EVP Regional Cities	6 451	4 615
Anders Solaas	EVP Letting and Business Development	1 699	461
Kristin Haug Lund	EVP Project Development and Technology	6 451	4 615
<b>Shares held by board of directors and senior executives</b>		<b>84 945</b>	<b>44 293</b>



## THE GROUP'S BONDS AT 31.12.2014

ISIN	Issue limit	Coupon rate	Term to maturity	Amount	Repurchased <sup>1)</sup>	Net balance <sup>1)</sup>
NO0010552466	1 500	5.55 %	25.11.2019	500	-	500
NO0010592363	1 500	4.70 %	06.12.2017	500	-	500
NO0010662869	1 500	3M Nibor + 1.22 %	09.11.2015	1 200	-	1 200
NO0010641806	1 500	3M Nibor + 1.25 %	10.04.2017	1 100	-	1 100
NO0010673700	1 500	3M Nibor + 1.25 %	20.09.2018	1 200	-	1 200
NO0010686660	1 500	4.25 %	02.09.2020	700	-	700
NO0010670995	1 500	5.00 %	08.02.2023	500	-	500
NO0010715931	1 500	3M Nibor + 0.61 %	08.08.2019	500	-	500
NO0010282031	1 100	4.62 %	29.05.2030	1 100	-	1 100
						<b>7 300</b>

## THE GROUP'S COMMERCIAL PAPER AT 31.12.2014

ISIN	Issue limit	Coupon rate	Term to maturity	Amount	Repurchased <sup>1)</sup>	Net balance <sup>1)</sup>
NO0010723539	400	1.90 %	11.05.2015	300	-	300
NO0010720006	400	1.95 %	10.04.2015	200	-	200
NO0010716012	400	2.00 %	10.03.2015	300	-	300
NO0010709744	400	2.02 %	12.01.2015	250	-	250
NO0010713282	400	2.18 %	10.02.2015	300	-	300
						<b>1 350</b>

<sup>1)</sup> nominal values

## 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 2015, 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 ASA, separate financing is generally arranged without any guarantee from the shareholders. This kind of financing is generally secured through a mortgage.

	2015	2014
Carrying amount of liabilities secured through mortgages	3 257	2 993
<b>Carrying amount of mortgaged assets</b>		
Buildings and sites	4 119	4 039

## NOTE 26 PENSION

*All amounts in NOK million*

The Group has with effect from 31 December 2015 closed the defined benefit pension plan in Statens Pensjonskasse ("SPK") for employees born before 1960 as Entra ASA no longer fulfil the conditions of having their pension plan in SPK as a listed company. From 1 July 2015 a defined contribution pension plan was established for employees in Entra ASA. The defined benefit pension plan cover a total of 32 (162) current employees and 60 (59) pensioners. The defined benefit contribution plan include 13 (5) employees in the Group.

### 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 2015, 11 (14) 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 2015, the net pension liabilities associated with the AFP scheme amounted to NOK 16 (NOK 9) 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 BALANCE SHEET LIABILITIES HAVE BEEN CALCULATED AS FOLLOWS

	2015	2014
Present value of accrued pension liabilities in defined-benefit schemes in unit trusts	172	198
Fair value of pension scheme assets	-137	-126
Employers' NICs accrued	5	10
<b>Net pension liabilities on the balance sheet at 31.12</b>	<b>40</b>	<b>82</b>

### CHANGE IN DEFINED-BENEFIT PENSION LIABILITIES OVER THE YEAR

	2015	2014
Pension liabilities at 01.01	198	159
Present value of pensions earned this year	23	18
Interest expense	4	6
Pension benefits paid	-6	-6
Settlement	-17	0
Plan amendment	0	-7
Actuarial losses (+) / gains (-)	-30	29
<b>Pension liabilities at 31.12</b>	<b>172</b>	<b>198</b>

## CHANGE IN FAIR VALUE OF PENSION SCHEME ASSETS

	2015	2014
Pension scheme assets at 01.01	126	111
Anticipated return on pension scheme assets	3	5
Contributions from employer	23	19
Pension benefits paid	-6	-6
Settlement	-14	0
Actuarial losses (+) / gains (-)	4	-3
<b>Pension scheme funds at 31.12</b>	<b>137</b>	<b>126</b>

## TOTAL COST RECOGNISED IN THE INCOME STATEMENT

	2015	2014
Cost of pension benefits accrued during current period	23	18
Impact on this years plan assets	-3	-7
Employers' National Insurance contributions	3	2
Contribution scheme	1	1
<b>Total pension benefits accrued during the period</b>	<b>24</b>	<b>14</b>
Net interest expense	1	1
<b>Total pension benefits accrued in income statement</b>	<b>25</b>	<b>15</b>
Estimate difference accrued in comprehensive income	-39	35
<b>Total pension benefits accrued in total comprehensive income</b>	<b>-14</b>	<b>50</b>

The actual return on pension scheme assets was NOK 7 million (NOK 2 million).

## THE FOLLOWING ECONOMIC ASSUMPTIONS HAVE BEEN USED

	2015	2014
Discount rate	2.70 %	2.30 %
Anticipated return on pension scheme assets	2.70 %	2.30 %
Annual wage growth	2.50 %	2.75 %
Annual adjustment to the National Insurance Scheme's basic amount ("G")	2.25 %	2.50 %
Annual adjustment of pensions	1.50 %	1.75 %
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. The pension scheme assets are invested in government bonds.

## AMOUNTS FOR THE CURRENT YEAR AND FOR THE FOUR PREVIOUS YEARS

	2015	2014	2013	2012	2011
Gross defined-benefit pension liabilities	172	198	154	148	148
Fair value pension funds 31.12	-137	-126	-107	-97	-97
<b>Net defined-benefit pension liabilities</b>	<b>35</b>	<b>72</b>	<b>47</b>	<b>52</b>	<b>52</b>

Expected payments to the defined-benefit pension plan for the period 1 January 2016 - 31 December 2016 are NOK 3 (NOK 22) million and for the defined contribution plan NOK 7 million.

## NOTE 27 TAX

All amounts in NOK million

### INCOME TAX EXPENSE

	2015	2014
Tax payable	-	-
Change in deferred tax on profit and loss	354	351
Change in deferred tax on comprehensive income	10	-9
<b>Income tax expense</b>	<b>364</b>	<b>342</b>

### INCOME TAX PAYABLE IS CALCULATED AS FOLLOWS

	2015	2014
Profit before tax	3 075	1 377
Share of profit/loss at associates and jointly controlled entities	-44	-36
Other permanent differences	-788	-15
Changes in temporary differences	-1 967	-1 048
Changes in loss carry-forwards	-276	-279
<b>Profit for tax purposes</b>	<b>0</b>	<b>0</b>
Tax payable on the balance sheet	-	-
<b>Tax payable on the balance sheet</b>	<b>-</b>	<b>-</b>

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:

	2015	%	2014	%
Profit for accounting purposes multiplied by nominal tax rate	830	27.0	372	27.0
Tax on share of profit/loss at associates and jointly controlled entities	-12	-0.4	-10	-0.7
Tax on permanent differences	-213	-6.9	-4	-0.3
Effect of change in applied tax rate subsidiary	13	0.4	0	-
Effect of change in tax rate from 27 per cent to 25 per cent	-265	-8.6	0	-
Reversal of write-down of deferred tax asset	0	-	-7	-0.5
<b>Tax expense for accounting purposes</b>	<b>354</b>	<b>11.5</b>	<b>351</b>	<b>25.5</b>

From the income year 2016 the tax rate on normal income is reduced to 25 per cent. Deferred tax as at 31 December 2015 was measured using the new rate. The effect on tax for the period is NOK - 265 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:

	2015	2014
Deferred tax liability	3 880	3 772
Deferred tax assets	556	788
<b>Net deferred tax</b>	<b>3 324</b>	<b>2 984</b>

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

	Non-current assets <sup>1)</sup>	Financial instruments	Current assets	Gains/losses account	Provisions	Loss carried forward	Total
<b>31.12.2013</b>	<b>2 861</b>	<b>-188</b>	<b>18</b>	<b>153</b>	<b>-15</b>	<b>-313</b>	<b>2 515</b>
Recognised in profit and loss	595	-141	-13	4	-11	-75	358
Recognised in comprehensive income	-	-	-	-	-9	-	-9
Recognised directly to equity	-	-	-	-	-	-15	-15
Acquisition and disposal of subsidiaries	148	-8	4	-	-	-2	142
Previously, not recognised deferred tax assets	-	-	-	2	-	-9	-7
<b>31.12.2014</b>	<b>3 604</b>	<b>-337</b>	<b>10</b>	<b>158</b>	<b>-36</b>	<b>-414</b>	<b>2 984</b>
Transferred between categori	-69	-	69	-	-	-	-
Recognised in profit and loss	482	90	-11	-31	15	75	619
Recognised in comprehensive income	-	-	-	-	10	-	10
Acquisition and disposal of subsidiaries	-16	-	-	-5	-	-4	-24
Effect of change in tax rate	-296	18	-5	-9	1	25	-266
<b>31.12.2015</b>	<b>3 704</b>	<b>-229</b>	<b>62</b>	<b>113</b>	<b>-10</b>	<b>-318</b>	<b>3 324</b>

<sup>1)</sup> 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 2015 is NOK 2,787 million (NOK 2,616 million).

## NOTE 28 OTHER LIABILITIES

All amounts in NOK million

	2015	2014
Prepayments from customers	79	101
Subordinated loans	25	0
Seller credit and withheld purchase price	75	0
Provisions for non-current liabilities	18	28
<b>Total other liabilities</b>	<b>196</b>	<b>129</b>

## MOVEMENTS IN PROVISIONS FOR NON-CURRENT LIABILITIES

	2015	2014
<b>Movements in provisions</b>		
Opening balance at 01.01.	28	5
Additional provisions during the year	1	36
Provisions used during the year	-10	-13
Unused provisions reversed during the year	0	0
<b>Closing balance at 31.12.</b>	<b>18</b>	<b>28</b>

## DETAILS OF PROVISIONS

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 14 million (NOK 24 million) at 31 December 2015, 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*

	2015	2014
Trade payables	142	324
Holiday pay owed	15	15
Unpaid government taxes and duties	13	15
Shared costs for buildings, owed to tenants	21	24
Interest accrued	89	106
Other liabilities	30	36
<b>Total trade payables and other liabilities</b>	<b>310</b>	<b>521</b>

## NOTE 30 TENANT PREPAYMENTS AND PROVISIONS

*All amounts in NOK million*

	2015	2014
Tenant prepayments	53	52
Provisions for current liabilities	15	18
<b>Total tenant prepayments and provisions</b>	<b>68</b>	<b>70</b>

### MOVEMENTS IN PROVISIONS FOR CURRENT LIABILITIES

	2015	2014
<b>Movements in provisions</b>		
Opening balance at 01.01.	18	28
Additional provisions during the year	15	20
Provisions used during the year	-18	-30
Unused provisions reversed during the year	0	0
<b>Closing balance at 31.12.</b>	<b>15</b>	<b>18</b>

Provisions mainly consist of provisions for salaries and fees.

## NOTE 31 SUBSIDIARIES

The Group comprise of the following legal entities at 31 December 2015.

### Subsidiary of Entra ASA

Akersgata 32 AS	Hagegata 22 og 24 AS	Lømslands vei 6 AS	Telemarksqt 11 AS
Akersgata 34-36 AS	Hagegata 23 Eiendom AS	Middelthuns gate 29 AS	Tollbugata 1A AS
AS Lilletorget 1	Hans Kiærsgate 1B og C AS	Moloveien 10 AS	Tordenskiolds gate 12 AS
Biskop Gunnerus gate 6 AS	Hinna Park Eiendom AS <sup>1)</sup>	Nonnen Utbygging AS	Tullinkvartalet AS
Biskop Gunnerusgate 14 AS	Holtermanns veg 1-13 AS	Nytorget 1 AS	Tungasletta 2 AS
Bispes AS	Kalfarveien 31 AS	Oslo Z AS	Universitetsgaten 2 AS
Brattørkaia AS <sup>3)</sup>	Karoline Kristiansens vei 2 AS	Otto Sverdrups plass 4 AS	Universitetsgaten 7 AS
Brynsengfaret 4 og 6 AB+F AS	Kirkegaten 2 B AS	Papirbredden Eiendom AS <sup>2)</sup>	Vahlsgate 1-3 ANS
Entra AS	Kjørboparken AS	Pilestredet 28 AS	Vahlsgate 1-3 AS
Entra Felleskost AS	Konggata 51 AS	Ribekk AS <sup>4)</sup>	Vahlsgate 1-3 KS
Entra Kultur 1 AS	Kr Augustsgate 23 AS	Schweigaards gate 15 AS	Vestre Strandgate 21 AS
Entra Service AS	Kvartal 71 AS	Schweigaards gate 16 AS	Wergelandsveien 29 AS
Entra Utleie AS	Langkaia 1 AS	Sorgenfri Trondheim AS	Wexelsplass Garasje AS
Fredrik Selmers vei 4 AS	Lervigsveien 32 og Tinngata 8 AS	Strandveien 13 AS	Youngskvartalet AS
Fritzners gate 12 AS	Lømslands vei 23 AS	Sørlandet Kunnskapspark Eiendom AS	Aasta Hansteens vei 10 AS

### Shares in subsidiaries owned through subsidiaries

Hinna Park Eiendom AS <sup>1)</sup>	Papirbredden Eiendom AS <sup>2)</sup>	Brattørkaia AS <sup>3)</sup>	Ribekk AS <sup>4)</sup>
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			

<sup>1)</sup> Entra ASA owns 50 per cent of the shares in Hinna Park Eiendom AS. The remaining 50 per cent is owned by Camar Eiendom AS.

<sup>2)</sup> Papirbredden Eiendom AS is owned by Entra ASA with voting and owner shares of 60 per cent 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 2015 mainly related to administrative fees, loans, interest payments on loans and dividend. The aggregate figures are shown in the table below.

	2015	2014
<b>Income statement</b>		
Other operating revenue	2	9
Dividend	51	80
<b>Balance sheet</b>		
Receivables	1	2
Loans	-	62

## NOTE 33 CONTINGENCIES

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

The hearing of the dispute with Norwegian Datasenter Group AS and Greenfield Property AS took place in Oslo District Court in January 2015 and Entra prevailed on all counts. The judgment has been appealed by the counterparty. The hearing of the dispute was recently postponed from March 2016 to February 2017.

The hearing of the dispute with Evry ASA/Evry AS took place in Oslo District Court in February 2015 and Evry ASA/Evry AS prevailed. Entra disagree with the verdict and the ruling has been appealed. The hearing of the dispute will take place in June 2016.

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

## NOTE 34 AUDITOR'S FEE

*All amounts in NOK thousand*

	2015	2014
Statutory audit	2 629	2 379
Tax advice	569	1 638
Other services not related to auditing	555	825
Other assurance services	606	2 458
<b>Total auditor's fee (excl. VAT)</b>	<b>4 359</b>	<b>7 299</b>

Other assurance services in 2014 was 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.

	2015	2014
Total comprehensive income for the year attributable to equity holders of the Company (NOK million)	2 677	1 001
Average number of outstanding shares (Note 24)	183 732 461	46 039 065
Basic earnings per share (NOK)	15	22

## NOTE 36 DIVIDEND PER SHARE AND DIVIDEND POLICY

Entra target a dividend pay-out ratio of approximately 60 per cent of cash earnings (defined as net income from property management less net realised financials and payable tax).

In 2016, for the fiscal year 2015, the board of Entra ASA will suggest for the general meeting a dividend of NOK 3.00 per share, which corresponds to a total dividend of NOK 551.2 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.



# Financial statements

## Entra ASA

Statement of income	101
Balance sheet - assets	102
Balance sheet - equity and liabilities	103
Statement of cash flows	104
Notes	105

# Statement of income

## 1 January to 31 December

*All amounts in NOK million*

	Note	2015	2014
Administrative owner costs	4, 5, 19, 20	11	18
<b>Total operating costs</b>		<b>11</b>	<b>18</b>
<b>Operating profit</b>		<b>-11</b>	<b>-18</b>
Income from investment in subsidiary		568	500
Interest income from Group companies		1	1
Impairment of financial assets		-10	-
<b>Net financial items</b>		<b>559</b>	<b>501</b>
<b>Profit before tax</b>		<b>548</b>	<b>483</b>
Tax expense	9	157	-5
<b>Profit for the year</b>		<b>390</b>	<b>488</b>

# Balance sheet

## – assets

*All amounts in NOK million*

	Note	31.12.2015	31.12.2014
<b>NON-CURRENT ASSETS</b>			
Deferred tax assets	15	83	19
Other intangible assets	6	12	-
<b>Total intangible assets</b>		<b>95</b>	<b>19</b>
Property and equipment	6	10	-
<b>Total property &amp; equipment</b>		<b>10</b>	-
Investment in subsidiary	7	11 148	3 680
Investments in associates and jointly controlled entities	7	2 419	-
Loan to Group companies	8, 17	2 600	36
Other long-term receivables	8	108	-
<b>Total non-current financial assets</b>		<b>16 276</b>	<b>3 715</b>
<b>Total non-current assets</b>		<b>16 380</b>	<b>3 735</b>
<b>CURRENT ASSETS</b>			
Trade receivables	9, 17	29	-
Receivables on Group companies	17	2 039	500
Other receivables		34	-
<b>Total current receivables</b>		<b>2 102</b>	<b>500</b>
Cash and bank deposits	10	153	-
<b>Total current assets</b>		<b>2 255</b>	<b>500</b>
<b>TOTAL ASSETS</b>		<b>18 635</b>	<b>4 235</b>

# Balance sheet – equity and liabilities

All amounts in NOK million

	Note	31.12.2015	31.12.2014
<b>EQUITY</b>			
Share capital	11, 12	184	184
Share premium reserve	11	2 619	2 619
Other paid-in capital	11	937	937
<b>Total Paid-in capital</b>		<b>3 739</b>	<b>3 739</b>
Retained earnings	11	1 614	28
<b>Total equity</b>		<b>5 353</b>	<b>3 768</b>
<b>NON-CURRENT LIABILITIES</b>			
Interest-bearing debt	13	8 650	-
Pension liability	14	38	-
Other liabilities		86	-
<b>Total non-current liabilities</b>		<b>8 774</b>	-
<b>CURRENT LIABILITIES</b>			
Trade payables and other payables	16	101	5
Interest-bearing debt	13	3 100	-
Liabilities to Group companies	17	739	2
Proposed dividend		551	459
Prepayments and provisions		18	-
<b>Total current liabilities</b>		<b>4 509</b>	<b>467</b>
<b>Total liabilities</b>		<b>13 282</b>	<b>467</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>18 635</b>	<b>4 235</b>

Oslo, 14 March 2016  
The Board of Directors of Entra ASA

  
Siri Hatlen  
Chair of the Board

  
Martin Mæland  
Deputy Chair

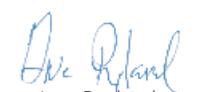
  
Ingrid Tjøsvold  
Board member

  
Arthur Sletteberg  
Board member

  
Kjell Bjordal  
Board member

  
Frode Halvorsen  
Board member

  
Birthe Smedsrød Skeid  
Board member

  
Arve Regland  
CEO

# Statement of cash flows

## 1 January to 31 December

*All amounts in NOK million*

	2015	2014
Profit before tax	548	483
Income from investment in subsidiary	-568	-500
Write-downs of non-current financial assets	10	0
Change in working capital	-9	5
<b>Net cash flow from operating activities</b>	<b>-20</b>	<b>-11</b>
Net cash from merger	153	0
Proceeds from subsidiary	500	250
Investment in subsidiary	0	-1 950
<b>Net cash flow from investing activities</b>	<b>653</b>	<b>-1 700</b>
Net change in overdraft facility	-21	-34
Proceeds from issue of shares	0	2 645
Dividends paid	-459	-900
<b>Net cash flow from financing activities</b>	<b>-480</b>	<b>1 711</b>
Change in cash and cash equivalents	153	0
Cash and cash equivalents at beginning of period	0	0
<b>Cash and cash equivalents at end of period</b>	<b>153</b>	<b>0</b>

# Summary of Notes

NOTE 1 General information	106
NOTE 2 Accounting principles	106
NOTE 3 Merger	108
NOTE 4 Administrative owner costs	108
NOTE 5 Salary costs, total employees and remuneration	108
NOTE 6 Intangible assets, property and equipment	109
NOTE 7 Subsidiaries, jointly controlled entities and associates	110
NOTE 8 Proportion of receivables which fall due after more than one year	111
NOTE 9 Trade receivables	112
NOTE 10 Bank deposits	112
NOTE 11 Equity	112
NOTE 12 Share capital and shareholder information	113
NOTE 13 Interest-bearing debt and financial instruments	114
NOTE 14 Pension	117
NOTE 15 Tax	119
NOTE 16 Trade payables and other liabilities	120
NOTE 17 Intra-group items and related party transactions	120
NOTE 18 Contingencies	121
NOTE 19 Auditor's fee	121
NOTE 20 Specification of operating expenses according to their nature	121

# Notes

## NOTE 1 GENERAL INFORMATION

Entra ASA ("Entra" or "the Company") is listed on Oslo Stock Exchange with the ticker ENTRA. Entra ASA and its subsidiaries is one of Norway's leading real estate companies, focusing on high quality, flexible office buildings with central locations. The Group owns and manages 96 buildings with a total area of approximately 1.2 million square metres. As of 31.12.15 the real estate portfolio had a market value of around NOK 29.6 billion. The public sector

represents approximately 74 per cent of the total customer portfolio. Entra's strategic areas are Oslo and the surrounding region, Bergen, Stavanger and Trondheim. The Group is organised in two units: Oslo and Regional cities. Entra has its head office in Oslo.

The financial statements were adopted by the Company's Board on 14 March 2016.

## NOTE 2 ACCOUNTING PRINCIPLES

### ACCOUNTING PRINCIPLES

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 annual financial statements have been prepared in accordance with Norwegian Accounting Act of 1998 and good accounting practice (NGAAP).

The annual financial statements have been prepared on the basis of the historical cost principle.

Presenting the accounts in accordance with NGAAP 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.

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

#### 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 non-current and current liabilities, equivalent criteria have been applied.

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

#### Costs

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

#### Currency

The presentation currency is NOK. This is also the functional currency of the company.

Foreign currency transactions are translated at the exchange rate on the date of the transaction. Monetary foreign currency items on the balance sheet are translated at the exchange rate on the balance sheet date.

#### Intangible assets - 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 development of identifiable and unique software owned by the group and which is likely to generate net financials benefits for more than one year are capitalised as intangible assets, and are depreciated over the useful life, normally 5 years. Expenses relating to the maintenance of software are expenses as incurred.

#### Property and equipment

Property and equipment are recognised at acquisition cost on the balance sheet and are depreciated to a schedule over the anticipated useful life of the assets. The acquisition cost includes costs directly related to the acquisition of the asset. Direct maintenance of property 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.

#### Subsidiaries

Investments in subsidiaries 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.

Dividend 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 as repayments of the acquisition cost.

#### **Jointly controlled entities and associates**

Jointly controlled entities are entities where the company 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.

Associates are entities over which the company has significant influence but not control. Significant influence normally exists where the company's investment represents between 20 and 50 per cent of the capital with voting rights.

Investments in jointly controlled entities and associates 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.

#### **Trade receivables**

Trade receivables 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 receivables.

#### **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.

#### **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 13. 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.

#### **Pension**

The company has defined-benefit 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.

#### **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 recognised directly in equity.

Deferred tax is calculated using the liability method for all temporary differences between the tax values and accounting values of assets and liabilities. 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.

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.

In principle, deferred tax is not calculated on temporary differences arising from investments in subsidiaries. This does not apply in cases where the company is not in control of when the temporary differences will be reversed, and it is probable that they will be reversed in the foreseeable future.

#### **STATEMENT OF CASH FLOWS**

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

#### **DIVIDENDS**

Dividend payments to the company's shareholders for the fiscal year are classified as debt at the balance sheet date.

#### **GROUP**

Entra ASA is the parent company of a Group of companies. The consolidated financial statements can be obtained from Entra ASA, Postboks 52, Økern NO-0508 Oslo.

## NOTE 3 MERGER

In the Board meeting 15 September 2015 the Board of Directors signed a joint merger plan for the merger between Entra ASA and Entra Eiendom AS. The merger was completed 31 December 2015 and Entra Eiendom AS was dissolved. The accounting effect was 31 December 2015 and Entra ASA took over assets and liabilities from that date. The result after tax amounting to NOK 385 million for 2015 in Entra Eiendom AS was booked against equity in Entra ASA in the merger.

## NOTE 4 ADMINISTRATIVE OWNER COSTS

*All amounts in NOK million*

### ADMINISTRATIVE EXPENSES

	2015	2014
Payroll and personell expenses	4	-
Office expenses, furnishings and equipment	1	1
Consultancy fees	5	12
Other administrative owner costs	2	5
<b>Total administrative owner costs</b>	<b>11</b>	<b>18</b>

## NOTE 5 SALARY COSTS, TOTAL EMPLOYEES AND REMUNERATION

*All amounts in NOK million*

### PERSONNEL COSTS

	2015	2014
Salaries, and other taxable benefits	3	0
Employers' National Insurance contributions	0	0
Pension expenses	0	0
Other personnel costs	1	0
<b>Total personnel costs</b>	<b>4</b>	<b>0</b>

The company had no employees during 2015.

See note 15 "Statement on the determination of salaries and other remuneration of senior executives" to the consolidated financial statements for the Entra Group for information and details related to remuneration for senior executives employed in Entra Eiendom AS during 2015.

*All amounts in NOK thousand*

#### BOARD

	Board fees	Committee fees	Total remuneration 2015 <sup>1)</sup>
Siri Hatlen, Chair	416	44	460
Martin Mæland, Deputy Chair	209	44	253
Ingrid Tjøsvold	209	44	253
Arthur Sletteberg	209	63	272
Kjell Bjordal	209	25	234
Birthe Smedsrød Skeid, employee representative <sup>2)</sup>	209	-	209
Frode Halvorsen, employee representative <sup>2)</sup>	209	-	209
<b>Total <sup>1)</sup></b>	<b>1 670</b>	<b>220</b>	<b>1 890</b>

<sup>1)</sup> The overview of the remuneration of the Board of Directors shows remuneration earned in the financial year.

<sup>2)</sup> 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 6 INTANGIBLE ASSETS, PROPERTY AND EQUIPMENT

*All amounts in NOK million*

	Intangible assets <sup>1)</sup>	Property and equipment
Transferred in connection with merger 31.12.2015	27	13
Acquisition	-	-
<b>Acquisition cost at 31.12.2015</b>	<b>27</b>	<b>13</b>
Accumulated depreciation transferred in connection with merger 31.12.2015	16	3
Depreciation	-	-
<b>Accumulated depreciation at 31.12.2015</b>	<b>16</b>	<b>3</b>
<b>Carrying amount at 31.12.2015</b>	<b>12</b>	<b>10</b>
Anticipated useful life	3 years	3-5 years
Depreciation schedule	linear	linear

<sup>1)</sup> Intangible assets mainly relate to software.

## NOTE 7 SUBSIDIARIES, JOINTLY CONTROLLED ENTITIES AND ASSOCIATES

*All amounts in NOK million*

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

### SUBSIDIARY

	Acquisition date	Business office	Shareholding/ voting rights %
Akersgata 32 AS	05.01.2015	Oslo	100
Akersgata 34-36 AS	01.06.2015	Oslo	100
AS Lilletorget 1	01.07.2014	Oslo	100
Biskop Gunnerus gate 6 AS	05.01.2015	Oslo	100
Biskop Gunnerusgate 14 AS	26.03.2001	Oslo	100
Bispes AS	24.10.2007	Oslo	100
Brattørkaia AS	31.01.2006	Oslo	100
Brynsengfaret 4 og 6 AB+F AS	01.01.2014	Oslo	100
Entra AS	10.04.2012	Oslo	100
Entra Felleskost AS	01.06.2015	Oslo	100
Entra Kultur 1 AS	28.02.2002	Oslo	100
Entra Service AS	01.06.2015	Oslo	100
Entra Utleie AS	05.01.2015	Oslo	100
Fredrik Selmers vei 4 AS	01.06.2015	Oslo	100
Fritzners gate 12 AS	01.01.2014	Oslo	100
Hagegata 22 og 24 AS	01.10.2008	Oslo	100
Hagegata 23 Eiendom AS	29.03.2010	Oslo	100
Hans Kiærsgate 1B og C AS	05.01.2015	Oslo	100
Hinna Park Eiendom AS	20.12.2013	Oslo	50
Holtermanns veg 1-13 AS	24.09.2010	Oslo	100
Kalifarveien 31 AS	05.01.2015	Oslo	100
Karoline Kristiansens vei 2 AS	15.02.2011	Oslo	100
Kirkegaten 2 B AS	05.01.2015	Oslo	100
Kjørboparken AS	21.12.2005	Oslo	100
Konggata 51 AS	05.01.2015	Oslo	100
Kr Augustsgate 23 AS	01.02.2003	Oslo	100
Kvartal 71 AS	01.01.2014	Oslo	100
Langkaia 1 AS	21.11.2003	Oslo	100
Lervigsveien 32 og Tinnsgata 8 AS	05.01.2015	Oslo	100
Lømslands vei 23 AS	01.01.2014	Oslo	100
Lømslands vei 6 AS	01.01.2014	Oslo	100
Middelthuns gate 29 AS	01.01.2014	Oslo	100
Moloveien 10 AS	01.01.2014	Oslo	100
Nonnen Utbygging AS	10.02.2003	Oslo	100
Nytorget 1 AS	01.06.2015	Oslo	100
Oslo Z AS	20.09.2000	Oslo	100
Otto Sverdrups plass 4 AS	01.06.2015	Oslo	100
Papirbredden Eiendom AS	12.01.2011	Oslo	60
Pilestredet 28 AS	07.05.2008	Oslo	100
Ribekk AS	02.10.2006	Oslo	100
Schweigaards gate 15 AS	01.01.2014	Oslo	100
Schweigaards gate 16 AS	20.02.2013	Oslo	100
Sorgenfri Trondheim AS	22.12.2015	Oslo	100
Strandveien 13 AS	01.01.2014	Oslo	100
Sørlandet Kunnskapspark Eiendom AS	02.06.2005	Oslo	100
Telemarksgr 11 AS	05.01.2015	Oslo	100

Continued

Tollbugata 1A AS	01.01.2014	Oslo	100
Tordenskiolds gate 12 AS	05.01.2015	Oslo	100
Tullinkvartalet AS	21.11.2011	Oslo	100
Tungasletta 2 AS	01.01.2014	Oslo	100
Universitetsgaten 2 AS	03.09.2001	Oslo	100
Universitetsgaten 7 AS	01.04.2012	Oslo	100
Vahlsgate 1-3 ANS	01.07.2013	Oslo	100
Vahlsgate 1-3 AS	01.07.2013	Oslo	100
Vahlsgate 1-3 KS	01.07.2013	Oslo	90
Vestre Strandgate 21 AS	01.01.2014	Oslo	100
Wergelandsveien 29 AS	05.01.2015	Oslo	100
Wexelsplass Garasje AS	11.06.2012	Oslo	100
Youngskvartalet AS	30.03.2011	Oslo	100
Aasta Hansteens vei 10 AS	01.01.2014	Oslo	100

#### JOINTLY CONTROLLED ENTITIES

	Acquisition date	Business office	Shareholding/ voting rights %
Entra OPF Utvikling AS	21.04.2012	Oslo	50.00
Oslo S. Utvikling AS	01.07.2004	Oslo	33.33
Sundtkvartalet Holding AS	19.06.2014	Oslo	50.00
Oslo City Kjøpesenter AS	31.12.2015	Oslo	33.33

#### ASSOCIATED COMPANIES

	Acquisition date	Business office	Shareholding/ voting rights %
Ullandhaug Energi AS	07.07.2009	Stavanger	44.00
Greenfield Property AS	26.09.2011	Måloy	33.00
Youngstorget Parkeringshus AS	16.11.2005	Oslo	21.26

## NOTE 8 PROPORTION OF RECEIVABLES WHICH FALL DUE AFTER MORE THAN ONE YEAR

All amounts in NOK million

	2015	2014
Loan to Group companies	2 600	36
Receivable buy-out agreement	20	-
Subordinated loans	30	-
Prepaid fees	59	-
<b>Total</b>	<b>2 708</b>	<b>36</b>

## NOTE 9 TRADE RECEIVABLES

*All amounts in NOK million*

	2015	2014
Gross trade receivables	30	-
Provisions for bad debts	-1	-
<b>Total net trade receivables</b>	<b>29</b>	<b>-</b>

## NOTE 10 BANK DEPOSITS

*All amounts in NOK million*

The company has established a group cash pooling arrangement. The net bank deposits are presented as Entra ASA'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).

	2015	2014
Bank deposits	146	-
Tax withholding account	7	-
Other tied deposits	0	-
<b>Total</b>	<b>153</b>	<b>-</b>

## NOTE 11 EQUITY

*All amounts in NOK million*

	Share capital	Share premium reserve	Other paid-in capital	Retained earnings	Total equity
<b>Equity at 31.12.2013</b>	<b>142</b>	-	<b>1 587</b>	-	<b>1 729</b>
Capital increase	42	2 658			2 700
Share issue costs net of tax		-40			-40
Profit for the year				488	488
Dividend			-650	-459	-1 109
<b>Equity at 31.12.2014</b>	<b>184</b>	<b>2 619</b>	<b>937</b>	<b>28</b>	<b>3 768</b>
Acquired own shares - employee saving scheme	-0	-6		-1	-7
Sold own shares - employee saving scheme	0	6		0	6
Merger				1 747	1 747
Profit for the year				390	390
Dividend				-551	-551
<b>Equity at 31.12.2015</b>	<b>184</b>	<b>2 619</b>	<b>937</b>	<b>1 614</b>	<b>5 353</b>

## NOTE 12 SHARE CAPITAL AND SHAREHOLDER INFORMATION

Entra's share capital is NOK 183,732,461 divided into 183,732,461 shares, with each share having a par value of NOK 1.00. All the shares have been issued in accordance with the Norwegian Public Limited Companies Act and are fully paid. Entra has one class of shares. All shares provide equal rights, including the right to any dividends. Each of the shares carries 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 2015 Entra had 5,847 shareholders. Norwegian investors held 69.4 per cent of the share capital and foreign investors 30.6 per cent.

The table below sets out the change in share capital, the average number of shares in the last two years, the largest shareholders at year end, and shares owed by directors at 31 December 2015.

	No. of shares	Share capital (NOKm)	Share premium (NOKm)	Face value (NOK)
Beginning of year 01.01.2015	183 732 461	184	2 619	1
End of year 31.12.2015	183 732 461	184	2 619	1

Entra ASA has a share purchase scheme, offering all employees, including management, the opportunity to purchase shares in Entra ASA at a 20 per cent discount. The shares are subject to two-year lock-in period. The purchase price in the employee offering is calculated as the average share price the last 30 days (VWAP) until and including 29 May 2015 less a 20 per cent discount. Total subscription amounted to NOK 5 million after discount. Entra has acquired in 2015 a total of 83,129 of its own shares. The total amount paid to acquire the shares was NOK 6 million. All shares were sold to the employees in connection with the share purchase scheme to employees in June 2015.

The 20 largest shareholders as registered in the VPS as of 31 December 2015 were as follows:

Shareholder	No of shares per 31.12.2015	Shareholding %	Country
Norwegian Ministry of Trade, Industry and Fisheries	91 368 893	49.7	Norway
Geveran Trading	14 223 406	7.7	Cyprus
Folketrygdfondet	10 588 234	5.8	Norway
Danske Invest Norske	4 148 995	2.3	Norway
State Street Bank (Nominee)	4 118 309	2.2	USA
JP Morgan Bank Luxemburg (Nominee)	3 624 294	2.0	Luxemburg
The Bank of New York (Nominee)	2 835 886	1.5	Great Britain
Danske Invest Norske	2 300 784	1.3	Norway
State Street Bank (Nominee)	1 806 040	1.0	USA
The Bank of New York (Nominee)	1 722 085	0.9	USA
BNP Paribas Sec	1 600 586	0.9	Australia
Skandinaviska Enskilda Banken	1 234 621	0.7	Sweden
MP Pensjon	1 096 960	0.6	Norway
State Street Bank (Nominee)	1 086 074	0.6	USA
BNY Mellon	1 000 000	0.5	Netherlands
Goldman Sachs	982 547	0.5	USA
State Street Bank (Nominee)	859 321	0.5	Irland
State Street Bank (Nominee)	857 390	0.5	USA
Danske Invest Norske	843 620	0.5	Norway
State Street Bank (Nominee)	821 003	0.4	USA
<b>Total 20 largest shareholders</b>	<b>147 119 048</b>	<b>80.1</b>	
<b>Total</b>	<b>183 732 461</b>	<b>100.0</b>	

## SHARES HELD BY DIRECTORS AND SENIOR EXECUTIVE OFFICERS AT 31.12.

Shareholder	Position	Number of shares 2015	Number of shares 2014
<b>Board of directors</b>			
Siri Hatlen	Chair	1 163	1 091
Martin Mæland	Deputy Chair	2 328	2 183
Ingrid Tjøsvold	Board member	466	437
Kjell Bjordal	Board member	14 704	14 551
Arthur Sletteberg	Board member	775	727
Birthe Smedsrød Skeid	Employee representative	4 143	2 307
Frode Halvorsen	Employee representative	834	230
<b>Senior executives</b>			
Arve Regland	Chief Executive Officer	21 066	9 230
Anders Olstad	Chief Financial Officer	15 000	-
Tom Bratlie	EVP HR and Communication	2 683	-
Sonja Horn	EVP Oslo	7 182	3 846
Mona Aarebrot	EVP Regional Cities	6 451	4 615
Anders Solaas	EVP Letting and Business Development	1 699	461
Kristin Haug Lund	EVP Project Development and Technology	6 451	4 615
<b>Shares held by board of directors and senior executives</b>		<b>84 945</b>	<b>44 293</b>

## NOTE 13 INTEREST-BEARING DEBT AND FINANCIAL INSTRUMENTS

All amounts in NOK million

	2015
<b>Non-current interest-bearing debt</b>	
Bank loans	3 250
Bond loans	5 400
<b>Total non-current interest-bearing debt</b>	<b>8 650</b>
<b>Current interest-bearing debt</b>	
Bank loans	1 200
Commercial paper	1 900
<b>Total current interest-bearing debt</b>	<b>3 100</b>

## MATURITY STRUCTURE OF DEBT

Year	Loan amount 2015
2016	3 100
2017	2 350
2018	1 200
2019	2 500
2020	1 700
Later than 5 years	900
	<b>11 750</b>

## UNUSED CREDIT FACILITIES

At 31 December 2015, the maturity structure of the company's new unused credit facilities was as follows:

### MATURITY STRUCTURE OF COMMITTED, UNUSED CREDIT FACILITIES

Year	Loan amount 2015
2016	1 000
2017	1 000
2018	-
2019	-
2020	1 250
2021	-
2022	-
2023	-
<b>Total</b>	<b>3 250</b>

## SPECIAL TERMS AND CONDITIONS IN ENTRA ASA'S LOAN AGREEMENTS

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

## LOANS AND INTEREST RATE HEDGES

Interest rate hedging at Entra ASA 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 2015 the weighted average remaining term to maturity was 3.6 years (3.3 years). The company's average interest rate was 3.7 per cent at 31 December 2015.

### ENTRA ASA PORTFOLIO OF LOANS AND INTEREST RATE HEDGES HAVE THE FOLLOWING INTEREST RATE MATURITY PROFILE:

	%	Loan amount 2015
Up to 1 year	43	5 000
1-2 years	0	-
2-4 years	11	1 350
4-6 years	17	2 050
6-8 years	4	450
Over 8 years	25	2 900
<b>Total</b>	<b>100</b>	<b>11 750</b>

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 DEBT ASSOCIATED WITH HEDGING ACTIVITIES

Entra ASA uses interest rate derivatives to manage the interest rate risk arising from its interest-bearing debt.

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 ASA's debt are directly or indirectly subject to variable interest rates. Entra ASA 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 debt. The expected maturity profile of Entra ASA's interest-bearing debt is based on an assessment of the need to refinance existing debt and to obtain additional financing.

The table below shows that after taking into account cash flow hedges, 72 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 28 per cent of the company's interest-bearing debt.

**CASH FLOW HEDGING**

	2015
<b>Hedged item</b>	
Variable interest rate liabilities	11 750
<b>Hedge</b>	
Interest rate swaps (variable-to-fixed)	8 450
<b>Hedge ratio (unhedged position)</b>	3 300
<b>Hedge ratio (% hedged)</b>	72 %

Changes in the cash flow hedges over the financial year:

**CHANGE IN VALUE**

	2015
Transferred in connection with merger 31.12.2015	937
Change in value	0
<b>Closing balance – market value of liability</b>	<b>937</b>

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.

**FAIR VALUE HEDGING**

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

**FAIR VALUE HEDGING 2015**

	Total	Maturity structure up to 1 year	Maturity structure 1-5 years	Maturity structure > 5 years
<b>Hedged item</b>				
Fixed interest rate liabilities	2 600	0	1 700	900
<b>Hedge</b>				
Interest rate swaps (fixed-to-variable)	2 600	0	1 700	900
<b>Hedge ratio (unhedged position)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Hedge ratio (% hedged)</b>	<b>100 %</b>			

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

**CHANGE IN VALUE**

	2015
Transferred in connection with merger – market value of liabilities (+) /receivables (-)	-223
Change in value	-
<b>Closing balance – market value of liabilities (+) /receivables (-)</b>	<b>-223</b>

At 31 December 2015, the market value of the company's fair value hedges represented a receivable for the company.

## NOTE 14 PENSION

*All amounts in NOK million*

The Company has with effect from 31 December 2015 closed the defined benefit pension plan in Statens Pensjonskasse ("SPK") for employees born before 1960 as Entra ASA no longer fulfil the conditions of having their pension plan in SPK as a listed company. From 1 July 2015 a defined contribution pension plan was established for employees. The defined benefit pension plan cover a total of 32 (162) current employees and 60 (59) pensioners. The defined benefit contribution plan include 10 (0) employees in the Company.

The defined-benefit pension 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 2015, 11 (14) former employees had chosen to make use of the AFP scheme.

The Norwegian Public Service Pension Fund 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 ASA 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 2015, the net pension liabilities associated with the AFP scheme amounted to NOK 16 (NOK 8) million, which is included under total pension liabilities in the table below.

Employees are also insured against incapacity and death.

**THE BALANCE SHEET LIABILITIES HAVE BEEN CALCULATED AS FOLLOWS**

	2015
Present value of accrued pension liabilities in defined-benefit schemes in unit trusts	164
Fair value of pension scheme assets	-130
Employers' NICs accrued	5
<b>Net pension liabilities on the balance sheet at 31.12</b>	<b>38</b>

## CHANGE IN DEFINED-BENEFIT PENSION LIABILITIES OVER THE YEAR

	2015
Pension liabilities at 01.01	191
Present value of pensions earned this year	21
Interest expense	4
Pension benefits paid	-6
Settlement	-17
Actuarial losses/(gains)	-30
<b>Pension liabilities at 31.12</b>	<b>164</b>

## CHANGE IN FAIR VALUE OF PENSION SCHEME ASSETS

	2015
Pension scheme assets at 01.01	121
Anticipated return on pension scheme assets	3
Contributions from employer	23
Pension benefits paid	-6
Settlement	-14
Actuarial (gains)/losses	4
<b>Pension scheme funds at 31.12</b>	<b>130</b>

The actual return on pension scheme assets was NOK 7 million (NOK 2 million).

## THE FOLLOWING ECONOMIC ASSUMPTIONS HAVE BEEN USED

	2015
Discount rate	2.70 %
Anticipated return on pension scheme assets	2.70 %
Annual wage growth	2.50 %
Annual adjustment to the National Insurance Scheme's basic amount ("G")	2.25 %
Annual adjustment of pensions	1.50 %
Mortality rates	K2013
Disability rates	200 % * K63
Proportion of entitled employees making use of AFP	20 %

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

The pension scheme assets are invested in government bonds.

	2015
Gross defined-benefit pension liabilities	164
Fair value pension funds 31.12	-130
<b>Net defined-benefit pension liabilities</b>	<b>35</b>

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

		Impact on liabilities	Impact as a percentage
<b>Discount rate</b>			
0.5 percentage point reduction	2.20 %	15	9
Discount rate at 31.12.2015	2.70 %	0	-
0.5 percentage point increase	3.20 %	-15	-9
<b>Wage growth</b>			
0.5 percentage point reduction	2.00 %	-7	-4
Expected wage growth at 31.12.2015	2.50 %	-	-
0.5 percentage point increase	3.00 %	5	3

Expected payments to the defined-benefit pension plan for the period 01.01.2016 - 31.12.2016 are NOK 2 million and for the defined contribution plan NOK 7 million.

## NOTE 15 TAX

*All amounts in NOK million*

	2015	2014
<b>Tax expense</b>		
Change in deferred tax recognised in profit and loss	157	-5
<b>Total tax expense</b>	<b>157</b>	<b>-5</b>
<b>Income tax payable is calculated as follows</b>		
Profit before tax	548	483
Share issue costs	-	-55
Dividend received	-	-500
Other permanent differences	10	-
Change in temporary differences	61	-
Change in loss carry-forwards	-619	71
<b>Profit for tax purposes</b>	<b>0</b>	<b>0</b>

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

	Non-current assets	Financial instruments	Current assets	Gains/losses account	Provisions	Loss carried forward	Total
<b>31.12.2013</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Recognised in profit and loss						-5	-5
Recognised in equity						-15	-15
<b>31.12.2014</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-19</b>	<b>-19</b>
Recognised in profit and loss	4	-	-	-20	-	167	150
Effect of change in tax rate	1	-1	-	-6	1	11	7
Merger	-13	9	-	100	-18	-299	-221
<b>31.12.2015</b>	<b>-8</b>	<b>8</b>	<b>0</b>	<b>74</b>	<b>-17</b>	<b>-140</b>	<b>-83</b>

The tax on profit before tax differ from the theoretical amount that would arise using the weighted average tax rate applicable to profits as follows:

	2015	%	2014	%
Profit for accounting purposes multiplied by nominal tax rate	148	27.0	130	27.0
Tax on income from investment in subsidiary	-	0.0	-135	-27.9
Tax on permanent differences	3	0.5	-	0.0
Effect of change in tax rate	7	1.2	-	0.0
<b>Tax expenses for accounting purposes</b>	<b>157</b>	<b>28.7</b>	<b>-5</b>	<b>-0.9</b>

From the income year 2016 the tax rate on normal income is reduced to 25 per cent. Deferred tax as at 31 December 2015 was measured using the new rate. The effect on tax for the period is NOK 7 million.

## NOTE 16 TRADE PAYABLES AND OTHER LIABILITIES

*All amounts in NOK million*

	2015	2014
Trade payables	15	5
Holiday pay owed	13	-
Unpaid government taxes and duties	12	-
Interest accrued	57	-
Other liabilities	3	-
<b>Total trade payables and other liabilities</b>	<b>101</b>	<b>5</b>

## NOTE 17 INTRA-GROUP ITEMS AND RELATED PARTY TRANSACTIONS

*All amounts in NOK million*

	2015	2014
<b>Receivables</b>		
Long term loan to Group companies	2 600	36
Trade receivables from Group companies	1	-
Short term receivables to Group companies	1 471	-
Group contributions/dividends from subsidiary	568	500
<b>Total</b>	<b>4 640</b>	<b>536</b>
<b>Liabilities</b>		
Payables to Group companies	0	2
Short term liabilities to Group companies	659	2
Group contribution to subsidiary	80	-
<b>Total</b>	<b>739</b>	<b>4</b>
<b>Administrative owner costs</b>		
Management fee	1	2
<b>Total</b>	<b>1</b>	<b>2</b>
<b>Financial items</b>		
Income from investment in subsidiary	568	500
Interest income from Group companies	1	1
<b>Total</b>	<b>569</b>	<b>501</b>

## NOTE 18 CONTINGENCIES

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

The hearing of the dispute with Norwegian Datasenter Group AS and Greenfield Property AS took place in Oslo District Court in January 2015 and Entra prevailed on all counts. The judgment has been appealed by the counterparty. The hearing of the dispute was recently postponed from March 2016 to February 2017.

The hearing of the dispute with Evry ASA/Evry AS took place in Oslo District Court in February 2015 and Evry ASA/Evry AS prevailed. Entra disagree with the verdict and the ruling has been appealed. The hearing of the dispute will take place in June 2016.

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

## NOTE 19 AUDITOR`S FEE

*All amounts in NOK thousand*

	2015	2014
<b>Remuneration to auditor (excluding VAT)</b>		
Statutory audit	1 073	200
Tax advice	-	-
Other services not related to auditing	301	-
Other assurance services	217	1 100
<b>Total</b>	<b>1 592</b>	<b>1 300</b>

## NOTE 20 SPECIFICATION OF OPERATING EXPENSES ACCORDING TO THEIR NATURE

*All amounts in NOK million*

	2015	2014
Wages and Salaries	4	-
Other operating expenses	7	18
<b>Total</b>	<b>11</b>	<b>18</b>

# Responsibility statement

We declare to the best of our knowledge that

- the Entra ASA consolidated financial statements for 2015 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 ASA, for 2015 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 ASA 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 ASA 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 ASA and the Entra Group

Oslo, 14 March 2016  
The Board of Directors of Entra ASA



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 Smedsrød Skeid  
Board member



Arve Regland  
CEO





Deloitte AS  
Dronning Eufemias gate 14  
Postboks 221 Sentrum  
NO-0103 Oslo  
Norway

Tel: +47 23 27 90 00  
Fax: +47 23 27 90 01  
[www.deloitte.no](http://www.deloitte.no)

To the Annual Shareholders' Meeting of Entra ASA

#### INDEPENDENT AUDITOR'S REPORT

##### **Report on the Financial Statements**

We have audited the accompanying financial statements of Entra ASA, 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, 2015, 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, 2015, and the statement of total comprehensive income, statement of changes in equity and 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.

Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited, a UK private company limited by guarantee, and its network of member firms, each of which is a legally separate and independent entity. Please see [www.deloitte.com/no/omoss](http://www.deloitte.com/no/omoss) for a detailed description of the legal structure of Deloitte Touche Tohmatsu Limited and its member firms.

Registrert i Foretaksregisteret  
Medlemmer av Den norske Revisorforening  
org.nr: 980 211 282



Page 2  
Independent Auditor's Report to the  
Shareholders' Meeting of Entra ASA

*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 ASA as at December 31, 2015, 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 ASA as at December 31, 2015, 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*

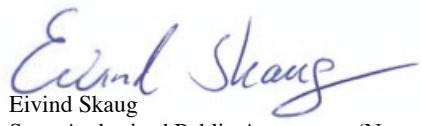
Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Board of Directors report concerning the financial statements and in the statements on Corporate Governance and Corporate Social Responsibility, the going concern assumption and 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, March 14, 2016

Deloitte AS

  
Eivind Skaug  
State Authorised Public Accountant (Norway)

# The property portfolio

## Management properties

The following table sets forth the management properties per region as of 31 December 2015.

### MANAGEMENT PROPERTIES IN OSLO

Property name	Type of asset	City	Freehold/leasehold	Occupancy (%)	Total area (sqm)
Aasta Hansteens vei 10	Office	Oslo	Freehold	100.0	5 913
Akersgaten 32	Office	Oslo	Freehold	100.0	2 109
Akersgaten 34-36	Office	Oslo	Freehold	86.3	6 143
Akersgaten 51 / Apotekergaten 6	Office	Oslo	Freehold	97.0	17 849
Biskop Gunnerus' gate 14	Office	Oslo	Freehold	99.5	50 572
Biskop Gunnerus' gate 6	Office	Oslo	Leasehold	100.0	9 300
Brynsengfaret 4 og 6 AB+F	Office	Oslo	Freehold	100.0	35 505
Brynsengfaret 6 C,D "leilighetene"	Residential	Oslo	Freehold	100.0	349
Cort Adelers gate 30 - Kontorbygg	Office	Oslo	Freehold	100.0	12 553
Cort Adelers gate 30 - Skolebygg	Education	Oslo	Freehold	100.0	3 546
Fredrik Selmers vei 4	Office	Oslo	Freehold	100.0	30 544
Fritzners gate 12	Office	Oslo	Freehold	100.0	824
Grenseveien 92	Office	Oslo	Freehold	82.2	14 698
Hagegata 22	Office	Oslo	Freehold	84.5	13 676
Hagegata 23	Office	Oslo	Freehold	85.1	10 676
Henriks Ibsens gate 110	Culture	Oslo	Freehold	100.0	18 723
Karoline Kristiansens vei 2	Office	Oslo	Freehold	91.9	450
Keysers gate 15	Office	Oslo	Freehold	100.0	1 746
Kristian Augusts gate 15	Office	Oslo	Freehold	80.5	6 231
Kristian Augusts gate 21	Education	Oslo	Freehold	0.0	3 514
Kristian Augusts gate 23	Office	Oslo	Freehold	100.0	8 736
Kristian Augustsgate 19	Office	Oslo	Freehold	69.7	7 169
Langkaia 1A	Office	Oslo	Leasehold	88.7	39 463
Lilletorget 1	Office	Oslo	Freehold	91.4	14 867
Middelthuns gate 29	Office	Oslo	Freehold	100.0	21 606
Munchs gate 4 / Keysers gate 13	Office	Oslo	Freehold	100.0	11 524
Observatoriegaten 1	Office	Oslo	Freehold	100.0	7 110
Observatoriegaten 1 - Magasinet	Culture	Oslo	Freehold	100.0	10 600
Pilestredet 19-21	Office	Oslo	Freehold	99.7	7 067
Pilestredet 28	Office	Oslo	Freehold	100.0	3 590
Schweigaards gate 15 B	Office	Oslo	Freehold	99.8	14 492
Schweigaards gate 16	Office	Oslo	Freehold	99.0	15 498
Schweigaardsgate 15	Office	Oslo	Freehold	100.0	22 797
Tollbugata 1A	Office	Oslo	Freehold	100.0	8 526
Tordenskiolds gate 12	Office	Oslo	Freehold	100.0	12 920
Tvetenveien 22	Office	Oslo	Freehold	100.0	4 126
Universitetsgata 2	Office	Oslo	Freehold	97.0	27 297
Universitetsgata 7	Office	Oslo	Freehold	79.1	12 957
Vahls gate 1-3	Office	Oslo	Freehold	100.0	14 857
Wergelandsveien 29	Office	Oslo	Freehold	100.0	3 374
Wexels plass	Other	Oslo	Freehold	100.0	1 035

## MANAGEMENT PROPERTIES IN SANDVIKA

Property name	Type of asset	City	Freehold/leasehold	Occupancy (%)	Total area (sqm)
Borkenveien 1-3	Education	Sandvika	Freehold	100	6 668
Kjørbo gård	Office	Sandvika	Freehold	0	1 399
Kjørboveien 10, Tomt	Other	Sandvika	Freehold	0	-
Kjørboveien 12-26	Office	Sandvika	Freehold	83	21 721
Kjørboveien 15, 30-33 (Politi og Låve)	Office	Sandvika	Freehold	99	14 670
Kjørboveien 3 (Parkershushus)	Other	Sandvika	Freehold	85	16 353
Malmskrervereiene 18-20	Office	Sandvika	Freehold	100	9 163
Malmskrervereiene 2	Office	Sandvika	Freehold	100	2 957
Malmskrervereiene 4	Office	Sandvika	Freehold	73	5 675
Otto Sverdrups plass 4	Education	Sandvika	Freehold	94	16 038
Ringstabekkveien 105	Office	Sandvika	Freehold	87	1 000
Ringstabekkveien 105 - Bolig	Residential	Sandvika	Freehold	100	4 404

## MANAGEMENT PROPERTIES IN DRAMMEN

Property name	Type of asset	City	Freehold/leasehold	Occupancy (%)	Total area (sqm)
Grønland 32	Office	Drammen	Freehold	100	7 353
Grønland 51	Office	Drammen	Freehold	74	26 776
Grønland 56	Office	Drammen	Freehold	100	504
Grønland 58	Education	Drammen	Freehold	100	21 472
Grønland 60	Culture	Drammen	Freehold	100	8 854
Konggata 51	Education	Drammen	Freehold	100	3 576
Kreftings gate 33	Office	Drammen	Freehold	100	2 280

## MANAGEMENT PROPERTIES IN BERGEN

Property name	Type of asset	City	Freehold/leasehold	Occupancy (%)	Total area (sqm)
Kaigaten 9	Office	Bergen	Freehold	100	9 996
Kalfarveien 31	Office	Bergen	Freehold	100	8 441
Nonnesetergaten 4	Office	Bergen	Freehold	100	17 207
Strømgaten 1 / Marken 37	Education	Bergen	Freehold	100	6 366
Tollbuallmenningen 2A	Office	Bergen	Freehold	100	1 823
Valkendorfs gate 6	Office	Bergen	Freehold	98	13 287

## MANAGEMENT PROPERTIES IN TRONDHEIM

Property name	Type of asset	City	Freehold/leasehold	Occupancy (%)	Total area (sqm)
Brattørkaia 13 B	Office	Trondheim	Freehold	94	6 333
Brattørkaia 14	Culture	Trondheim	Leasehold	100	7 180
Brattørkaia 15 A, B	Office	Trondheim	Leasehold	94	20 031
Brattørkaia 17 B	Office	Trondheim	Leasehold	97	19 652
Dronningens gate 2	Office	Trondheim	Freehold	100	5 158
Erling Skakkes gate 25	Office	Trondheim	Freehold	98	3 868
Erling Skakkes gate 60	Office	Trondheim	Freehold	70	853
Kongens gate 85	Office	Trondheim	Freehold	90	916
Kongens gate 87	Office	Trondheim	Freehold	99	8 380
Prinsens gate 1	Office	Trondheim	Freehold	96	29 994
Tungasletta 2	Office	Trondheim	Freehold	98	14 822

## MANAGEMENT PROPERTIES IN STAVANGER

Property name	Type of asset	City	Freehold/leasehold	Occupancy (%)	Total area (sqm)
Jåttåvågveien 18	Office	Stavanger	Freehold	100	9 180
Jåttåvågveien 7	Office	Stavanger	Freehold	96	5 365
Laberget 22	Office	Stavanger	Freehold	100	15 828
Lervigsveien 32 / Tinngata 8	Office	Stavanger	Freehold	6	6 398
Nytorget 1	Office	Stavanger	Freehold	98	5 205
Professor Olav Hanssens vei 10	Office	Stavanger	Freehold	96	36 946

## MANAGEMENT PROPERTIES IN KRISTIANSAND

Property name	Type of asset	City	Freehold/leasehold	Occupancy (%)	Total area (sqm)
Kongsgård Allé 20	Education	Kristiansand	Freehold	100	14 141
Lømslands vei 23	Office	Kristiansand	Freehold	58	1 432
Lømslands vei 24	Office	Kristiansand	Freehold	100	172
Lømslands vei 6	Office	Kristiansand	Leasehold	0	1 445
St. Hans gate 1	Office	Kristiansand	Freehold	100	469
Tordenskiolds gate 65	Office	Kristiansand	Freehold	92	24 831
Tordenskjolds gate 67	Office	Kristiansand	Freehold	81	656
Vestre Strandgate 21	Office	Kristiansand	Freehold	100	2 014

## MANAGEMENT PROPERTIES IN REST OF NORWAY

Property name	Type of asset	City	Freehold/leasehold	Occupancy (%)	Total area (sqm)
Moloveien 10	Office	Bodø	Leasehold	93	5 531
Telemarksgaten 11 / Lundegaten 4	Office	Skien	Freehold	57	4 292
Strandvegen 13	Office	Tromsø	Freehold	96	11 561

## Project properties

The following table sets forth the properties with project property area as of 31 December 2015.

Property name	City	Type of asset	Primary classification	Total management area (sqm)	Total project area (sqm)	Freehold/leasehold
Fredrik Selmers vei 4	Oslo	Office	Management property	30 544	7 643	Freehold
Kjørboveien 12-26	Sandvika	Office	Management property	21 721	4 248	Freehold
Ringstabekkveien 105	Sandvika	Office	Management property	4 404	1 938	Freehold
Oseberg	Stavanger	Office	Land and development property	-	5 949	Freehold
Gullfaks	Stavanger	Office	Project property	-	24 239	Freehold
Strømsveien 96	Oslo	Office	Project property		18 162	Leasehold
Trondheimsporten	Trondheim	Office	Project property	-	28 626	Freehold
Youngskvartalet	Oslo	Office	Project property		4 299	Freehold
				<b>56 669</b>	<b>95 103</b>	

## Land and development properties

The following table sets forth the properties with land and development area as of 31 December 2015.

Property name	City	Type of asset	Primary classification	Total management area (sqm)	Total project area (sqm)	Total land and development area (sqm)	Freehold/leasehold
Brattørkaia 16	Trondheim	Office	Land and development property	-	-	8 800	Leasehold
Brattørkaia 17A	Trondheim	Office	Land and development property	-	-	13 500	Leasehold
Tordenskioldsg 65	Kristiansand	Office	Management property	24 831	-	14 000	Freehold
Lervigsvaen 36	Stavanger	Office	Land and development property	6 398	-	16 602	Freehold
Brynsengfaret 4 og 6 AB+F	Oslo	Office	Management property	35 505	-	13 600	Freehold
Holtermanssveg 1	Trondheim	Office	Land and development property	-	-	34 700	Freehold
Oseberg (tomt)	Stavanger	Office	Land and development property	-	5 949	16 808	Freehold
Ormen Lange (tomt)	Stavanger	Office	Land and development property	-	-	11 701	Freehold
				<b>66 734</b>	<b>5 949</b>	<b>129 711</b>	

# 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
Cash earnings	Result from property management less net realised financial and payable tax
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 entities Entra OPF Utvikling and Oslo City Kjøpesenter AS
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 investment 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





**Head office**

Biskop Gunnerus gate 14 A  
0185 Oslo

**Postal address**

Postboks 52, Økern  
0508 Oslo

Tel: (+47) 21 60 51 00

Fax: (+47) 21 60 51 01

E-mail: [post@entra.no](mailto:post@entra.no)

**Customer service centre**

E-mail: [service@entra.no](mailto:service@entra.no)

Tel: (+47) 800 36 872

[www.entra.no](http://www.entra.no)