Annual Report 2017

Flexible, attractive and environment-friendly office properties

entra

Content

Entra is a leading owner, manager and developer of office properties in Norway. Entra focuses on flexible, attractive and environment-friendly office buildings with central location in Oslo, Bergen, Stavanger and Trondheim. The Group has solid expertise in letting to the public sector, which represented approximately 67 per cent of rental income as of 31 December 2017. Entra has been listed on Oslo Børs since October 2014.

This is Entra

Property portfolio of

84 properties

Occupancy ratio of

97 per cent

Weighted average unexpired lease term of

7.4 years

Totalling approximately

1 200 000 sqm

Portfolio market value of

40 billion NOK

Our mission

To create lively and sustainable workplaces facilitating for job satisfaction and efficiency.

Our vision

The most satisfied people work in Entra buildings.

Business idea

To develop, let and manage flexible, centrally located, environment friendly buildings.

Business strategy

Based on three pillars: profitable growth, high customer satisfaction and environmental leadership.

Geographic focus

Oslo and the surrounding area, Bergen, Stavanger and Trondheim.

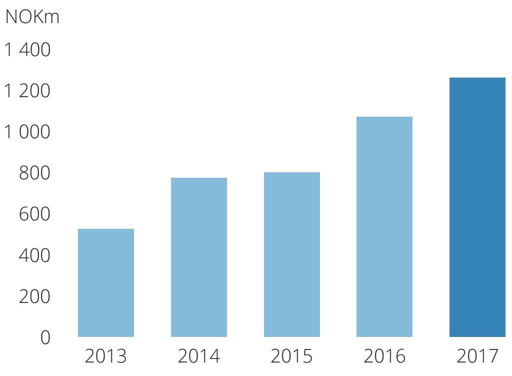
Core values

- Innovative
- Responsible
- Hands-on
- One team

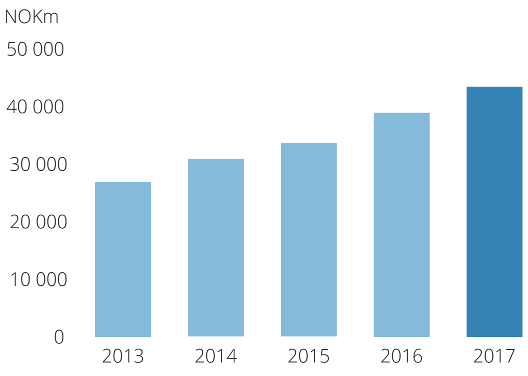
Our results

	2017	2016	2015	2014
All figures in NOK millions				
Rental income	2 075	1 899	1 760	1 772
Change period-on-period	9 %	8 %	-1 %	9 %
Net operating income	1 913	1 740	1 574	1 624
Change period-on-period	10 %	11 %	-3 %	10 %
Net income from property management	1 259	1 070	799	774
Change period-on-period	18 %	34 %	3 %	47 %
Profit before tax	5 030	3 306	3 075	1 377
Change period-on-period	52 %	8 %	123 %	201 %
Profit after tax	4 514	2 722	2 721	1 026
Change period-on-period	66 %	-	165 %	120 %
Market value of the property portfolio	40 036	35 785	29 598	28 358
Net nominal interest-bearing debt	17 852	17 454	14 640	13 890
Loan to value	43.3 %	47.6 %	46.1 %	48.4 %
Interest coverage ratio	3.0	2.7	2.5	2.0
Number of shares	183.7	183.7	183.7	183.7
All figures in NOK per share				
EPRA NAV	127	101	89	76
Change period-on-period	26 %	14 %	16 %	na
EPRA NNNAV	118	93	81	68
Change period-on-period	26 %	15 %	20 %	na
EPRA Earnings	5.23	4.27	3.25	3.00
Change period-on-period	22 %	31 %	8 %	na
Cash earnings	6.81	5.80	4.96	4.10
Change period-on-period	17 %	17 %	21 %	na
Dividend per share	4.10	3.45	3.00	2.50
Change period-on-period	19 %	15 %	20 %	na

Net income from property management



Total assets



Year in brief


Brattørkaia 16, Trondheim


Kjørbo, Sandvika

First quarter

In January Entra started construction of Brattørkaia 16 in Trondheim. Brattørkaia 16 will be a new 10,500 sqm campus building and is fully let to BI Norwegian Business School on a 20-year lease. The project has high environmental ambitions and aims for a BREEAM Excellent classification. The project will be finalised in June 2018.

In March, Entra started construction of a new Powerhouse at Brattørkaia 17 in Trondheim. Powerhouse Brattørkaia will be an energy positive and environment-friendly office building of approximately 18,200 sqm of which 2,500 sqm is a parking basement. The property is 48 per cent pre-let and is expected to be finalised in March 2019.

Entra also started refurbishing Block 1 at Kjørbo in Sandvika into a new Powerhouse with BREEAM Excellent standard. The property is 3,200 sqm and is fully let. The renovation was finalised in November 2017.

In January, Entra announced the sale of its Kristiansand portfolio comprising seven properties and 45,000 sqm. During the quarter, Entra also sold the properties Moloveien 10 in Bodø (5,530 sqm) and Kongens gate 85/Erling Skakkesgate 60 in Trondheim (1,770 sqm). The transactions were conducted in accordance with Entra's strategy to focus the portfolio on large, flexible office buildings in selected clusters close to public transportation hubs in the four largest cities in Norway.

Second quarter

During the quarter, Entra started refurbishing Block 2 at Kjørbo in Sandvika into a new Powerhouse with BREEAM Excellent standard. The property is 3,950 sqm and is fully let. The renovation will be finalised in October 2018.

Entra finalised the renovation of Block 3 at Kjørbo in Sandvika into a new Powerhouse with BREEAM Excellent standard. The property is 4,200 sqm and is fully let.

Entra also sold the two smaller non-core assets Wergelandsveien 29 (3,370 sqm) and the sections in Akersgata 32 (2,100 sqm), both in Oslo.


Media City Bergen


Trondheimsporten, Trondheim

Third quarter

In July, Entra announced the acquisition of Skanska Commercial Development's 50 per cent share in Sundtkvartalet. Sundtkvartalet is a new-built office property of 31,300 sqm which was finalised in December 2016. Closing took place in October 2017, making Entra the single owner of the property.

Entra also finalised the major development project Media City Bergen. The project involved total renovation of 35,000 sqm and an extension of 10,000 sqm. The property is currently 86 per cent let to a cluster of media, technology, education and research companies. The property is 50 per cent owned by Entra through Entra OPF.

Fourth quarter

During the quarter, Entra finalised the construction of the new-build project "Trondheimsporten" in Trondheim. The property is a 15-floor office building of approximately 28,600 sqm. The property is fully let and is aiming for a BREEAM Very Good classification.

In December, Entra sold Middelthuns gate 29 in Oslo (21,800 sqm) and Tungasletta 2 in Trondheim (14,800 sqm). Both properties were located outside Entra's selected property clusters.

Letter from the CEO

Steady and focused

2017 was another solid year where our revenues grew by 9 per cent and our result from property management grew by 18 per cent. We continue to deliver on our strategy of profitable growth, high customer satisfaction and environmental leadership. We once again set new records on customer satisfaction and our portfolio is currently close to fully let at 97 per cent. We continue to develop sustainable office properties and have finalised several large and innovative projects.

New vision broadening our focus

Establishing our new vision "The most satisfied people work in Entra buildings" will have several implications on how we interact with our customers and on our strategic positioning going forward. The vision extends our definition of customers from our 500 tenants to include the more than 40,000 people working in Entra buildings.

For our tenants, workspace is a tool to attract and retain key talent. We are constantly on the search for long-term trends and insight into the needs and preferences of the users of our buildings. On this note we consider services, technology, flexibility, sustainability and central location to play an important role when creating workspace for future generations.

Owning centrally located properties close to transportation hubs is an anchor in Entra's strategy. We believe the importance of location will only increase going forward for both transport efficiency and sustainability reasons and as demand for attractive and pleasant surroundings with a good mix of office and leisure options continues to grow.

Adaptation to and making use of new technology has become a core focus area for Entra, and we actively seek to use technology to make our buildings smarter and greener. Technology is driving changes in how we work and has an impact on the space we occupy. The ability to work remotely increases the demand for flexibility and for co-working space. In Entra we are now establishing co-working areas as an important part of our portfolio.

We see growing demand from our tenants for greater flexibility in determining their need for office space and in lease contracts. As a property owner we recognise the importance of adapting and believe this trend favors owners of large portfolios and property clusters which can offer such flexibility. Our newest properties are more flexible, catering to the demands of both small and large companies and their changing needs.

Sustainability is in the backbone

Sustainable office spaces are becoming increasingly sought after and continue to create value as they are both well positioned to respond to changing customer demands and more resilient towards climate and regulatory risks. Responsibility is one of our core values and reflects our social mission to be an ethical and environment-friendly property company.

In Entra, we have worked actively on responsibility and sustainability topics for many years. Some of our core focus areas in this respect involve combating climate changes, maintaining high ethical standards, fighting corruption, and the health and safety of everyone in and around Entra buildings.

We continuously work to minimise our carbon footprint, to develop, build and manage environment-friendly buildings and to actively influence the real estate industry through initiatives for a sustainable future. In 2017, the Carbon Disclosure Project (CDP) recognised our leadership on climate action and awarded a position on the Climate A list. Our actions to cut emissions, mitigate climate risks and help develop the low-carbon economy put us among the top 5 per cent of the 6,300 companies reporting to CDP.

Progressing the development pipeline

We have made good progress on our development pipeline also in 2017. We have completed major and innovative projects such as Media City Bergen and we have refurbished 30-year old office properties into Powerhouse and BREEAM Excellent standard at Kjørbo in Sandvika. In Trondheim we have started up two exciting new-building projects with high environmental standards, which will complete the urban development project at Brattørkaia.

Our ongoing development projects involve four properties totaling 53,650 sqm, which are close to fully let. We are continuously progressing our planning and pre-let discussions regarding our development pipeline and expect to start up several large refurbishment projects in Oslo in the coming years. We are also working to enhance our long-term development pipeline and have identified several prospects that would fit our portfolio well.

Our development projects have delivered strong returns. We carefully seek to manage risk through high pre-let ratios, fixed construction contracts and through limiting our development exposure to 5-10 per cent of the total portfolio.

Our business is in good shape

We have had good letting activity over the year proving that our properties deliver what our customers want. Combined with high returns on our project developments and a strong underlying investment market our total asset value was up by 12 per cent to 43.4 bn in 2017. We have sold 14 non-core properties at on average 14 per cent above book values which has strengthened our balance sheet and further improved the quality of our property portfolio.

The scalability of our business, the quality of our assets and the security of our rental income enable us to access a broad range of debt financing on attractive terms. We have also issued our second Green Bond in 2017 and thus further capitalised on our environmental focus.

The Norwegian economy is solid and in a moderate upturn. The current letting market is strong, particularly in Oslo which constitutes around 70 per cent of our portfolio. The supply side is relatively tight resulting from low new-building activity and high office-to-residential conversion the past several years. The transaction market is active and investor interest for Norwegian properties continues to be strong.

Going forward we will continue to build on the strengths and stability of our business as well as utilising the opportunities granted by new technology. We will continue to follow the trends in the office market closely and believe we are well positioned for potential shifts in customer demands with respect to flexibility, technology and sustainability.

I would like to take this opportunity to thank everyone who works with us for their contribution to the very good results in 2017.

Oslo, March 2018

Arve Regland
Chief Executive of Entra ASA

Going forward we will continue to build on the strengths and stability of our business as well as utilising the opportunities granted by new technology.

Management



	Arve Regland	Anders Olstad	Sonja Horn
Position	*CEO*	*CFO*	*EVP Digital and Business Development and Regional cities*
Born	1972	1967	1973
Nationality	Norwegian	Norwegian	Norwegian
Gender	Male	Male	Female
With Entra since	2014	2015	2013
Shareholding in Entra	50,334	38,626	19,909
Education	MSc in Business ("Siviløkonom") from the Norwegian Business School (BI), MBA and state-authorised public accountant from the Norwegian School of Economics (NHH).	MBA with distinction from INSEAD, MSc 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	MSc in Business ("Siviløkonom") from the Norwegian Business School (BI)
Prior positions	From 2004 to 2014 he was a Partner at ABG Sundal Collier. Before that he has held positions as Manager at Ernst & Young, Listing Advisor at the Oslo Stock Exchange and Accountant at Arthur Andersen & Co	CFO at Helly Hansen, Relacom, Hurtigruten, and Lindorff. Before that, he held the positions Director of Business Development at B.Skaugen, consultant with McKinsey & Company and various positions in the Norwegian Armed Forces.	Director and SVP Real Estate Asset Management at Statoil Fuel & Retail (now Circle K), 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 Kredittselskap (now DnB).

		
Anders Solaas	Geir Graff-Kallevåg	Ove Ågedal
EVP Letting and Property Development	*EVP Region Oslo (Acting)*	*EVP Project Development (Acting)*
1963	1978	1956
Norwegian	Norwegian	Norwegian
Male	Male	Male
2010	2014	2011
10,360	6,587	14,016
BA from the University of Mannheim and a degree in finance from the University of Lund	BSc from Stord/Haugesund University College (HSH). MSc from Norwegian University of Science and Technology (NTNU)	BSc in Engineering from Oslo and Akershus University College
Various positions with Hafslund, including CEO of Hafslund Eiendom, CFO (Markets), General Manager of Hafslund Energy Trading, Group Controller Hafslund and Finance Director of Hafslund Strøm. In addition he has served as Portfolio Manager of Fondsforvaltning.	Project manager at Entra from 2014-2017. Project- and department manager at Reinertsen from 2006-2014. Before that he worked with fire and safety both at the Oslo Municipality fire and safety department, Norconsult and Techno Consult.	Project Director at Veidekke Eiendom, Product/Market manager in Steni Norden, Sales manager and Regional manager in Block Watne, Building manager in Blink Hus. In addition he has worked as a residential and commercial property valuer.

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 2017, Entra had a property portfolio of 84 properties totalling 1.2 million sqm. The market value of the property portfolio was 40 billion. Entra has particular expertise in letting to the public sector, which represented approximately 67 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 maintenance and control systems and on-site presence, the company's operational 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 zoning, planning, building and refurbishment of 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.

Vision

Entra's new vision "The most satisfied people work in Entra buildings" is extending Entra'as definition of customers to include all the people working in Entra buildings. Broadening the customer definition from around 500 tenants to the more than 40,000 users of Entra buildings will provide new opportunities and extend our strategic positioning and how we interact with our customers going forward.

Strategy

Profitable growth

Entra has a solid track record of portfolio growth and value creation. In 2017 rental income increased by 9 per cent to 2,075 million resulting from CPI adjustment of leases, completed property projects, letting activities and property transactions. Entra signed new and renegotiated leases with annual rent totalling 269 million (115,000 sqm) in 2017 and the occupancy ratio increased from 96.8 per cent to 97.0 per cent. As a result of significant top line growth and efficient operations, the net income from property management increased by 21 per cent to 1,269 million. Entra's property values increased by some 3.5 billion, as a result of solid project development, letting activities and continued yield compression in the Norwegian market. At year-end 2017 Entra had total assets worth 43.4 billion vs 38.9 billion as of year-end 2016. Entra has throughout 2017 again demonstrated its ability to attract external debt capital on attractive terms from multiple sources of funding. Entra's average interest rate decreased from 3.48 per cent to 2.90 per cent, contributing to a further improvement in cash earnings and a proposed 22 per cent increase in dividends for 2017 compared to 2016.

Entra's dividend policy is to distribute 60 per cent of cash earnings to its shareholders. Cash Earnings are defined as net income from property management less payable tax. The Group is not currently in a tax payable position. Following the decision in the General Assembly in 2016 to start paying dividends on a semi-annual basis, the board of Entra proposes to distribute a semi-annual dividend of NOK 2.10 per share for the second half of 2017. Entra's total dividend for 2017 will then be NOK 4.10 per share compared to NOK 3.45 per share for 2016.

Customer satisfaction

Entra is responsible for property management of its management properties and has a central customer service centre to provide consistent and timely follow-up to enquiries. Entra works actively on maintaining good relationships with its tenants in order to achieve high customer satisfaction and to maximise lease renewal rates. In 2017, Entra again achieved exceptionally high customer satisfaction scores of 85 versus an industry average of 80 according to the Norwegian Tenant Index. On environmental matters, Entra achieved a score of 83 compared with a national average of 74, showing that customers truly value Entra's environmental efforts.

Profitable growth + Customer satisfaction + Environmental leadership

Entra targets early engagement with its existing tenants ahead of their lease maturities and constantly works together with its tenants to design workspace that meets their current needs and future requirements. Adopting to and making use of new technology has become a core priority in Entra. In 2017 Entra launched an app providing services to the office users. The app will be rolled out on more properties in the portfolio in 2018.

Environmental leadership

Entra continues to seek and implement new environmental initiatives to meet climate-related challenges, customer demands and to reduce costs. In order to maintain and strengthen Entra's position as an environmental leader, a revised and expanded environment strategy was outlined in 2017. Entra's new environment strategy includes goals and measures for the group, for our surroundings, for the property portfolio and for the development projects. The strategy has the following overall objectives:

- Entra's property portfolio shall be climate neutral
- Entra shall influence and set requirements for our counterparties
- Entra shall be an environmental leader in our property management
- Entra's projects shall have a high degree of quality and flexibility and a low environmental burden.

Entra is a leader in developing environmentally sustainable buildings and has high environmental ambitions on all its projects. 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 refurbishment/renovation projects. On completion of buildings currently under construction Entra will have built/refurbished 14 buildings that are environmentally certified in accordance with BREEAM. In addition Entra has BREEAM-in-use certified three of its existing buildings.

For many years, Entra has had a strong focus on reducing energy consumption in its portfolio. Through many small and large measures Entra has managed to reduce the energy consumption of its management properties by 28 per cent over the last five years. Energy consumption constitutes some 90 per cent of Entra's CO_2 footprint. Entra has an ambition to reduce its CO_2 footprint by 70 per cent by 2030.

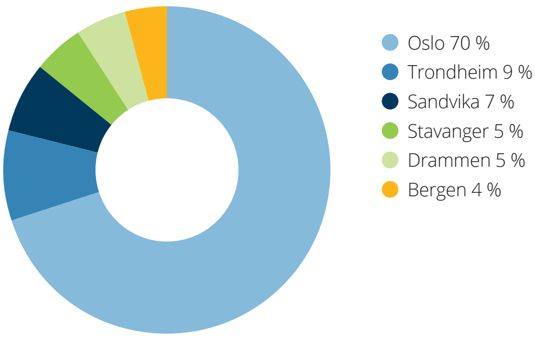
During 2016 and 2017 Entra has issued two Green Bonds, capitalising on the environmental qualities in a selection of its portfolio. CICERO (Norway's foremost institute for interdisciplinary climate research) has certified the Green Bond Framework. Entra was awarded the rating Dark Green which is the best rating possible.

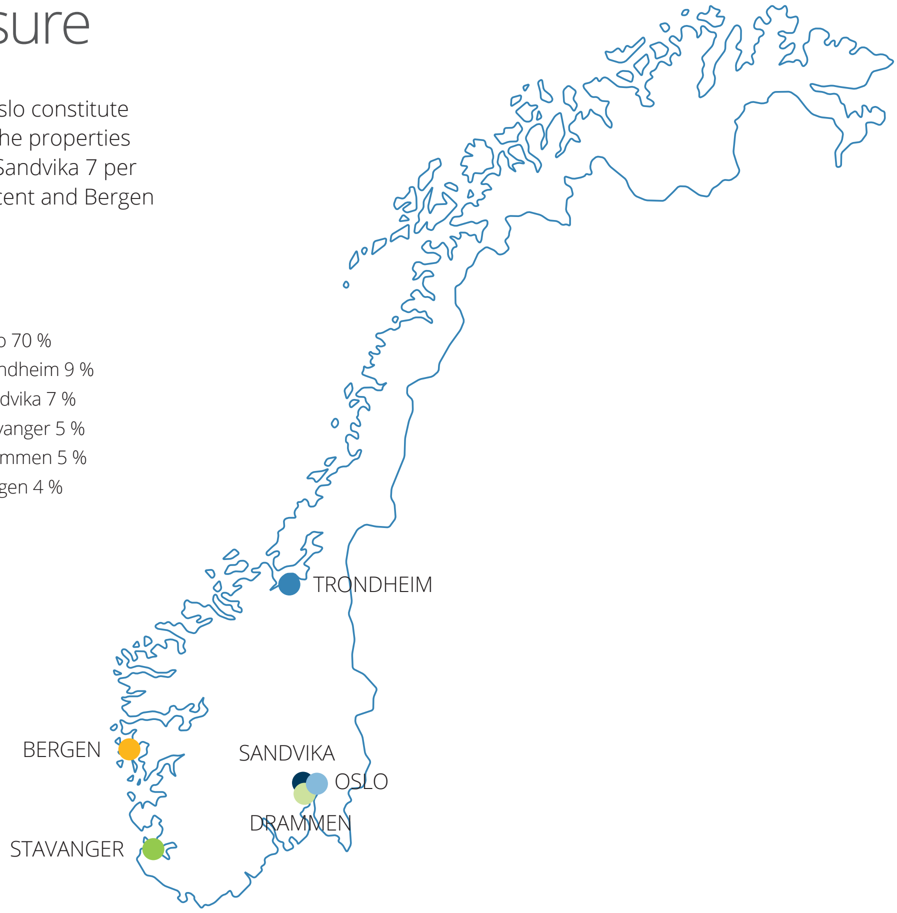
Entra has been identified as a global leader in the corporate response to climate change and was in 2017 awarded a position on the Climate A List by Carbon Disclosure Project (CDP), the non-profit global environmental disclosure platform. Entra is among 5 per cent of companies participating in CDP's climate change program to be featured on the 2017 Climate A List. This is in recognition of its actions in the last reporting year to cut emissions, mitigate climate risks and develop the low-carbon economy. Over 6,300 companies with some 55 per cent of global market capitalisation disclosed environmental data through CDP in 2017.

For a further description of Entra's environmental and CSR strategy, see the Sustainability report which is included in this annual report.

Geographic exposure

Entra's management properties located in Oslo constitute 70 per cent of the portfolio values whereas the properties located in Trondheim constitute 9 per cent, Sandvika 7 per cent, Stavanger 5 per cent, Drammen 5 per cent and Bergen 4 per cent.



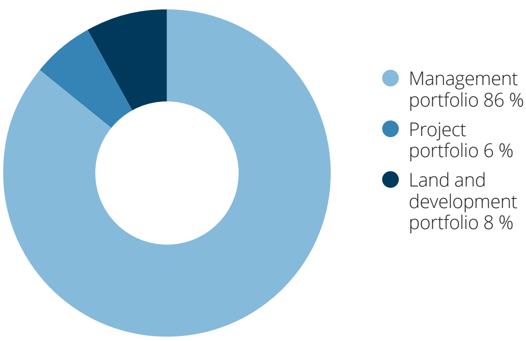


The property portfolio

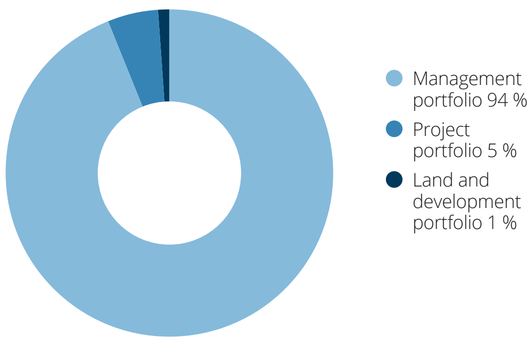
As of 31 December 2017, Entra's property portfolio comprised 84 properties, and the market value of the portfolio was NOK 40 billion. A full list of the properties can be found at the end of this report.

The property portfolio consists primarily of management properties, with a significant concentration in the Oslo area.

Portfolio by area



Portfolio by value



Management properties

Entra's management portfolio consists of 75 buildings with a total area of approximately 1 million sqm. As of 31 December 2017, the management portfolio had a market value of around NOK 37 billion. The occupancy rate was 97.0 (96.8) per cent. The weighted average unexpired terms for the Group's leases were 6.7 (7.0) years for the management portfolio and 7.4 (7.7) years when the project portfolio is included. Entra focuses the portfolio on the major cities in Norway; Oslo and the surrounding region, Bergen, Stavanger and Trondheim. Entra has its head office in Oslo.

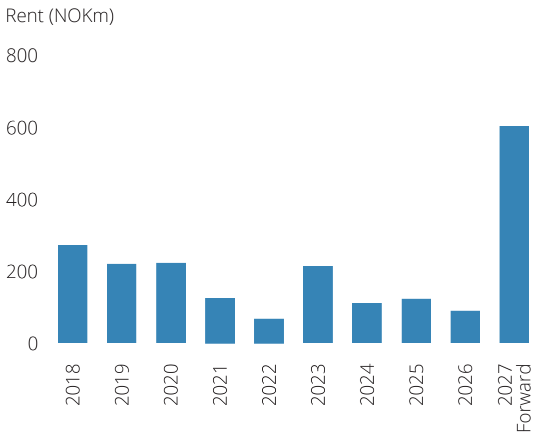
Entra's properties are valued by two external appraisers (Akershus Eiendom and Cushman & Wakefield Realkapital) on a quarterly basis. The market value of the portfolio in Entra's balance sheet is based on the average of the two external appraisers' valuations of each individual property. Valuation of the management portfolio is performed on a property-by-property basis, using individual DCF models and taking into account the property's current characteristics combined with the external appraisers' estimated return requirements and expectations as to future market development. The market value is defined as the external appraisers' estimated transaction value of the individual properties on the valuation date. The project portfolio is valued based on the same principles, but with a deduction for remaining investments and specific project risk on the valuation date. The land and development portfolio is valued based on actually zoned land.

Year-on-year, the portfolio net yield is reduced from 5.9 per cent to 5.1 per cent. 12 months rolling rent has increased from NOK 1,940 to NOK 1,975 per square metre, whereas the market rent has increased from NOK 1,906 to NOK 2,043 per square metre.

	Number of properties	Area	Occupancy	Wault	Market value		12 month rolling rent		Net yield	Market rent	
	#	sqm	%	year	NOKm	NOK/sqm	NOKm	NOK/sqm	%	NOKm	NOK/sqm
Oslo	38	622 416	96.9	6.1	26 013	41 793	1 382	2 221	4.9	1 463	2 350
Trondheim	10	136 568	96.5	6.3	3 518	25 760	211	1 548	5.4	221	1 618
Sandvika	9	94 903	99.1	10.2	2 571	27 092	150	1 581	5.4	130	1 374
Stavanger	5	78 673	97.2	8.8	2 027	25 766	135	1 717	6.2	123	1 566
Drammen	8	70 504	96.3	8.1	2 006	28 457	122	1 725	5.7	112	1 585
Bergen	5	45 262	96.5	4.9	1 303	28 792	70	1 538	4.8	93	2 050
Management portfolio	**75**	**1 048 327**	**97.0**	**6.7**	**37 439**	**35 713**	**2 070**	**1 975**	**5.1**	**2 142**	**2 043**
Project portfolio	5	70 247		21.5	2 122	30 202					
Development sites	4	95 969		-	476	4 959					
Property portfolio	**84**	**1 214 543**		**7.4**	**40 036**	**32 964**					

Youngsgt. 7-9 is included in market value of the management portfolio at sales price of 60 million.
The calculation of net yield is based on the valuers' assumption of ownership costs, which at 31.12.17 corresponds to 8.2 per cent of market rent.

Maturity profile of the management portfolio



Project properties

As of 31 December 2017, Entra had a project portfolio around 70,200 sqm. A full list of the project properties can be found at the end of this report. The portfolio of ongoing projects with a total investment exceeding 50 million is presented below.

Project	Ownership (%)	Location	Expected completion	Project area (sqm)	Occupancy (%)	Estimated total project cost [1] (NOKm)	Of which accrued [1] (NOKm)	Yield on cost [2]
Brattørkaia 16	100	Trondheim	Jun-18	10 500	100	291	211	6.6
Powerhouse Kjørbo, block 2	100	Sandvika	Oct-18	3 950	100	122	66	6.4
Brattørkaia 17 A	100	Trondheim	Mar-19	18 200	48	497	322	6.2
Tullinkvartalet (UIO)	100	Oslo	Dec-19	21 000	92	1 489	751	5.5
Total				**53 650**		**2 399**	**1 350**	

[1] Total project cost (Including book value at date of investment decision/cost of land).
[2] Estimated net rent (fully let) at completion/total project cost (including cost of land).

On Brattørkaia 16 in Trondheim, Entra is building a 10,500 sqm campus building for BI Norwegian Business School. The property is fully let on a 20-year lease. The project has high environmental ambitions and aims for a BREEAM Excellent classification. The project will be finalised at the end of the second quarter of 2018.

Entra is refurbishing Block 2 at Kjørbo into a new Powerhouse with BREEAM Excellent classification. The building is 3,950 sqm and is expected to be finished in October 2018. The block is fully let to Norconsult.

On Brattørkaia 17 A, Entra will build Powerhouse Brattørkaia. This is an energy positive and environment-friendly office building of approximately 18,200 sqm, of which a 2,500 sqm is a parking basement. The property is 48 per cent pre-let, and several letting processes are ongoing. Powerhouse Brattørkaia will utilise sun and sea water for heating and cooling. The building will be covered by 3,500 sqm of solar panels and thus produce around 500,000 kWh of renewable energy annually. This is more than twice as much as the building consumes for heating, cooling, ventilation and lighting. It means that the building has a positive energy balance in its lifetime also when all the energy that goes into building processes, materials and finally demolition is included. The project is aiming for the environmental classification BREEAM Outstanding and Energy class A. The project will be finalised in the first quarter of 2019.

In Tullinkvartalet in Oslo Entra has ongoing construction of a new 21,000 sqm campus building for the Faculty of Law of the University of Oslo. The property is 92 per cent let to the University on a 25-year lease. The new-build project involves Entra's properties in Kristian Augusts gate 15, 19, and parts of 21, which to a large extent are being demolished and re-built. The project will be finalised in the end of 2019. The new-build project aims for a BREEAM Excellent classification.

"Trondheimsporten", a new-build project located in Holtermanns veg 70 in Trondheim was completed in the fourth quarter 2017 with a target of achieving BREEAM Very Good classification. The property is a 15-floor office building of approximately 28,600 sqm and it is fully let.

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 2017, Entra had four properties with a land and development area totalling around 96,000 sqm.

A list of the properties with defined land and development potential can be found at the end of this report.

Partly-owned companies

Entra selectively gains access to development projects through its shareholding in subsidiaries with non-controlling interests and jointly controlled entities. Entra's ownership interests currently include the following companies:

Papirbredden Eiendom AS (60 per cent)
Entra and Drammen Municipality own Papirbredden Eiendom AS. The company owns six office properties totalling around 59,000 sqm and land with future development potential totalling around 60,000 sqm in Drammen.

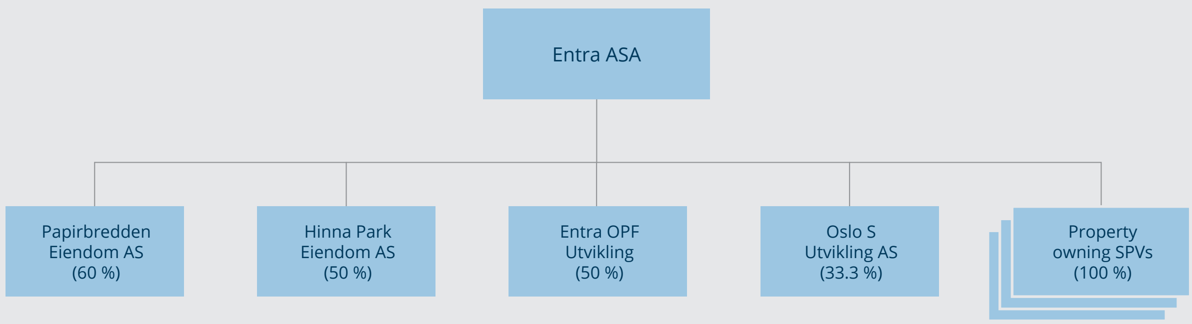
Hinna Park Eiendom AS (50 per cent)
Entra and Camar Eiendom own Hinna Park Eiendom AS. The company owns three office properties of around 30,000 sqm and land with development potential for two new office properties totalling around 37,000 sqm.

Entra OPF Utvikling AS (50 per cent)
Entra and Oslo Pensjonsforsikring (OPF) own Entra OPF Utvikling AS. The company owns two properties in Bergen, the property Lars Hilles gate 30 (MediaCity Bergen) and Allehelgens gate 6. Following completion of MediaCity Bergen the shareholder agreement has been revised and Entra OPF Utvikling will be consolidated in the Group's financial statements from 1 January 2018 (previously treated as an associated company).

Oslo S Utvikling AS "OSU" (33.33 per cent)
OSU is a property development company that is undertaking the office and residential development of parts of the city district Bjørvika in Oslo.

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

Entra's legal structure



MediaCity Bergen

Tenants and lease structure

Entra's tenant base comprises primarily public sector tenants with long-term leases and, as of 31 December 2017, public sector tenants accounted for approximately 67 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 2,043 per sqm, while the 12 months rolling rent was 1,975 per sqm as of 31 December 2017. As of the same date, the management properties had around 500 tenants with a weighted average unexpired lease term (WAULT) of 6.7 years. The 20 largest tenants' share of Entra's rental income represents 45 per cent of revenues.

The following table sets out the 20 largest tenants in Entra's management properties as of 31 December 2017.

Tenant	In % of rent	Sector
Norwegian Tax Administration	5.6 %	Public
The Norwegian National Rail Administration	3.9 %	Public
Norwegian Directorate of Health	3.9 %	Public
National Library of Norway	3.5 %	Public
Bane NOR	3.3 %	Public
Municipality Undertaking for Defence Buildings	2.0 %	Public
The Immigration Appeals Board	2.0 %	Public
Norway Post	2.0 %	Public
Borgarting Court of Appeal	1.8 %	Public
University College of Southeast Norway	1.8 %	Public
Circle K	1.6 %	Private
County Governor of Oslo and Akershus	1.6 %	Public
Bærum Municipality	1.6 %	Public
Norconsult	1.5 %	Private
The Norwegian Public Service Pension Fund	1.5 %	Public
Norwegian Petroleum Directorate	1.5 %	Public
Asker and Bærum Police District	1.4 %	Public
Oslo Municipality Undertaking for Social Services Buildings	1.4 %	Public
Norwegian Environment Agency	1.4 %	Public
Directorate of Norwegian Customs	1.4 %	Public
	44.8 %	

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 our four core markets: Oslo and the surrounding area, Bergen, Trondheim and Stavanger. Target areas include 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 make the company well positioned to make acquisitions that meet these acquisition criteria.

Also, Entra actively divests smaller properties and properties outside its core markets. The acquisition and divestment strategy is flexible, allowing Entra to respond to market opportunities as they arise.

In 2017 Entra acquired Skanska Commercial Development's 50 per cent share in Sundtkvartalet, and thus became sole owner of the property. Sundtkvartalet is a new-built office property of 31,300 sqm which was finalised in December 2016. The transaction was based on a property value of 1,590 million and closing took place in October 2017.

Entra has furthermore taken advantage of the strong transaction market and sold 14 properties in 2017.

Transactions in 2016 and 2017

Purchased properties

	Area	Transaction quarter	No of sqm	Transaction value (NOKm)	Closing date
50 % of Sundtkvartalet	Oslo	Q3 2017	31 300	795	02.10.2017
Kristian Augusts gate 13	Oslo	Q4 2016	3 300	155	20.01.2017
Skøyen portfolio (three properties)	Oslo	Q2 2016	61 000	2 529	01.09.2016
Lars Hilles gate 25	Bergen	Q2 2016	5 800	53	01.09.2016
Total			**101 400**	**3 532**	

Sold properties

	Area	Transaction quarter	No of sqm	Transaction value	Closing date
Tungasletta 2	Trondheim	Q4 2017	14 800	180	31.01.2018
Middelthunsgate 29	Oslo	Q4 2017	28 600	1 270	28.12.2017
Wergelandsveien 29	Oslo	Q2 2017	3 373	160	30.09.2017
Akersgata 32 (Sections)	Oslo	Q2 2017	2 100	94	30.06.2017
Lømslandsveien 23	Kristiansand	Q2 2017	1 423	11	30.06.2017
Kristiansand portfolio (7 properties)	Kristiansand	Q1 2017	45 000	863	30.06.2017
Moloveien 10	Bodø	Q1 2017	5 531	83	15.02.2017
Kongensgate 85/Erling Skakkesgate 60	Trondheim	Q1 2017	1 769	16	31.03.2017
Lervigsveien 32/Tinngata 8	Stavanger	Q4 2016	6 400	56	30.11.2016
Kalfarveien 31	Bergen	Q2 2016	8 440	85	01.11.2017
Fritznersgate 12	Oslo	Q2 2016	824	53	15.09.2016
Telemarksgata 11	Skien	Q2 2016	4 300	11	01.07.2016
Ringstabekk AS	Bærum	Q1 2016	5 570	114	06.04.2016
Strandveien 13, Tromsø	Tromsø	Q4 2015	11 560	158	28.01.2016
Gullfaks, Hinna Park (forward sale)	Stavanger	Q3 2015	17 900	727	30.10.2016
Total			**157 590**	**3 881**	

Lilletorget 1, Oslo


VOGUE

Sustainability report

Sustainability and corporate social responsibility are of key strategic importance to Entra and seen as a prerequisite for the company's long-term results and value creation. Responsibility is one of Entra's core values and reflects Entra's strong social mission to be a highly efficient and environment-friendly real estate company. Entra views sustainability as a means to achieve this social mission in such a way that ensures profitability while simultaneously benefiting the environment, the interest of the Group's stakeholders and society as a whole.

Entra's corporate social responsibility (CSR) policy provides a systematic approach to understanding and managing the company's impact on the society, as well as stakeholder requirements and expectations. It is also considered to have a positive impact on important stakeholders' choice of business partners. A CSR approach indicates good corporate governance and management and a positive contribution to some of our time's greatest challenges is important for attracting and retaining talented employees.

Entra's CSR policy supports the UN Sustainable Development Goals, and is in compliance with the relevant section in the Norwegian Accounting Act, § 3–3C, Oslo Stock Exchange guidance on the reporting of corporate responsibility 1/2016 and the Report to Parliament no. 27 (2013–2014) "Diverse and value-creating ownership".

Stakeholder dialogue

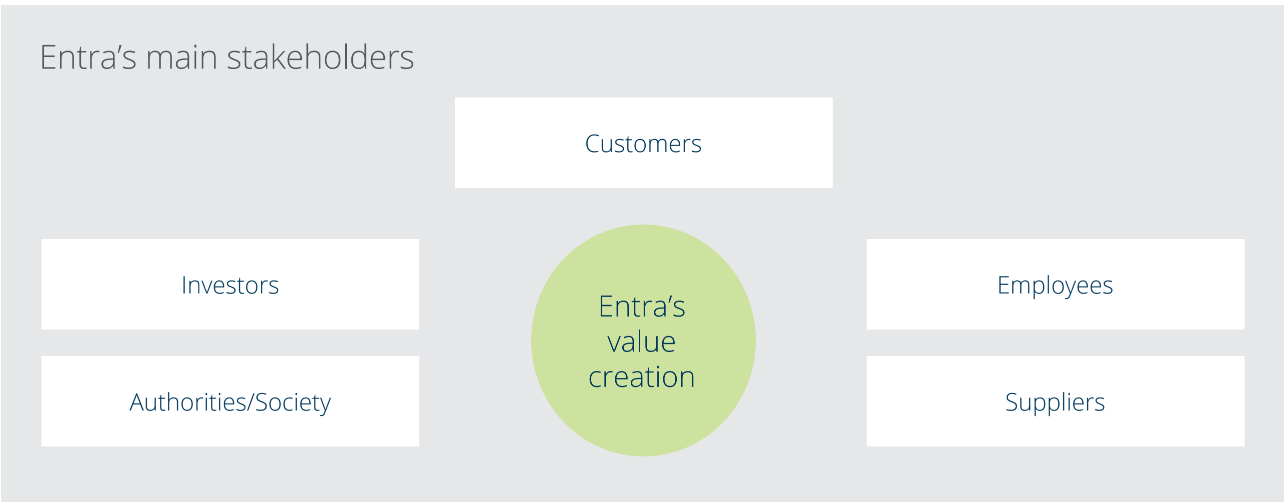
It is important for Entra to maintain an open and honest dialogue with its main stakeholders. Such dialogue provides valuable feedback and enables Entra to continue to improve, to build trust and to enhance its reputation.

A structured process towards selecting the report's content and confirming its validity is undertaken. Entra engages with various groups and individuals to understand specific opportunities and concerns about our business and its impacts. The engagement is amongst others based on dialogue, meetings and feedback from business partners, customers, investors, authorities and employees. Other sources of information include assessment of media and industry reports.

Materiality analysis and focus areas

The main steps involved in selecting the focus areas consist of identifying and understanding topics that are important to our business strategy and to our stakeholders.

The focus areas and priorities are based on a broader materiality analysis of areas where Entra and its stakeholders believe the company can make an important and sustainable impact.

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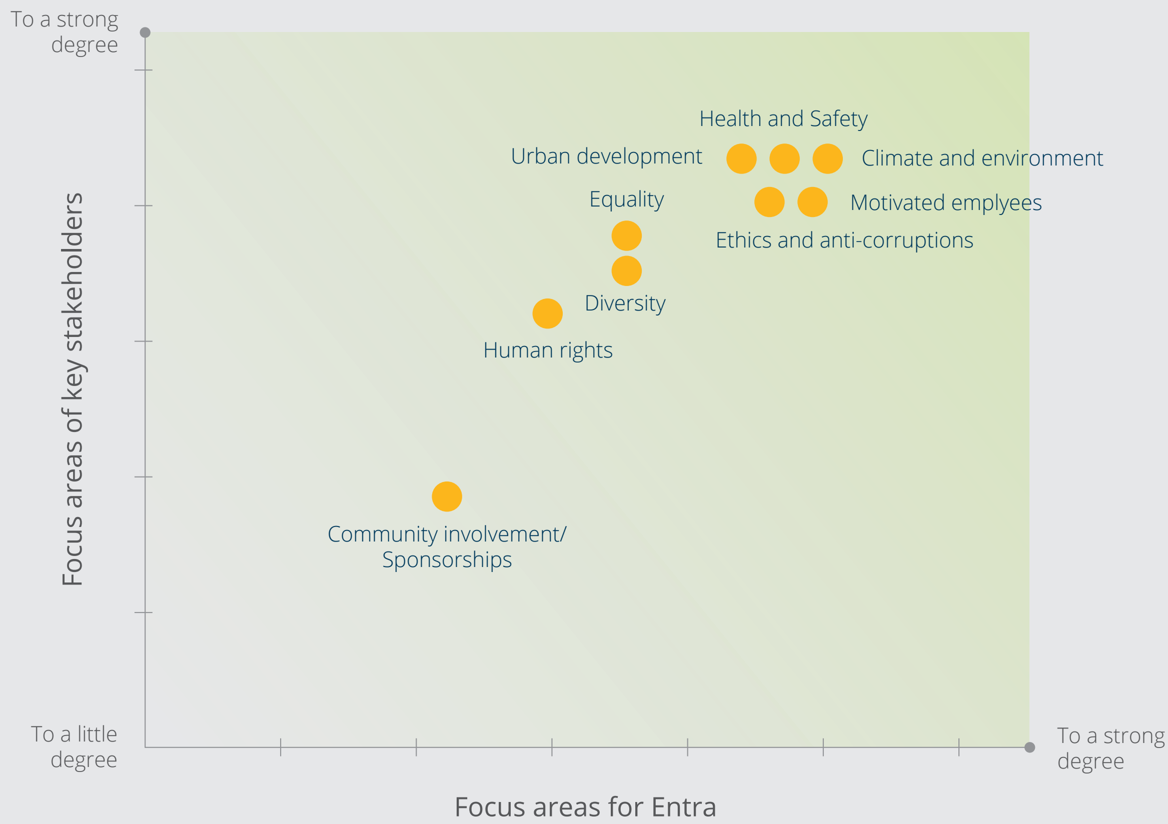
Materiality analysis



Focus areas

The topics are believed to be important for future progress and long-term value creation. The result of the materiality analysis is illustrated above.

Based on the materiality analysis five focus areas have been determined as core for Entra and the work within each field is further described in this report.

1. Climate and the environment

Environmental leadership is one of Entra's strategic goals and an important part of Entra's corporate social responsibility. Entra has developed a corporate culture with a strong environmental focus throughout the whole company. Entra's environment strategy has been mainly focused on reducing energy consumption and water usage, sorting waste as well as developing innovative environmentally sustainable buildings.

Entra is a leader in the development of environmentally sustainable buildings and has high environmental ambitions on all its projects. On completion of buildings currently under construction Entra will have built/refurbished 14 BREEAM certified buildings in addition to three buildings which have been BREEAM-in-Use certified. Entra and the Powerhouse co-operation have refurbished five older buildings to "Plus buildings/Powerhouses" at Kjørbo in Sandvika. At Brattørkaia in Trondheim, a new-built Powerhouse is under construction. A Powerhouse produces more energy than it uses over its lifetime, including the materials used for construction. In practice the buildings therefore act as a local power stations that deliver environmentally-friendly energy. Entra has hereby contributed to persuading the industry to consider "virtually zero use of energy" on both new buildings and renovation projects.

Entra's environmental leadership has become well-known among its stakeholders, and the environmental commitment contributes to the ability to attract the best and most competent resources.

CDP leadership

Entra has been identified as a global leader in the corporate response to climate change and was in 2017 awarded a position on the Climate A List by Carbon Disclosure Project (CDP), the non-profit global environmental disclosure platform. Entra is among five per cent of companies participating in CDP's climate change program to be featured on the 2017 Climate A List. This is in recognition of its actions in the last reporting year to cut emissions, mitigate climate risks and develop the low-carbon economy.

The 2017 Climate A List is comprised of 106 global companies. The Climate A List has been produced at the request of 827 investors with assets of over US$100 trillion. Over 6,300 companies representing some 55 per cent of global market capitalisation disclosed environmental data through CDP in 2017.

CDP A LIST 2017 CLIMATE

"As a Climate A List company we're leading the corporate response to climate change"

Environment strategy for 2018-2020

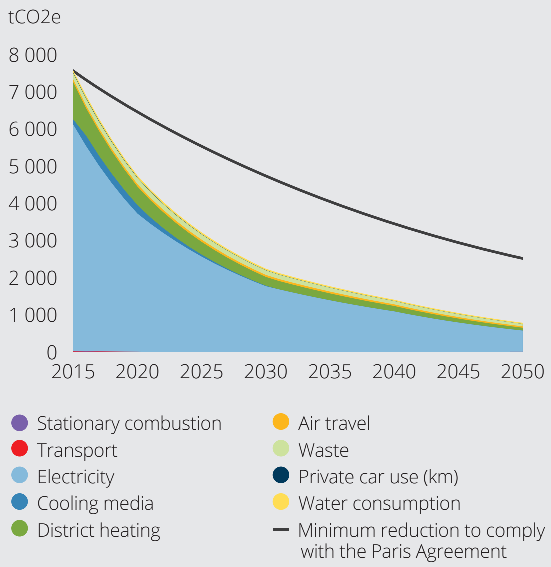
In order to maintain and strengthen Entra's position as an environmental leader, a revised and expanded environment strategy has been outlined for 2018-2020. Entra's new environment strategy includes goals and measures for the group, for our counterparties, for the property portfolio and for the development projects. The strategy has the following overall objectives:

- Entra's property portfolio shall be climate neutral
- Entra shall influence and set requirements for its counterparties
- Entra shall be an environmental leader in its property management
- Entra's projects shall have a high degree of quality and flexibility and a low environmental burden.

Background and CO_2 targets

According to the Paris Agreement global warming is to be limited to 2° and efforts should be made to achieve 1.5°. Norway is one of 196 UN countries that have signed the agreement and the nation is committed to cutting CO_2 emissions by 40 per

Entra's greenhouse gas emissions



cent by 2030. The City of Oslo has chosen to be more ambitious and has a goal to cut the city's CO_2 emissions by 50 per cent by 2020 and 95 per cent by 2030. Against this background Entra's environmental strategy is built on how Entra can contribute to cutting its own CO_2 emissions as well as influencing others to cut theirs.

The graph above illustrates a projection of Entra's direct CO_2 emissions and the CO_2 emissions that are included in the calculation. The calculation and projection have been made by CEMAsys.com and Entra. The emission reduction needed to be compliant with 2-degree target is based on IPCC AR5 methodology.

As can be seen from the graph it is estimated that Entra's emissions of greenhouse gasses can be reduced by 70 per cent by 2030. The estimates assume that Entra continues to reduce annual energy consumption in its buildings by 2 per cent per year. Given that Entra expects an increased degree of occupation and extended working hours in the buildings, this may be an ambitious goal.

The main source of Entra's greenhouse gas emissions is energy consumption in its buildings which constitutes about 90 per cent of Entra's direct CO_2 footprint. Energy is becoming steadily greener as a result of the phasing out of coal-fired power stations and fossil fuels in the European electricity market, combined with an extension of green energy through solar panels, wind and hydropower. Over time the greatest reduction in Entra's CO_2 footprint thereby takes place because the electricity bought is generally getting greener. The operation of buildings (without fossil heating) is therefore not expected to be a great environmental sinner in the future. Entra therefore believes that increased focus on influencing and setting requirements for its counterparties is important. In Oslo about 61 per cent of emissions come from the transport sector and 19 per cent

from waste. Thus, influencing and setting requirements on suppliers, customers and other interested parties with a significant environmental impact would contribute significantly to the overall carbon account.

Against this background Entra has outlined a new environment strategy directed towards four strategic focus areas: the group, its counterparties, the property portfolio, and the new-build and renovation projects. This is briefly summarised in the illustration above and explained further in the following paragraphs.

Entra's environment strategy 2018-2020

Entra's business shall be climate neutral

Entra has a corporate culture in which environmental awareness is strongly embedded at all levels. This is something that Entra wishes to take care of and use as a resource in implementing a broader environmental focus. Entra strives for a culture in which every one of the company's employees seeks to influence suppliers, customers and partners to make wise environmental choices. This means that Entra will work actively with concepts for increased environmental engagement and responsibility among its employees, customers and suppliers. Entra still has much to gain from reinforcing its focus on a circular economy and concepts that contribute to reduced consumption, reuse, recycling and waste handling.

Miljøfyrtårn®

Entra has an ambition to act as an example in relation to a lessee's environmental focus. As a consequence of this, Entra's head office has been environmentally certified in accordance with the requirements set out in the "Miljøfyrtårn" (Environment Lighthouse) in 2017. As an extension of this, Entra will work on influencing attitudes and seeking to lift everyone's awareness so that the company will be an environmental leader as an office user as well.

Entra's ambition is that operation of its buildings is climate neutral. Today energy consumption amounts to approximately 90 per cent of Entra's direct CO_2 consumption and is thus the most important single source in calculating its carbon footprint. From 2016 to 2017 Entra reduced its CO_2 emissions from 7.1 tonnes to 6.5 tonnes mainly as a result of reduced energy consumption and greener electricity with lower CO_2 emissions. Entra has a goal to reduce its current CO_2 footprint by 60–70 per cent by 2030. This will be achieved through, among other things, replacing energy bought with green energy the company has produced itself, phasing out environmentally harmful cooling media, reducing the quantity of waste and focusing on green transport. The long-term goal is to remove as much as possible of the company's direct CO_2 emissions. The rapid developments taking place within solar and battery technology lead us to be optimistic in this regard.

In order to compensate for own emissions and make Entra's business climate neutral as early as 2018 Entra will buy guarantees of origin ("green power") corresponding to the energy consumption of its buildings and at the same time buy climate quotas in relation to the remaining CO_2 emissions. Climate

ENTRA'S BUSINESS SHALL BE CLIMATE NEUTRAL – FOCUS AREAS AND TARGETS

Focus areas	Targets and measures
Environmental awareness is part of our corporate culture	• Work to improve expertise, with concepts for increased environmental awareness and responsibility among the employees • Encourage employees to choose environmentally friendly transport
Our operations and buildings shall be climate neutral	• Work actively to reduce our CO_2 footprint and have an objective to reduce this by 60-70 per cent by 2030 • Gradually replace energy bought with renewable energy produced by ourselves • Until our business is CO_2 neutral we will climate compensate for our CO_2 emissions by: – Buying guarantees of origin for all electricity used in our buildings – Buying climate quotas related to other CO_2 emissions • Draw up a plan for phasing out all cooling media that are not climate-friendly • Focus on the environment and innovation and have a lower return requirement for environmental investments
Environmental leadership is an important part of our social responsibility and reputation	• Attract the most competent and innovative resources • Make our environmental commitment known to our counterparties • Continue to issue green bonds
Environmental certification and reporting	• Organisation and head office certified in accordance with "Environmental Lighthouse" process • Goal to be a GRESB "Green Star" • Goal to retain CICERO rating "Dark shade of Green" • Ownership and follow-up of environmental targets in property management and project development

quotas contribute to reducing greenhouse gas emissions in geographic areas where this is needed most. By buying climate quotas, Entra thus contributes to reducing global greenhouse gas emissions, at the same time as Entra's management portfolio will be "climate neutral" from as early as 2018. Entra will also gradually produce more and more renewable energy through new building projects and projects on existing buildings.

During the previous strategy period Entra carried out a number of green measures in its buildings. This has been an important contributor to succeeding in reducing energy consumption. These measures have been financed through green benefit agreements under which lessees have contributed to the financing through part of the reduced energy costs being used to finance the measure. Entra sees continued possibilities for implementing green measures, for example for using roof surfaces for producing solar power. This type of investment has a long payback period, and Entra needs to identify new financing models. Entra will therefore consider whether to adopt a slightly lower return requirement in relation to environment investments and innovation that promotes the environment.

Entra shall influence and set requirements for its counterparties

Entra will work actively to influence and set requirements for its suppliers, customers and other stakeholders to contribute to the "green shift". Specifically, this means that Entra will prefer partners with a clear environmental profile and will put the environment on the agenda in meetings with its counterparties. Entra will set environmental requirements on its suppliers and partners through conditions on purchasing and social responsibility, set requrements for fossil-free construction sites and impose a total prohibition on the use of materials hazardous to health and the environment.

Entra seeks to increase awareness of the environment among users of its buildings. Not only the customers but also their employees and visitors are included in this definition. Entra will seek to implement environmental measures that are visible and inspiring for people in its buildings. Entra will also create conditions for its customers to be able to implement environmental measures, both on their own and in cooperation with Entra through "green benefit agreements". Entra will focus on reduction, reuse and recycling when making tenant alterations and furnishing premises and common areas and will seek to influence customers and suppliers to make the right environmental choices.

Entra has had great success in making its environmental commitment known to its counterparties and has shared, and will continue to share, its expertise and experience with the industry. Entra will continue to participate actively in various technical bodies, industry cooperation and industry organisations such as Grønn Byggallianse, Zero, NGBC and Norsk Eiendom.

An important part of Entra's strategy is that the company contributes to a sustainable and good quality urban development. Entra will own and develop buildings at transport intersections that support the use of environmentally friendly transport alternatives to and from work. With central locations in the main cities, Entra will also focus on the development of solutions that make it easy to use bicycles and ground plans that contribute to the local environment.

ENTRA SHALL INFLUENCE AND SET REQUIREMENTS FOR ITS COUNTERPARTIES – FOCUS AREAS AND TARGETS

Focus areas	Targets and measures
Set environmental requirements for our suppliers	• Environmental requirements in Entra's conditions for purchasing and social responsibility • Set requirements for reduced waste quantities, reuse and recycling in Entra's deliveries • Require a prohibition on the use of materials hazardous to health and environment • Put the environment on the agenda in meetings and contracts with suppliers
Increased environmental awareness among users of Entra's buildings	• Carry out environmental measures that are visible and inspiring for people in our buildings • Facilitate the carrying out of environmental measures by customers • Enter into "green benefit agreements" with our customers
Share our expertise and experience	• Hold lectures, contribute to technical bodies, industry cooperation, industry organisations etc.
Contribute to sustainable and good urban development	• Contribute to relevant environmental solutions in property and urban development, with good transport and energy solutions, climate adaptation and greater biological diversity

Entra shall be an environmental leader in its property management

Entra shall have a continuous focus on environmental measures in the management portfolio.

Entra uses an environment management system to compare, follow-up and control the various buildings' environmental qualities with a focus on the consumption of energy and water, as well as waste and waste sorting. Entra has BREEAM-in-use certified three buildings in the portfolio and will evaluate the cost/benefit before a possible continuation to larger parts of the portfolio.

Over time Entra has built a culture in which energy management is an integrated part of its operating organisation. Entra has worked systematically over time to reduce energy consumption in its portfolio (from 202 kwh/sqm in 2011 to 143 kWh/sqm in 2017). An important reason why Entra has succeeded in this work is the systematic focus, with an energy management system which has made it possible to measure, compare and follow up. Entra is now at a level where continued reductions in consumption must primarily be driven through technological development and continuous upgrading of the management portfolio to green buildings.

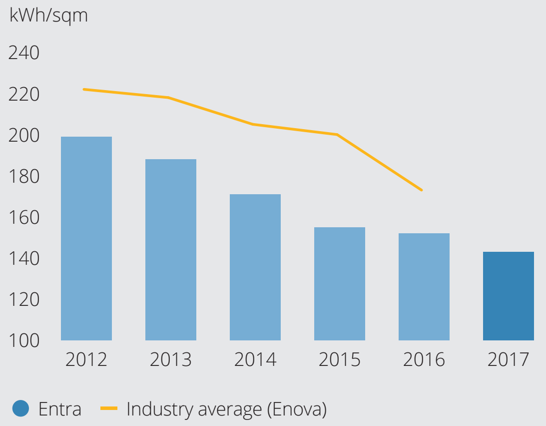
Entra will maintain low energy consumption in its management portfolio (< 150 kWh per sqm) by focusing on good energy management. Entra can contribute to a reduced load on the energy grid and lower costs in relation to energy intensity in the portfolio by introducing this as a parameter in the same way as consumption.

Entra also want to broaden the environmental focus by using the coming years to build a culture where employees work

ENTRA SHALL BE AN ENVIRONMENTAL LEADER IN OUR PROPERTY MANAGEMENT – FOCUS AREAS AND TARGETS

Focus areas	Targets and measures
Good environmental leadership	• Use of environment leadership system for control, comparison and follow-up of individual buildings • Evaluate BREEAM-in-use after two completed certifications
Reduced energy consumption and intensity	• Target 135 kWh/sqm in 2020 • Increase proportion of self-produced green energy
Reduce peak load	• Focus on load control in order to reduce energy demand during peak usage times in 2018
Reduce and recycle waste	• Target 70 per cent waste sorting in 2018 • Reduce water consumption
Environmental measures	• Strategy for roof surfaces and facades • Make provision for cycle transport and pedestrians • Actively seek innovative and environmentally friendly solutions

Energy consumption in the portfolio



systematically on all aspects of a circular economy – i.e. reducing, reusing and recycling. This means that Entra will focus on reducing the quantity of waste in buildings as well as looking at solutions for multi-use and reuse. Examples of this are paperless offices, a reduction in food waste in canteens, as well as a focus on reuse in relation to tenant alterations. Entra has set specific ambitions in relation to residual waste, the degree of sorting and water consumption for the period 2018-2020.

Entra is in the process of developing a strategy for environmental measures on its roof surfaces (use of solar panels, solutions for surface water, biological diversity etc.). Survey work is proceeding and measures will be assessed and implemented on a continuous basis.

Part of Entra's strategy is to own properties close to transport intersections. Entra thus encourages its tenants to use public transport, to cycle or to walk. All Entra's buildings will have provision for cycle transport and pedestrians.

Entra's new-build and renovation projects shall be characterised by high quality, flexibility and a low environmental burden

Entra's new buildings and renovation projects shall be planned and built in accordance with Entra's specifications - the "Entra building". This is to ensure high quality throughout and lower costs. In the "Entra building" focus is placed on standardisation that will give reduced costs in a life cycle cost perspective (LCC) and operating synergies. Standardised technological systems in the buildings will also simplify integration with new "smart building" technology in the future. We will request materials with low CO_2 emissions and low life-cycle costs. Planning will provide for flexible solutions and multi-use and reuse of materials will be a focus area. Entra is also in the process of developing a standard delivery description for tenants where these factors are taken into account.

Entra's new-build projects are BREEAM-NOR certified with a target of achieving BREEAM-NOR Excellent. For renovation projects the target is to achieve minimum BREEAM-NOR Very Good. This requires, among other things, analysis of life-cycle costs, low energy consumption, a good internal climate and innovative measures.

Entra focuses on innovation and actively seek innovative environmental solutions for its properties and building projects. Entra focus on renewable energy and low energy consumption in all of its projects with an overall ambition that new and totally renovated buildings will have an energy consumption of less than 40 kWh per sqm (close to zero energy buildings). Entra also plans solutions for increased production, storage and exchange of renewable energy.

ENTRA'S NEW-BUILD AND RENOVATION PROJECTS SHALL BE CHARACTERISED BY HIGH QUALITY, FLEXIBILITY AND A LOW ENVIRONMENTAL BURDEN – FOCUS AREAS AND TARGETS

Focus areas	Targets and measures
Standardisation and environmental requirements in projects	• Further develop the standard specification for projects (the "Entra building") • Develop a standard specification for tenant requirements • Set requirements for fossil-free construction sites and request fossil-free transport • Establish a strategy for all projects in Entra with the following targets: – request and facilitate flexible solutions and multi-use premises – requirements for reuse of materials, reduction of waste quantities and degree of sorting – more materials with low CO_2 emissions (documented through EPD) – choice of building products with low life cycle costs (LCC) • The environment strategy for the project is to be presented as part of the investment decision and followed up in business reviews
Certification	• Objective of a minimum of BREEAM-NOR Excellent on all new building projects • Objective of a minimum of BREEAM-NOR Very good on total refurbishments
Focus on renewable energy and low energy consumption	• Objective of close to zero energy buildings (energy consumption less than 40 kWh/sqm) • Plan solutions for increased production, storage and exchange of renewable energy
Innovation	• Actively seek innovative and environmentally friendly solutions

THE ROADMAP TOWARDS 2050 BY THE GREEN BUILDING COUNCIL

Entra has signed up to "The Roadmap towards 2050 for the Property Sector" by Grønn Byggallianse and Norsk Eiendom. Entra complies with and follows the 10 immediate measures set out in the Roadmap to;

Measure	Status
Certify the organisation	Entra's headquarter was certified as Miljøfyrtårn in 2017
Remove fossil heating in buildings	Only one building left with fossil heating. Planned to be phased out in 2018/2019
Only buy building products that do not contain hazardous substances	Covered by Entra's sustainable purchasing procedures
Introduce BREEAM In-Use as a management system for the entire portfolio	Certified three buildings in accordance with BREEAM In Use. Will evaluate rolling out on a larger part of the portfolio.
Conduct a study of what the roofs can and should be used for	Study different possibilities for use
Demand and reward innovative environmental solutions	Request and demand innovative solutions in new-build projects
Require architects to make plans for re-use of materials and minimise waste.	Implemented in Entra's standard technical requirements
Order energy budgets to calculate real energy use	Implemented in Entra's standard technical requirements
Demand and prioritise building products with low CO_2 emissions	To be implemented in Entra's standard technical requirements
Demand fossil free construction sites	To be implemented in Entra's standard technical requirements

Green Bonds
During 2016 and 2017 Entra has issued two Green Bonds, capitalising on the environmental qualities in a selection of its portfolio. CICERO (Norway's foremost institute for interdisciplinary climate research) has certified the Green Bond Framework.

> "Based on the overall assessment of the project types that will be financed as well as governance, reporting and transparency considerations, Entra's Green Bond Framework gets a *Dark Green shading.*
>
> We find no weaknesses in Entra's Green Bond framework."
>
> – CICERO, Second opinion

Entra was awarded the rating Dark Green which is the best rating possible. The rating Dark Green is given to projects and solutions that realise the long-term vision of a low-carbon and climate-resilient future already today. Typically, this will entail zero-emission solutions and governance structures that integrate environment concerns into all activities. Example projects include renewable energy projects such as solar or wind.

2. Motivated employees
Entra focuses on developing a culture characterised by pride, positivity, responsibility and involvement. Emphasis is put on employee motivation, which is considered to form the basis for an individual's desire and willingness to work well and thus to contribute to the development of the company. Employees are offered opportunities for personal and professional development through close dialogue with, and follow-up by, their immediate superior. There is a correlation between resources, tasks and authority. Together the employees create the basis for further development and growth. It is important that employees should consider Entra to be a good and attractive place to work.

Focus on developing competence and engagement
Entra's value chain is broad and imposes significant requirements regarding relevant experience, expertise and coordination. 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 view 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 training occupies a central position in the introduction course and through annual dilemma training programmes.

Employee relationship and employee satisfaction

Each year Entra carries out an employee job satisfaction survey. In 2017, Entra used the survey from Ennova for this purpose for the first time, The survey is a standardised model that gives a score both for the level of motivation and satisfaction of the employees and the factors that drive this experience. Entra's results are compared towards a representative national benchmark (GELx) and a benchmark "top in class" of the 25 per cent best in Ennova's client database. In 2017, Entra has an employee motivation and satisfaction score of 79, and this score is significantly above the national benchmark GELx score of 70 and also above the "top in class" score of 76. The result of this survey confirms the positive development in the employee job satisfaction that has been measured in prior years, but with a different survey method.

Health and working environment

Entra carries out a number of measures to contribute to the health of its employees. As an example, ergonomics mapping amongst the employees is performed by the Health Service several times a year, in order to prevent strain injuries. Entra also has an internal sports club that is active in a number of sports such as running, cycling, skiing and yoga. Sick leave in Entra in 2017 was 2.0 per cent. This is low compared to a country average of 6.5 per cent [1]. The objective is a continued low level of sick leave.

Workers' rights

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 employees' interests in matters that relate to the working environment. The safety officer is elected for two years at a time from 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 contact the committee.

Employees in Entra are free to organise themselves and are organised in several different labour 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.

Equality and diversity

Equal opportunities and diversity are an integral part of the company's personnel policy and are reflected in the composition of senior management. Entra strives for diversity on a broad basis, including gender, age, background, education and nationality. See page 36 for more information.

Targets and achievements for 2017

Entra seeks to maintain high employee satisfaction and aims for a continued high score in the employee job satisfaction survey.

In 2017, Entra implemented dilemma training in ethics for its employees with a target that 95 per cent of employees should have completed such online training in 2017. The result is that 100 per cent of the employees as well as the board of directors completed such online training course in 2017. The course will be repeated on an annual basis.

3. Ethics and anti-corruption measures

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.

Ethical Guidelines

Entra's ethical guidelines are built on principles of equal opportunities for all, concern for the environment and a society view that emphasizes ethics, transparency, honesty and sincerity. The long-term success of the Group is based on trust. To maintain this trust Entra must ensure that its behaviour is consistent with its corporate values. The Group's ethical guidelines describe the way Entra is to treat its stakeholders and the behaviour which is expected of its employees. The ethical guidelines provide guidance and support to the Group and its employees in decision making and problem-solving processes.

The ethical guidelines are incorporated in the ongoing management development programme and are evaluated by the Board on an annual basis. Entra creates ethical awareness through training programmes, hereunder also an e-learning program, and all employees and the board of directors are required to sign the ethical guidelines annually.

Entra has established whistle-blowing routines. Internal and external questions about ethics, harassment, whistleblowing etc. can be directed to the Group's Compliance Officer or to an independent experienced, external law firm with a duty of confidentiality in order to lower the threshold for an employee

[1] Source: Statistics Norway: Sickness absence Q3 2017

compared with having to contact a member of staff in Entra. A direct point of contact to the independent external partner is available on entra.no and on Entra's intranet.

Entra's fundamental procurement principle is to achieve the best possible total result through competition and supplier management. Procurement 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 procurement that include requirements on documentation, role/work division (dualism) and equal treatment of suppliers through competition. The routines are set to counter conflicts of interest and corruption.

New employees participate in procurement training with regard to processes, guidelines and tools for implementing best practice and fair procurement processes. Anti-corruption measures have also been an item on these training courses.

Entra continuously monitors the number of suppliers and frame agreements within its supplier base to ensure that the company only does business with serious counterparties.

Corporate Social Responsibility in the supply chain
The construction industry in which Entra operates faces serious challenges related to business crime and social dumping. Entra has established procedures to ensure that Entra only use qualified suppliers.

Entra performs risk assessments for its entire value chain and facilitates action plans to reduce any identified risk. Entra has identified suppliers that perform work on Entra's construction sites and cleaning vendors as high-risk suppliers within social responsibility.

Supplier audits
Entra has a supplier management programme, which includes audit plans/reviews for suppliers within high-risk segments. The audits seek assurance that the suppliers follow the principles stated in Entra's ethical guidelines for suppliers.

Entra conducts both SHA / HSE and supplier audits. This is important preventative work and is an important part of the development of Entra's quality system to establish best practice and to detect and correct deviations.

An annual audit plan is prepared for each development project, considering factors such as:

- The risk of the project
- The project's size and complexity
- Contract conditions, contract model and vendor selection
- The results of charges, previously conducted audits and controls
- Project organisation
- Start time and duration of the project

There is no set criteria for the number of audits per year, although there is typically a correlation with the number of projects in the portfolio.

During 2017, in accordance with the established audit plan, three SHA audits and four supplier audits were carried out. The audits were undertaken by an external audit company and its reports were thoroughly evaluated together with the handling of deviations, observations and suggestions for improvement. The status of audit work is reported each quarter to Entra's management and board of directors.

Supplier reviews
In addition to supplier audits, Entra performs bi-annual reviews of perceived higher risk suppliers with a purchase above NOK 200,000. The review emphasises supplier adherence to Entra's supplier qualification requirements. It includes;

- Credit checks to ensure suppliers' financial stability
- Checks to ensure suppliers have reported tax/vat submissions (last six months)
- Checks whether construction suppliers are registered in the "StartBank" qualification system
- Checks to determine if cleaning vendors are listed in the regulatory register for cleaning companies

Supplier Management Program
The main purpose is to have an established arena for dialogue and cooperation that, in addition to resolving commercial issues, will focus on contributing to meeting the sector's challenges relating to working conditions, corruption and business crime.

Since 2015, Entra has invited master agreement suppliers to annual meetings to discuss developing a common approach to the challenges faced by the industry (including HSE).

In 2017, Entra reviewed its ethical guidelines for suppliers together with master agreement suppliers in order to ensure that the guidelines are being followed. The goal is closer involvement, increased awareness levels and better reporting.

Supplier qualification requirements
In order to enter into an agreement with Entra, all suppliers must accept and follow Entra's ethical guidelines to suppliers "Social Responsible Purchasing".

The document covers themes such as:

- Sustainable development and environmental considerations in the choice of materials
- External environment and focus on energy and environmental footprint savings
- HSE on construction sites
- Well-functioning work conditions and labour rights
- Economy and solidity
- Business ethics and relations

Targets and achievements for 2017
During 2017, Entra revised its content in "Socially Responsible Procurement Guidelines" for suppliers.

Entra has entered into an agreement with "Factlines" to help review supplier quality systems with regard to CSR and Environmental focus. The report output will be ready in first half of 2018 and will help Entra evaluate its suppliers on CSR. The goal of the report is to establish a priority list of suppliers which need further review on their adherence to general principles of "Social Responsible Purchasing".

As part of its ongoing business Entra carried out several supplier audits and reviews, as described above, in 2017 and will continue to do so in 2018.

4. Health and Safety

Entra's business covers the whole value chain in property, from acquisition of sites to zoning, planning, construction and management. Entra's HSE strategy includes working systematically with:

- HSE in the daily operation of the buildings
- HSE in building projects
- HSE for its employees

Entra changed the Group KPI regarding HSE from 2016 to 2017. The KPI in 2016 only reflected the building projects, and was defined as the number of lost time injuries per million working hours (the H1-value). For 2017 the HSE policy and goals were revised to achieve a goal with a broader approach, reflecting all Entra's business areas. The HSE policy for 2017 has been:

- It should be safe to work, visit and travel in and around Entra's properties and construction projects
- For Entra's own employees, there will be a health-promoting work environment where no one will be injured or sick as a result of their work
- All HSE-related legal requirements must be met. If statutory requirements are not fulfilled, there must be a plan for legal requirements to be met.

The HSE goals at group level also reflect all Entra's business areas, and have a main focus on avoiding serious accidents:

- No injuries involving sick leave absence that is due to Entra in and around its buildings
- No injuries in Entra's construction projects with more than 16 days' sick leave

The status per 31 December 2017 is that there have been no injuries involving sick leave absence that is due to Entra in and around its buildings, and there have been zero injuries in its construction projects.

HSE is well established as a natural part of day-to-day operations and is a focus area at all levels of the organisation. HSE is a line responbility in Entra, as well as being a personal responsibility of all employees.

Members of the senior management are 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 management meetings and Board Meetings. HSE status is also the first item on the agenda at all staff meetings.

Serious incidents and incidents resulting in injuries are reported via the line organisation to the company's Chief Executive and to the board of directors. Such incidents are investigated to see what lessons can be learned – an important element in strengthening the HSE work.

Entra works actively to increase awareness with regard to the registration of near accidents and accidents. The reporting of undesired incidents is important in order to improve, and at the same time increase awareness internally among Entra's own employees, among suppliers and customers.

5. Urban development

Entra's strategic core areas are the four main cities Oslo, Bergen, Stavanger and Trondheim. Entra's goal in its core areas is also to contribute to urban districts that are attractive, inclusive and accessible for residents. A part of Entra's environment strategy is to own properties 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.

Entra emphasises the importance of a good dialogue with partners, competitors and other stakeholders in its work on urban development. 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, Tullinkvartalet and Tøyen in Oslo and Hinna Park in Stavanger.

6. Other topics

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 integral part of the Entra's personnel policy. Entra strives for diversity on a broad basis, including gender, age, background, education and nationality.

There are especially two areas where the administration is actively working to increase diversity;

- to achieve a more balanced gender distribution in property management (which historically has consisted almost exclusively of men), and
- to increase the proportion of women in group management and at the level below group management and in the defined group of talents and key personnel.

To achieve the above targets the administration has defined concrete measures on how to hire and develop employees. Such measures includes, amongst others, a requirement on women in the final recruitment round for selected positions, talent development with a deliberate priority of women and leadership development and coaching to promote female talent.

At 31 December 2017, the Group had 155 employees of whom 47 (30 per cent) were women and 125 (70 per cent) were men. At the end of 2017 Group management consisted of three men and four women and the board of directors consisted of four women (including the chair) and three men. Entra seeks to implement equality and diversity in its work with talent- and leadership development.

Human rights

Entra seeks 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 fundamental values, ethical guidelines, socially responsible procurement, the focus on HSE and the working environment.

It is an important human right that everyone has space for reflection and development. Entra provides its employees with opportunities for professional and personal development and facilitates training to ensure that employees have the right competence 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.

Community involvement

In addition to its core areas for CSR work, Entra has had a social community engagement for many years.

Entra has been a sponsor of the Church City Mission in Norway since 2014. Entra's financial support to, and dialogue with, the Mission strengthens the constructive measures that the Mission is carrying out in connection with social challenges in the cities covered by the agreement. In Oslo, Entra is involved, among other things, in the "Neighbour cooperation", which involves 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. Entra is actively involved in Christmas campaigns collecting money to provide Christmas dinners for the homeless and Entra employees have been knitting scarves for the campaign "Support someone who dreads Christmas".

For many years, Entra has also been the main sponsor of Ridderrennet, a full week of skiing activities and competitions for all classes of visually and mobility disabled persons. In 2017, around 500 disabled skiers from several different countries participated in various competitions at Beitostølen. In addition to monetary support Entra also contributes with volunteers among the employees.

EPRA Sustainability Reporting

Entra reports on its energy, GHG emissions, water and waste impacts in accordance with the EPRA Sustainability Best Practice Recommendations.

Organisational Boundary

Entra reports on asset-level sustainability impacts for assets within the management portfolio over which it has operational control. This boundary coincides with the Group organisational structure as determined for financial reporting purposes and excludes development assets.

Data Coverage

For each asset-level performance measure, Entra discloses the number of properties reported on out of the total number of management properties in the Group portfolio for which it buys the specific utility. Entra does not presently have data collection on each asset-level performance measure for every asset within the organisational boundary but aims to increase the data coverage going forward.

Like-for-like performance measures include properties consistently in operation during the two most recent full reporting years and exclude asset acquisitions, disposals, major refurbishments and developments as well as fully vacant properties. Like-for-like performance measures also exclude assets with changes in the level of data coverage between the two reporting periods where the missing data cannot be reliably estimated.

Estimation

Estimation of missing data for partially unavailable or unreliable utility consumption for asset-level performance measures is carried out to a very small extent. In these cases, data for missing periods is estimated using known consumption from other periods for the metered supply in question. The proportion of estimated data is disclosed as a percentage of the total data provided for the relevant performance measure. The same method of estimation is used for all performance measures and for all assets.

Note that while there is limited estimation of waste data itself, the percentage of waste disposal per route is calculated by multiplying actual waste created by the proportion of waste solutions for each waste group. This information on waste processing is provided directly by Entra's waste management supplier.

As that information is unavailable for Entra's office space only, all performance measures for Entra's headquarters (excluding electricity) are calculated based on Entra's proportionate share of actual utility data for the property where Entra is a tenant.

Entra does not carry out data adjustment based on climate or occupancy rates. Variations in asset-level performance attributed to fluctuations in these factors are instead commented directly in the performance narrative, if relevant.

Third party assurance

Entra has not obtained third party assurance of its sustainability data for this reporting period but intends to acquire this from an independent assurance provider going forward for increased credibility of its performance measures.

Landlord/Tenant Boundary

Entra is responsible, as landlord, for obtaining a portion of the overall utilities consumed at the asset level. Total landlord-obtained consumption includes both utilities for common areas as well as tenant consumption sub-metered from the landlord. The remaining consumption is obtained and paid directly by the tenants. Entra has access to tenant-obtained consumption data and reports on whole building consumption for all asset-level environmental performance measures. Utilities purchased by Entra as the landlord (landlord-obtained) and those directly purchased by tenants (tenant-obtained) are presented separately under total consumption.

Normalisation

As a majority of Entra's management portfolio is utilised as office space, floor area is deemed the most appropriate denominator for asset-level performance measures. Whole building consumption is divided by Gross Leasable Area (GLA). The denominator GLA is closely aligned with the numerator as total consumption includes tenant-obtained utilities and is also consistent with the areas disclosed in Entra's financial reporting.

For absolute intensities, Entra either includes pre-existing data or pro-rates consumption up to the full year for properties entering or exiting the management portfolio during the reporting period. This removes the mismatch between the collected consumption data in the numerator and GLA as the denominator for more comparable absolute intensities.

Number of hours/days worked is used as the denominator when calculating health and safety performance measures.

Segmental analysis

Segmental reporting and analysis by geography or property type does not grant significantly greater insight into asset-level performance measures. As presented in its financial reports, Entra's management portfolio contains mainly office properties within Oslo and other regional cities, of which Oslo represents the majority location of portfolio value.

Disclosure on own offices

Entra discloses the environmental impact of its own occupation separately within its sustainability reporting. As Entra is a tenant at a property within its own management portfolio, this data is also included in the total portfolio consumption. Please refer to the paragraph on estimation for a note concerning the calculation of data for Entra's headquarters.

Performance narrative on Entra's managed assets

The following provides a short commentary on the asset-level performance indicators for Entra's management portfolio and headquarters. For each of the absolute and like-for-like performance measures commented below, Entra discloses the

number of properties with data coverage. For an outline on its plans for managing future performance please refer to the sustainability report, page 28.

Management Portfolio

Energy

In 2017, absolute electricity consumption across the 75 managed assets where Entra has operational control totaled 87,329 MWh, a like-for-like drop of six per cent compared with 2016. Entra's focus on improving energy efficiency has given results, not only through concrete measures such as replacing central environmental operation control systems and improving the zoning control of indoor environments but also by generally optimising the management of its properties. One property specifically contributed to reduced electricity consumption as it no longer contains a data center. Landlord-obtained consumption amounted to 57,275 MWh, of which 0.4 per cent came from renewable resources. Entra aims to increase this proportion by extending its green energy consumption through solar panels, wind and hydropower.

Absolute district heating and cooling consumption across the 54 managed assets totaled 41,232 MWh, a like-for-like drop of five per cent compared with 2016. This reduction is also greatly explained by Entra's increased focus on reducing energy consumption per sqm as well as the milder winter in 2017. Landlord-obtained consumption amounted to 33,894 MWh, of which zero per cent came from renewable resources.

Total direct fuel consumption was 9 MWh in 2017, down by 82 per cent on a like-for-like basis in comparison with 2016. Decreased fuel consumption from the two properties with oil and bio-oil furnaces corresponds directly with the milder winter season in 2017, as these fuels only function as peak load energy sources. Entra is currently working towards phasing out fossil fuel consumption within its portfolio.

Building energy intensity across the 57 management properties in the portfolio with like-for-like performance data was 138 kWh per sqm in 2017, down by 5 per cent in comparison with 2016. Greenhouse gas intensity from building energy across the same assets fell to 6.12 kg CO2e per sqm, a drop of 11 per cent compared with 2016. This decrease is mainly explained by both the reduction in energy intensity and a seven per cent reduction in the three-year rolling average of the Nordic mix factor from IEA energy statistics to 0.052 tCO2e per kWh for 2017.

Water

Absolute water consumption across the 62 managed assets with available data in 2017 was 213,483 m^3 compared with 200,008 m^3 in 2016. On a like-for-like basis, total water consumption decreased by one per cent due to both a greater focus on increasing water efficiency as well as shifts in tenant consumption. Examples of the latter with greatest effect include a tenant no longer cooling a dataroom using water, partially offset by another tenant using more water in combination with research. Building water intensity across the 43 assets with like-for-like performance data was 0.26 m^3 per sqm in 2017, a zero per cent increase compared to 2016.

Waste

In 2017, absolute waste creation across the 59 managed assets with available data increased to 2,785 tonnes from 2,349 tonnes in 2016, a like-for-like increase of five per cent. This is mainly explained by Entra's increased registration of waste data for two tenants at two different properties within the organisational boundary. Entra continuously works towards greater coverage of waste created by tenants who have waste groups managed independently of Entra's waste monitoring system.

Entra Headquarters

Entra's electricity consumption at its headquarters totaled 96 MWh in 2017, a six per cent rise compared to 91 MWh in 2016. This increase is explained by a larger number of active users over longer periods of time with a direct effect on the amount of lighting and ventilation needed.

Entra's pro-rated share of district heating and cooling decreased by 10 per cent from 75,944 kWh in 2016 to 68,717 kWh in 2017. A cold January combined with a system error on the heat pump resulted in a uniquely high consumption level of heating energy for the entire property in 2016.

The property at which Entra is a tenant does not have fossile fuels as an energy source.

Energy intensity for Entra's headquarters was 58 kWh per sqm in 2017, down by one per cent in comparison with 2016. Greenhouse gas intensity from energy fell to 2.12 kg CO2e per sqm, a drop of three per cent compared with 2.18 kg CO2e per sqm in 2016. This decrease is mainly explained by both the reduction in energy intensity and the net negative effect of an increase in electricity intensity and a reduction in the three-year rolling average of the Nordic mix factor from IEA energy statistics to 0.052 tCO2e per kWh for 2017.

Entra's proportionate share of water consumption in 2017 was 991 m^3 compared with 943 m^3 in 2016. This five per cent increase reflects the yearly variations in the amount of water needed to cool technical installations located on the rooftop, which are dependent upon the temperature levels during the summer. Building water intensity was 0.35 m^3 per sqm in 2017, up by six per cent in comparison with 2016.

Entra's proportionate share of total waste created increased by two per cent from 14.2 tonnes in 2016 to 14.5 tonnes in 2017. Most of this increase directly reflects the inclusion of an additional tenant in the waste data collected for the property in 2017.

Location of EPRA Sustainability Performance in companies' reports

Entra reports the entirety of the EPRA Sustainability Performance Measures in its Sustainability Report, including a comprehensive EPRA sBPR table that uses the performance measure codes.

Reporting period

Entra reports both absolute and like-for-like performance measures for the two most recent years, but may choose to report performance measures over a longer period in the future should this provide meaningful data.

Materiality

Entra has not conducted a materiality review as that it considers all the sustainability performance measures material.

EPRA Sustainablility Performance Measures

ENVIRONMENT

					Total portfolio					Headquarter (s)		
					Absolute performance (Abs)		Like-for-like performance (LfL)			Absolute performance (Abs)		
Impact area	EPRA Code	Units of measure	Indicator		2016	2017	2016	2017	% change	2016	2017	% change
Energy	Elec-Abs, Elec-LfL	annual kWh	Electricity	Total landlord-obtained electricity	58 863 280	57 275 355	49 158 749	46 487 147	-5 %	90 607	96 004	6 %
				Proportion of landlord-obtained electricity from renewable resources	0.4 %	0.4 %	0.5 %	0.5 %	2 %	-	-	-
				Total tenant-obtained electricity	33 843 365	30 053 634	29 136 947	27 388 706	-6 %	-	-	-
				Total landlord- and tenant-obtained electricity consumption	**92 706 645**	**87 328 989**	**78 295 696**	**73 875 853**	**-6 %**	**90 607**	**96 004**	**6 %**
		No. of applicable properties		*Electricity disclosure coverage*	*76 out of 91*	*75 out of 87*	*57 out of 65*	*57 out of 65*	*NA*	*1 out of 1*	*1 out of 1*	*NA*
		%		*Proportion of electricity estimated*	-	-	-	-	-	-	-	-
	DH&C-Abs, DH&C-LfL	annual kWh	District heating and cooling	Total landlord-obtained district heating and cooling	34 780 298	33 893 755	31 625 153	29 752 516	-6 %	75 944	68 717	-10 %
				Proportion of landlord-obtained heating and cooling from renewable resources	-	-	-	-	-	-	-	-
				Total tenant-obtained heating and cooling	8 253 066	7 338 115	6 493 354	6 307 700	-3 %	-	-	-
				Total landlord- and tenant-obtained heating and cooling	**43 033 364**	**41 231 870**	**38 118 507**	**36 060 216**	**-5 %**	**75 944**	**68 717**	**-10 %**
		No. of applicable properties		*District heating and cooling disclosure coverage*	*53 out of 73*	*54 out of 73*	*43 out of 54*	*43 out of 54*	*NA*	*1 out of 1*	*1 out of 1*	*NA*
		%		*Proportion of district heating and cooling estimated*	-	*1 %*	-	*1 %*	*100 %*	-	-	-
	Fuels-Abs, Fuels-LfL	annual kWh	Fuels	Total direct landlord-obtained fuels	-	-	-	-	-	-	-	-
				Proportion of landlord obtained fuels from renewable resources	-	-	-	-	-	-	-	-
				Total tenant-obtained fuels	52 952	9 335	52 952	9 335	-82 %	-	-	-
				Total landlord- and tenant-obtained fuels	**52 952**	**9 335**	**52 952**	**9 335**	**-82 %**	**-**	**-**	**-**
		No. of applicable properties		*Fuels disclosure coverage*	*2 out of 2*	*2 out of 2*	*2 out of 2*	*2 out of 2*	*NA*	*NA*	*NA*	*NA*
		%		*Proportion of fuels estimated*	-	-	-	-	-	*NA*	*NA*	-
	Energy-Int	annual kWh / sqm	**Energy Intensity**	**Building energy intensity**	**145**	**134**	**145**	**138**	**-5 %**	**59**	**58**	**-1 %**
Greenhouse gas emissions	GHG-Dir-Abs	annual tonnes CO2e	Direct	Scope 1	283	232	283	232	-18 %	-	-	-
	GHG-Indir-Abs	annual tonnes CO2e	Indirect	Scope 2	6 107	5 432	5 233	4 661	-11 %	6	6	-3 %
			Indirect	Scope 3	721	791	663	653	-1 %	3	3	3 %
	GHG-Int	kg CO2e / sqm / year	**GHG emissions intensity**	**GHG Scope 1 and 2 intensity from building energy**	**6.84**	**5.90**	**6.86**	**6.12**	**-11 %**	**2.18**	**2.12**	**-3 %**
		No. of applicable properties		*Energy and associated GHG disclosure coverage*	*76 out of 91*	*75 out of 87*	*57 out of 65*	*57 out of 65*	*NA*	*1 out of 1*	*1 out of 1*	*NA*
		%		*Proportion of energy and associated GHG estimated*	-	-	-	*0.3 %*	*33 %*	-	-	-
Water	Water-Abs, Water-LfL	annual cubic metres (m^3)	Water	Totalt water consumption	200 008	213 483	164 339	162 216	-1 %	943	991	5 %
	Water-Int	annual m^3 / sqm	**Water Intensity**	**Building water intensity**	**0.26**	**0.26**	**0.26**	**0.26**	**-**	**0.33**	**0.35**	**6 %**
		No. of applicable properties		*Water disclosure coverage*	*59 out of 91*	*62 out of 87*	*43 out of 65*	*43 out of 65*	*NA*	*1 out of 1*	*1 out of 1*	*NA*
		%		*Proportion of water estimated*	-	*0.6 %*	-	*0.8 %*	*80 %*	-	-	-

Continued

Waste	Waste-Abs, Waste-LfL	annual tonnes	Waste type	Hazardous waste		5	10	4	7	79 %	0.01	-	-99 %
				Non-Hazardous waste		2 344	2 775	2 159	2 267	5 %	14.2	14.5	2 %
				Total waste created		**2 349**	**2 785**	**2 163**	**2 274**	**5 %**	**14.2**	**14.5**	**2 %**
		proportion by disposal route (%)	Disposal routes, hazardous	Reuse		1 %	1 %	1 %	2 %	42 %	-	-	-
				Recycling		30 %	22 %	21 %	19 %	-9 %	23 %	19 %	-18 %
				Incineration (with or without energy recovery)		30 %	56 %	29 %	61 %	113 %	37 %	-	-99 %
				Landfill (with of without energy recovery)		40 %	21 %	49 %	18 %	-63 %	40 %	81 %	102 %
			Disposal routes, non-hazardous	Reuse		-	0.2 %	-	0.2 %	19 %	-	-	-
				Recycling		48 %	48 %	48 %	49 %	2 %	50 %	38 %	-24 %
				Incineration (with or without energy recovery)		38 %	35 %	37 %	35 %	-4 %	43 %	51 %	21 %
				Landfill (with of without energy recovery)		1 %	1 %	1 %	1 %	-11 %	1 %	1 %	-22 %
				Biodiesel production		14 %	16 %	15 %	15 %	2 %	7 %	11 %	48 %
		No. of applicable properties		*Waste disclosure coverage*		*50 out of 91*	*59 out of 87*	*41 out of 65*	*41 out of 65*	*NA*	*1 out of 1*	*1 out of 1*	*NA*
		%		*Proportion of waste estimated*		-	-	-	-	-	-	-	-
Certification	Cert-Tot	% total floor area	Level of certification	BREEAM-NOR	Outstanding	1 %	1 %	1 %	1 %	1 %			
					Excellent	1 %	5 %	2 %	6 %	274 %			
					Very Good	1 %	2 %	1 %	2 %	231 %			
		No. of applicable properties				*3 out of 91*	*6 out of 87*	*3 out of 65*	*6 out of 65*	*NA*			
	Cert-Tot	% total floor area	Level of certification	BREEAM In-use: Asset Performance	Excellent	-	4 %	-	5 %	454 %			
					Very Good	3 %	6 %	4 %	7 %	61 %			
		No. of applicable properties				*1 out of 91*	*3 out of 87*	*1 out of 65*	*3 out of 65*	*NA*			
	Cert-Tot	% total floor area	Level of certification	BREEAM In-use: Building Management	Excellent	-	4 %	-	5 %	456 %			
					Very Good	-	2 %	-	3 %	256 %			
					Good	3 %	3 %	4 %	4 %	1 %			
		No. of applicable properties				*1 out of 91*	*3 out of 87*	*1 out of 65*	*3 out of 65*	*NA*			

Data Qualifying Note

1: NA = "Not applicable"
2: GHG Scope 1 emissions from fossil fuels and refrigerants are calculated using DEFRA factors.
3: GHG Scope 2 emissions from use of electricity and district heating and cooling are calculated using a location based approach. For electricity, a three-year rolling average of the Nordic mix factor from IEA energy statistics reports is utilized.
4: GHG Scope 3 emissions from travel, waste and water consumption are calculated using a location based approach and DEFRA and Ecoinvent 2.2 factors.
5. Entra's headquarters data is also included in the total portfolio at that Entra is a tenant at one of its own properties.

EPRA Sustainablility Performance Measures

SOCIAL

	EPRA Code	Units of measure	Indicator			Corporate performance 2016	Corporate performance 2017
Diversity	Diversity-Emp	% of employees	Gender diversity	Direct employees within significant employee categories having strategic influence on company activities	Board of directors	43 %	57 %
					Top Management	43 %	38 %
					Managerial positions	31 %	29 %
	Diversity-Pay	Ratio average basic salary	Gender pay ratio	Direct employees basic salary within significant employee categories as identified in diversity-emp	Board of directors	Not available	109 %
					Top Management	Not available	84 %
					Managerial positions	Not available	93 %
		Ratio average bonus		Direct employees bonus within significant employee categories as identified in diversity-emp	Board of directors	Not available	NA
					Top Management	Not available	66 %
					Managerial positions	Not available	77 %
Employee Training and Development	Emp-training	Average hours	Training and development	Direct employees training hours (vocational, paid educational leave, external courses, specific topics, etc.)		Not available	52
	Emp-dev	% of employees	Performance appraisals	Direct employees who receive regular performance and career development review		100 %	100 %
	Emp-Turnover	Total number	New hires	Direct employees		19	14
		Rate	New hires	Direct employees		12.5 %	9.0 %
		Total number	Turnover	Direct employees		21	16
		Rate	Turnover	Direct employees		13.8 %	10.3 %
Health and safety	H&S-Emp	Per 100 000 hours worked	Injury rate	Direct employees		-	-
		Per 100 000 hours worked	Lost day rate	Direct employees		-	-
		Per 100 000 hours worked	Accident severity rate	Direct employees		-	-
		Days per employee	Absentee rate	Direct employees		2.0 %	2.0 %
		Total number	Fatalities	Direct employees		-	-
	H&S-Asset	%	% of assets	Assets for which H8S impacts are assessed or reviewed for compliance		100 %	100 %
	H&S-Comp	Total number	Number of incidents	Registered internal control deviations at assets in management portfolio		1 389	1 208
Community Engagement	Comty-Eng	Narrative		Community engagement, impact assessments and/or development programs		See narrative in sustainability report on page 36-37	

SUSTAINABILITY PERFORMANCE MEASURES (GOVERNANCE)

	EPRA Code	Units of measure	Indicator		Corporate performance 2016	Corporate performance 2017
Governance	Gov-Board	Total number	Executive board members	Composition of highest governance body	-	-
		Total number	Non-executive board members	Composition of highest governance body	7	7
		Total number	Non-executive board members with competance within environmental topics	Composition of highest governance body	5	5
		Average tenure (years)	Board members	Composition of highest governance body	2.7	3.0
	Gov-Selec	Narrative on process		Process for nominating and selecting the highest governance body	See narrative in sustainability report on page 47	
	Gov-Col	Narrative on process		Process for managing conflicts of interest	See narrative in sustainability report on page 46-47	

Corporate governance

Report on the Norwegian Code of Practice for Corporate Governance ("the Report")

Good corporate governance and corporate management reduce business-related risk, while enabling the company's resources to be utilised in an effective and sustainable manner. Corporate governance deals with issues and principles associated with the distribution of roles between the governing bodies in a company. It calls for effective co-operation and a defined division of responsibilities and roles between the shareholders, the Board and the management as well as respect for the Group's other stakeholders. Openness, transparency, accountability and equal treatment are of key importance and underpin confidence in Entra both internally and externally. The Group's value platform and ethical guidelines are a fundamental premise for its corporate governance.

Entra ASA 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. 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. The Report to the Norwegian Parliament no. 27 (2013–2014) - "Diverse and value-creating ownership" is thus also relevant for the group.

This Report will be addressed at Entra's Annual General Meeting on 20 April 2018. The company's auditor has assessed whether the information provided in this statement with regard to section 3-3b of the Accounting Act is consistent with the information provided in the annual financial statements.

The Report is structured in the same way as the Code and covers each topic of the Code, including a description of Entra's compliance system and initiatives. The following elements are central in this Report:

- 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
- All shareholders shall receive equal treatment

1. Corporate Governance statement

1.1 The Board of Directors' Corporate Governance statement

Entra's Board actively adheres to good corporate governance standards and will at all times seek to ensure that Entra complies with the requirements of section 3-3b of the Accounting Act and the Code. This is done by ensuring that the topic of good governance is an integral part of the decision-making process in matters dealt with by the Board. Moreover, Entra's corporate governance standards are subject to annual assessment and discussion by the Board, which has also approved this statement and this Report at the Board meeting on 8 March 2018.

1.2 Corporate social responsibility and the environment

Entra reports its work with respect to corporate social responsibility (CSR) based on The Ten Principles of the UN Global Compact, the relevant section in the Norwegian Accounting Act, § 3–3C, Oslo Stock Exchange guidance on the reporting of corporate responsibility 1/2016 and the Report to Parliament no. 27 (2013–2014) "Diverse and value-creating ownership".

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: One team, Responsible, Innovative 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 health, safety and the environment (HSE) as an integral part of its business operations with the ambition 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, and believes that ethical behaviour is a necessary precondition for a sustainable business.

1.3 Ethical guidelines

Entra's ethical guidelines set out how the group's stakeholders shall be treated and the behaviour that is expected of its employees, thus 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 HSE and business ethics, including anti-corruption and bribery. All new board members and employees are trained in the group's ethical guidelines and all employees are required to confirm that they have read and are familiar with Entra's ethical guidelines on an annual basis. The ethical guidelines are available on www.entra.no.

Non-compliance with the Code: None

2. 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.

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 geographical areas for further growth are Oslo and the surrounding region, Bergen, Stavanger and Trondheim. See www.entra.no for a more detailed description of the group's business and property portfolio.

A more detailed description of the group's goals, main strategies and business, as well as the full set of Articles of Association, are set out in Entra's annual report and on www.entra.no

Non-compliance with the Code: None

3. Equity and dividends

3.1 Equity

At 31 December 2017, the Group's book equity was 18,938 million (15,124 million), representing an equity ratio of 44 per cent (39 per cent). The Board considers this to be satisfactory by reference to the group's goals, strategy and risk profile. At any given time, the company's financial strength and exposure is considered in the light of its objectives, strategy and risk profile.

3.2 Dividend

The Board of Entra has an target to pay out dividends corresponding to approximately 60 per cent of Cash Earnings on a semi-annual basis. Cash Earnings are defined as net income from property management less tax payable. The dividend policy is available on www.entra.no.

Entra's model for Corporate Governance

Shareholders	The Board	Chief Executive Officer
Annual general meeting	Remuneration Committee	Corporate Management
Nomination Committee	Audit Committee	
The Annual General Meeting elects five representatives of the owners to The Board based on a recommendation from the Nomination Committee. They are elected for a two-year term of office.	Ultimate responsibility for strategy and the management of the company. Provide advice and monitor management.	Strategy and operational management.

The Board proposes the dividend to the general meeting and the general meeting determines the dividend in accordance with § 8-1 of the Norwegian Public Companies Act.

The current dividend policy of declaring dividends of approximately 60 per cent of Cash Earnings was made effective from the stock exchange introduction in 2014, and the semi-annual payment structure was made effective from, and including, 2016. The Board proposes to the general meeting a semi-annual dividend for the last six months of the accounting year 2017 of NOK 2.10 per share, as well as an authorisation to distribute dividends based on Cash Earnings of the first six months of 2018, to be paid out during the autumn of 2018.

3.3 Capital increases and purchases of own shares

Capital increase

The Board has not been authorised to issue shares.

Purchase of own shares

The Board has been authorised on behalf of the company to acquire Entra shares in the market with a combined nominal value up to NOK 3,674,649, corresponding to 2 per cent of outstanding shares, up to a maximum purchase price of NOK 300 million. The minimum and maximum amount that may be paid per share shall be respectively NOK 40 and NOK 150. Within these limits, the Board can decide at which prices and at which times acquisitions may take place. Own shares acquired in relation to this authorisation may only be used for cancellation through a reduction in capital, cf. the Norwegian Public Limited Liability Companies Act § 12-1. The authorisation is valid until the general meeting in 2018, but no longer than until 30 June 2018. The company did not acquire any shares during 2017 as part of the above-mentioned programme.

The Board has also been authorised on behalf of the company, to acquire up to 500,000 own shares with a maximum nominal value of NOK 500,000, provided that the company's total holding of own shares does not at any time exceed 0.3 per cent of the outstanding shares at any time. Own shares may be acquired for the purposes of establishing a share ownership scheme for all employees and a long-term share incentive scheme for the senior management of the Entra Group. The lowest price per share to be paid is NOK 10 and the highest price per share to be paid is NOK 150. The authorisation is valid until the general meeting in 2018, but no longer than until 30 June 2018.

As at 31 December 2017 Entra held 2,960 of its own shares.

Non-compliance with the Code: None

4. Equal treatment of shareholders and transactions with related parties

4.1 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.

4.2 Capital increases without preferential rights and transactions in the group's own shares

The Board's mandate to acquire treasury shares is based on the assumption that acquisitions will take place in the market. Acquired shares may be cancelled through a reduction in capital, cf. the Norwegian Public Limited Liability Companies Act § 12-1 or be disposed through the share schemes for the Group's employees.

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.

4.3 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 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.

The Board is not aware of any transactions in 2017 between the company and shareholders, directors, executive personnel or parties closely related to such individuals that could be described as material transactions.

The Norwegian State as customer and shareholder

The Norwegian State represented by the Ministry of Trade, Industry and Fisheries owns as of 31 December 2017 33.4 per cent of Entra. 67 per cent of Entra's tenants are from the public sector. The Group has quarterly shareholder meetings with the Norwegian state, as represented by the Ministry of Trade, Industry and Fisheries. The topics discussed at these meetings are first and foremost the Group's financial development. These "one-on-one" meetings with the State are comparable to what is customary between a private company and its principal shareholders. The meetings comply with the provisions specified in company and securities legislation, not least with a view to equal treatment of shareholders. A meeting on corporate social responsibility is held once a year. As a shareholder, the State does not have access to more information than what is available to other shareholders.

Non-compliance with the Code: None

5. Free transferability

The shares are freely negotiable, with the exception of shares purchased by employees at a discount, and shares allocated in connection with the company's long-term incentive (LTI) scheme, see Item 13.3. The Articles of Association place no restrictions on negotiability.

Non-compliance with the Code: None

6. General meeting

6.1 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

6.2 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: There is one deviation on this point. The entire Board has not usually attended the General Meeting. Thus far, the items on the agenda of the General Meeting have not required this. The Chair of the Board is always present to respond to any questions. Other Board members participate on an ad hoc basis. From the Group's perspective, this is considered to be sufficient.

7. Nomination Committee

Article 6 of the Group's Articles of Association states that the company shall have a Nomination Committee composed of up to five members.

The members of the Nomination Committee, including the chair of the Nomination Committee, are elected by the general meeting for a period of up to two years. Members of the Nomination Committee shall be shareholders or representatives of shareholders and the committee should be composed so that broad shareholder interests are represented. Each gender shall be sought represented in the Nomination Committee.

The Nomination Committee shall give its recommendation to the general meeting regarding election of shareholder-elected members to the Board of Directors and members of the Nomination Committee, as well as remuneration to members of the Board of Directors and the Nomination Committee. The remuneration to members of the Nomination Committee is determined by the general meeting, and the general meeting may adopt instructions for the Nomination Committee. The Nomination Committee ensures 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.

The current Committee was elected by the general meeting on 27 April 2017 for a period of two years and is thus not up for election at the general meeting in 2018. The current Nomination Committee consists of:

- John Giverholt (Chair), Consultant and professional board member
- Hege Sjo, Director in the Ministry of Trade, Industry and Fisheries
- Rolv Roverud, consultant and professional board member

None of the Committee's members represents Entra's management or Board and they are all considered to be independent of daily management and the Board. The Nomination Committee is considered to have a composition that reflects the common interests of the community of shareholders.

See www.entra.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

8. Corporate assembly and board, composition and independence

The group does not have a corporate assembly. The shareholders elect between five and eight 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 two 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, the group's main shareholders, and significant business connections.

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 about those Board members who are considered to be independent. Board members are encouraged to own shares in the group.

Non-compliance with the Code: None

9. The work of the Board

9.1 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 shall 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.

9.2 Composition of the Board

The Board consists of the following seven members: Siri Hatlen (Chair), Kjell Bjordal (Deputy Chair), Ingrid Dahl Hovland, Widar Salbuvik, Katarina Staaf, Cathrine Vaar Austheim and Hans Petter Skogstad.

The Board schedules regular board meetings each year. Ordinarily, 7-8 meetings are held each year. Additional meetings are held on an ad hoc basis. 12 Board meetings were held in 2017.

Siri Hatlen, Kjell Bjordal, Widar Salbuvik and Katarina Staaf were elected at the general meeting on 28 April 2016 for a two-year period and are thus up for election at the general meeting in 2018. Ingrid Dahl Hovland was elected at the General Meeting on 27 April 2017 and was elected for one year and is also up for election at the general meeting in 2018.

Cathrine Vaar Austheim and Hans Petter Skogstad were elected by the employees in May 2016 for a two-year period and are up for election in 2018.

The Chair of the Audit Committee is Widar Salbuvik and the Chair of the Remuneration Committee is Siri Hatlen.

9.3 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. All directors receive regular information about the Group's operational and financial progress in advance of the Board meetings. The Company's business plan, strategy and risk are regularly reviewed and evaluated by the Board. The Board draws up and adopts an annual plan, including set topics for the Board meetings. Ordinarily, the CEO proposes the agenda for each individual Board meeting. The final agenda is decided in consultation between the CEO and the Chair of the Board. In addition to the directors, Board meetings are attended by the CEO, CFO, other EVPs as needed, and the Chief Legal Officer (secretary of the Board). Other participants

PARTICIPATION IN BOARD MEETINGS AND BOARD COMMITTEES IN 2017

	Board meetings	Audit committee	Remuneration committee
Siri Hatlen (Chair)	12		4
Kjell Bjordal (Deputy Chair)	11		3
Ingrid Dahl Hovland, from 27 April 2017	5		
Widar Salbuvik	12	8	
Katarina Staaf	12	8	
Cathrine Vaar Austheim	12		
Hans Petter Skogstad	12		

are called in on an ad hoc basis. The Board decides on matters of material importance to the Group. These include approval of the annual and quarterly accounts, strategies and strategic plans, the approval of significant investments, the approval of significant contracts and the approval of substantial business acquisitions and disposals.

The Board receives quarterly reports and presentations on the Group's operational and financial status. The reports describe progress and status in the Group's operative and administrative functions during the reporting period. The individual business units hold meetings with the CEO and CFO to review operating activities prior to and in connection with such reporting. The reports form the basis for internal control, communication on status and necessary measures. The quarterly reports are reviewed at Board meetings and also form the basis for the external financial reporting.

Each year the Board and its committees assess their 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.

9.4 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 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.

9.5 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 qualified shareholder representatives from the current Board. The representatives are in general elected by the Board for two years at a time. In case of Board changes during the election period affecting members of the Audit Committee or Remuneration Committe, the period lasts until the representative is up for next election as a Board member. 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 VP Finance & Accounting and Group Controller attend as representatives of the management. The group's auditor also participates in all meetings. The CEO and other members of the management attend as required. The Audit Committee has an established calendar of meetings. 8 (8) meetings were held in 2017.

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. 4 (5) meetings were held in 2017.

9.6 The Board members' shareholdings

At 8 march 2018, the Board members held the following portfolios of shares in the Group:

- Siri Hatlen (Chair) holds 1,163 shares
- Kjell Bjordal (Deputy Chair) holds 44,704 shares
- Ingrid Dahl Hovland holds no shares
- Widar Salbuvik holds 10,000 shares
- Katarina Staaf holds 500 shares
- Cathrine Austheim holds no shares
- Hans-Petter Skogstad holds 6,811 shares

Non-compliance with the Code: None

10. Risk management and internal controls

10.1 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, financial situation 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 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 risk associated with the groups' investment strategy. The financial risk 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 the occupancy level and the overall customer satisfaction. Operational risk is managed through procedures for day-to-day operations, compliance and HSE work, while 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.

10.2 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.

10.3 Monitoring and control of financial reporting

Procedures have been established for financial reporting that involve carrying out a 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, and are discussed with the Audit Committee. 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 bank deposits, receivables, non-current assets and liabilities are subject to special reviews. Bank loans, interest rates and interest rate hedging are subject to manual reconciliation each month. Ongoing projects are reviewed on a quarterly basis by the Development department. Rental income and other 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.

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 the 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, if applicable. Significant issues in the auditor's report are presented to the whole Board.

10.4 Financial management

The group is managed by means of financial targets linked to operational results and development, 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 calculation model and required rate of return. The present value and other key financial metrics of building projects are monitored throughout the course of each 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.

10.5 Monitoring of risk management and internal controls

In consultation with the Audit Committee, 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.

10.6 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, 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. Management continuously strives to prevent corruption and undesirable incidents, with a focus on the group's values and ethical guidelines. Increased focus on systematic training in ethical guidelines as well as dilemma training for all employees was implemented in 2017 in order to further increase awareness among Entra's employees.

Entra's Chief Legal Officer 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 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

11. 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 share 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 they nevertheless do, 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

12. Remuneration of Senior Executives

12.1 Board statement regarding Senior Executives' remuneration

The Board prepares 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 presented to the general meeting. The statement sets out the main principles for the Entra's Senior Executives' salary policy, and seeks to contribute to the alignment of interests between the shareholders and Senior Executives.

12.2 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 Executives.

12.3 Performance-related pay

The group operates a performance-related pay scheme for Senior Executives. Performance-related pay for the group's

Senior Executives 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, as well as predefined personal targets. The Board sets individual targets for the CEO and assesses the actual achievements.

LTI scheme
The LTI scheme is based on a Return on Equity target and a Total Shareholder Return target, each with a weighting of 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

13. Information and communication

13.1 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, consistent and precise information. Such information will be given in the form of annual reports, quarterly reports, stock exchange notices and investor presentations. The group's report on corporate social responsibility is integrated in the annual report. The Board has set an IR policy for Entra's reporting of financial and other information.

A financial calendar with details of the dates of important events such as the general meeting and the publication of interim reports is published annually and is available on www.entra.no.

The Board has approved insider regulations relating to the handling of inside information and trading in the company's shares. Primary insiders require internal clearance by the Chief Legal Officer before they can buy or sell Entra shares.

13.2 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. Management (CEO, CFO and Investor Relations Manager) shall be available for discussions with 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 has determined an IR policy for Entra's contact with shareholders outside the general meeting.

Non-compliance with the Code: None

14. Takeover

The Board has an approved set of guidelines for take-over bids and will handle such situations 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 a 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 takeover 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

15. Auditor

The general meeting elects the group's auditor. Since 2012 Entra's auditor has been Deloitte. Eivind Skaug has been the responsible partner of the audit team since 2014.

15.1 Plan for the auditor's work

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

15.2 Auditor's relationship to the Board

The auditor attends all meetings of the Audit Committee, as well as relevant 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 with the Audit Committee and the auditor, and one meeting with the whole Board and the auditor, which is not attended by representatives from the management.

15.3 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 group management and the Audit Committee. Material issues if applicable are summarised for the Board.

15.4 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.

15.5 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


Media City Bergen

Board of Directors



	Siri Hatlen	Kjell Bjordal	Widar Salbuvik
Board position	*Chair*	*Vice Chair*	*Board member*
Born	1957	1953	1958
Nationality	Norwegian	Norwegian	Norwegian
Gender	Female	Male	Male
Member of the Board since	2012	2012	2016
Number of shares in Entra	1,163	44,704	10,000
Education	MSc degree from the Norwegian University of Science and Technology (NTNU) and a MBA degree from INSEAD	MSc in Business from the Norwegian School of Economics (NHH)	Graduate Programme in Economics and Business Administration from the Norwegian School of Economics (NHH).
Executive and non executive positions	Hatlen has long experience in project management for Statoil on large offshore projects and she has held various management positions such as EVP of Statkraft and CEO of Oslo University Hospital. Ms Hatlen currently also serves as the chair of the board of directors of Bane NOR, NMBU (Norwegian University of Life Sciences), the Norwegian Board of Technology, Lovisenberg Sykehus (Hospital) and DNT Oslo og omegn. She is also a board member of Fjord 1, Export Credit Norway and Nobel Peace Centre.	Bjordal is an independent business advisor and has previously had positions as CFO and CEO of Glamox Group, CEO in NorAqua and CEO in EWOS Norway/EWOS Group.He also serves as the chair of the board of directors of Sparebank 1 SMN, Axess Holding, Axess, Broodstock Capital partners, Nordlaks Oppdrett, Nordlaks Produkter, Nordlaks Smolten and Nordlaks Havfarm. He is also a board member in Bc Spv1 and Atlantic Sapphire	Salbuvik is an independent business advisor and investor and was previously CEO of Pareto. He also serves as chair of the board of amongst others Breiangen, Asset Buyout Partners, HR-Gruppen, Fornybar AS, Herøya Næringspark and Hotell Refsnes Gods. He is also a board member of Havfonn, HitecVision, Skolt Holding, Kings Bay, View Software and Zeiner Gruppen and a member of the corporate assembly of Telenor.
Previous experience			
CEO	●	●	●
Property industry			●
Project management	●		
Technology management	●	●	●
Environment and CSR	●	●	●
Financing and stock market	●	●	●
Transactions and M&A		●	●
Accounting			●

			
Ingrid Dahl Hovland	Katarina Staaf	Cathrine Vaar Austheim	Hans Petter Skogstad
Board member	*Board member*	*Board member, employee representative*	*Board member, employee representative*
1959	1967	1980	1962
Norwegian	Swedish	Norwegian	Norwegian
Female	Female	Female	Male
2017	2016	2016	2016
-	500	-	6,811
MSc degree from the Norwegian University of Science and Technology (NTNU)	Bsc Economics degree from the School of Economics at the University of Gothenburg	MSc in Business ("Siviløkonom") from the Norwegian Business School (BI)	Cand Oecon degree from the University of Oslo
Hovland currently serves as CEO of Nye Veier and has previously had management positions in Spenncon, Selvaagbygg, Veidekke, and the Public Road Administration. She also serves as a board member of Undervisningsbygg Oslo.	Staaf is an independent business advisor and has previously had management positions at Riksbyggen, Riksbyggen BoSpar and Evli Fonder AB and been a portfolio manager at Skandia and SEB. She serves as member of the board of directors of FastPartner, Länsförsäkringar Fondförvaltning and Staaf&Partners and as executive search consultant with Poolia Executive Search	Austheim is a Project Controller in Entra and has previously worked in Nokia Siemens Networks and Arne Blystad.	Skogstad is Head of Customer Research in Entra and has previously worked in Opinion, Belimo analyse, Ansura, ECON, and Byggforsk.
●			
●	●	●	●
●			
●			
●	●		
	●		
●	●		
	●	●	

Report of the Board of Directors 2017

Entra has continued growing and streamlining the property portfolio in accordance with the strategy of owning and developing modern, large and flexible office buildings centrally located in the largest cities in Norway. Entra once again achieved superior customer satisfaction scores, and the management portfolio is close to fully let. In 2017, rental income grew by 9 per cent and net income from property management by 18 per cent. Total asset values grew by 12 per cent resulting from solid letting and project development combined with decreasing yield levels and growth in market rents. The strong top-line development combined with continuous cost and efficiency focus improved Entra's cash earnings by 185 million (17 per cent) year-on-year. The Board propose to pay a semi-annual dividend of NOK 2.10 per share for the second half of 2017 and thus NOK 4.10 per share for the full year, up from NOK 3.45 per share in 2016.

In 2017, Entra had rental income of 2,075 million (1,899 million). Net operating income was 1,913 million (1,740 million) and net income from property management was 1,259 million (1,070 million). Net positive value changes were 3,547 million (2,116 million) and profit before tax was 5,030 million (3,306 million).

Entra signed new and renegotiated leases with an annual rent totalling 269 million (115,000 sqm) and received notices of termination on leases with an annual rent of 120 million (48,000 sqm).

Entra finalised the large projects Media City Bergen and Trondheimsporten. At Kjørbo in Sandvika, Entra finalised the renovation of Block 1 and 3 and started renovation of Block 2 during 2017. In Trondheim, Entra started up two new-build projects at Brattørkaia 16 and 17A.

Entra continued to be active in the transaction market and acquired Skanska Commercial Development's ("Skanska") 50 per cent share of Sundtkvartalet (31,300 sqm) in Oslo. Entra is now the single owner of this property. Entra also completed sale of 14 properties with location outside strategic focus areas in Kristiansand, Bodø, Oslo and Trondheim.

This is Entra

Entra is one of Norway's leading real estate companies, focusing on high quality, flexible office properties with central locations in the largest cities in Norway. Entra's strategic areas of concentration are Oslo and the surrounding districts, Bergen, Stavanger and Trondheim.

The property portfolio is characterised by solid tenants on long leases with a high occupancy ratio. As of 31 December 2017, Entra owned and managed approximately 1.2 million sqm in 84 buildings. At the end of the year the real estate portfolio had a market value of 40 billion and the average remaining lease period was 7.4 years.

Entra is a solid and well-run company. The values One team, Responsible, Innovative 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 has its head office in Oslo. Approximately 70 per cent of the property values are located in Oslo.

The business in 2017

The Board's work

The Board has supervised management and monitored the Group's business in accordance with good corporate governance. In 2017, the Board has focused on the business strategy, hereunder active portfolio management (acquisitions and divestments), new and ongoing development projects, business and technology development, compliance, corporate social responsibility, and further development of the organisation.

The letting market

According to Entra's Consensus report, office vacancy in the Oslo area dropped to around 7 per cent by the end of 2017, and is expected to bottom out at around 6.5 per cent by the end of this year. The drop is primarily driven by slightly increasing employment and low new net capacity to the market, stemming from low construction activity and office-to-residential conversion. Consequently, the broad uplift in rent levels is expected to continue. Modern, centrally located office premises close to public transportation hubs are especially attractive and are expected to see the strongest growth.

In Bergen, office vacancy has levelled out at about 10 per cent. Office vacancy is expected to drop below 10 per cent due to low construction activity and office-to-residential conversion. Rents in the city centre of Bergen have increased due to low vacancy and limited supply of modern, centrally located office premises.

The Stavanger area is experiencing higher activity and optimism. However, overall office vacancy in Stavanger has increased to around 13 per cent as some large tenants still are reducing their need for office space. There is still a downward pressure on rents in oil and gas intensive areas like Forus. In the Stavanger city centre, vacancy is at about 7 per cent and rent levels are more stable. The construction activity is low.

In Trondheim, overall office vacancy has levelled out at around 10 per cent. The volume of new office space will be moderate this year, but increase in 2019. The market has shown ability to absorb the new capacity and around 70 per cent of the premises completed in 2019 are pre-let. Rent levels in the city centre have increased, while there is downward pressure on rents in the fringe areas.

Letting activity in 2017

For 2017, gross letting including re-negotiated contracts was 269 million and lease contracts with a total value of 120 million were terminated. Net letting came in at -20 million.

The largest contracts signed in 2017 were:

- New lease contracts for 10 years and 8,900 sqm in Block 1, 2 and 3 at Kjørbo in Sandvika with Norconsult
- New lease contract for 5 years and 7,300 sqm in Sundtkvartalet in Oslo with IBM
- New lease contract for 10 years and 3,300 sqm at the project Trondheimsporten in Trondheim with Trondheim Municipality
- New lease contract for 6 years and 2,000 sqm in Biskop Gunnerus gate 14 in Oslo with Regus Business Center
- New lease contract for 10 years and 1,900 sqm in Malmskriverveien 18 in Sandvika with Bærum Municipality
- New lease contract for 10 years and 1,600 sqm at the project Trondheimsporten in Trondheim with the Norwegian Directorate of Health
- Renegotiated lease contract for 10 years and 10,000 sqm in Biskop Gunnerus gate 14 in Oslo with Bane Nor
- Renegotiated lease contract for 6.5 years and 7,700 sqm in Block 9-10 at Kjørbo in Sandvika with Norconsult
- Renegotiated lease contract for 4 years and a total of 4,100 sqm at Cort Adelers gate 30 in Oslo with Egencia Norway
- Renegotiated lease contract for 12 years (4 years extension) and 1,000 sqm in Prof. Olav Hanssens vei 10 in Stavanger with Electronic Chart Center (ECC)

The occupancy rate in Entra's portfolio has increased during the year and the Group had an occupancy level of 97 per cent as at 31 December 2017 compared to 96.8 per cent at 31 December 2016. The occupancy level was highest in Sandvika at 99.1 per cent and lowest with 96.3 per cent in Drammen.

Customer satisfaction

One of Entra's goals is to be the best in its sector in terms of customer satisfaction. The Norwegian Tenant Index is used to measure customer satisfaction. In 2017 Entra achieved an aggregate customer satisfaction score of 85 against a national average for the sector of 80. On environmental matters, Entra achieved a score of 83 compared with a national average of 74, showing that customers truly value Entra's environmental efforts. Entra's customer centre handling fault reports achieved a score of 87 compared to a national sector average of 78 points. The customer centre contributes to increasing customer satisfaction and forms the foundation for efficient management of properties.

Project development

The following key projects were completed in 2017:

- In September, the large development project Media City Bergen was finalised. The project involved total renovation of 35,000 sqm and an extension of 10,000 sqm. The property is currently 86 per cent let to a cluster of media, technology, education and research companies. The property is 50 per cent owned by Entra through Entra OPF.
- Entra also finalised the renovation of Block 1 and Block 3 at Kjørbo in Sandvika to Powerhouses with BREEAM Excellent standard. The properties are 3,200 and 4,200 sqm respectively and are fully let
- At the end of 2017/beginning of 2018 Entra finalised the construction of "Trondheimsporten" a new-built office property located in Holtermanns veg 70 in Trondheim. The property is a 15-floor office building of approximately 28,600 sqm. The property is fully let and is aiming for a BREEAM Very Good classification.

The following are the most important projects that were ongoing or started during 2017:

- In January, Entra started construction of Brattørkaia 16 in Trondheim. Brattørkaia 16 will be a new 10,500 sqm campus building and is fully let to BI Norwegian Business School on a 20-year lease. The project has high environmental ambitions and aims for a BREEAM Excellent classification. The project will be finalised in June 2018.
- In March, Entra started construction of a new Powerhouse at Brattørkaia 17 in Trondheim. Powerhouse Brattørkaia will be an energy positive and environment friendly office building of approximately 18,200 sqm of which 2,500 sqm is a parking basement. Powerhouse Brattørkaia will utilise sun and sea water for heating and cooling. The building will be covered by 3,500 sqm of solar panels and thus produce around 500,000 kWh of renewable energy annually. This is more than twice as much as the building consumes for heating, cooling, ventilation and lighting. It means that the building has a positive energy balance in its lifetime also when all the energy that goes into building processes, materials and finally demolition is included. The project is aiming for the environmental classification BREEAM Outstanding and Energy class A. The project will be finalised in the first quarter of 2019.
- Entra is also refurbishing Block 2 at Kjørbo into a new Powerhouse with BREEAM Excellent classification. Block 2 is 3,950 sqm and is fully let to Norconsult. The project will be finalised in October 2018.
- In Tullinkvartalet in Oslo, Entra has ongoing construction of a new 21,000 sqm campus building for the Faculty of Law of the University of Oslo. The property is 92 per cent let to the University on a 25-year lease. The new-build project involves Entra's properties in Kristian Augusts gate 15, 19, and parts of 21, which to a large extent are being demolished and re-built. The project will be finalised at the end of 2019. The new-build project aims for a BREEAM Excellent classification.
- The project in Youngskvartalet in Oslo involves both a new building and refurbishment of an existing building. The project consists of 9,400 sqm and was finalised in January 2018. The project has been sold on a forward contract to Industri Energi.

At year-end 2017, Entra's project portfolio totalled 70,247 sqm.

The transaction market

Total transaction volume in Norway in 2017 totalled around 85 billion. The market is active, and the number of transactions in 2017 was record high. Demand from both national and international investors remains strong, and the transaction volumes are expected to be high also going forward, according to Entra's Consensus report. The financing market is well functioning, the yield gap remains attractive and the outlook for the Norwegian economy is positive. Prime yields are expected to move slightly upwards as a result of higher interest rates. However, the expected increase in rent levels and inflation should have a balancing effect on valuations.

Property transactions in Entra

In accordance with the strategy of growth in the four largest cities, Entra acquired Skanska Commercial Development's 50 per cent share in Sundtkvartalet, and thus became single owner of the property. Sundtkvartalet is a new-built office property of 31,300 sqm which was finalised in December 2017. The transaction was based on a property value of 1,590 million and closing took place in October 2017.

Entra has furthermore taken advantage of the strong transaction market and sold 14 properties in 2017.

- In January, Entra announced the sale of its Kristiansand portfolio. The portfolio comprised seven properties totalling approximately 45,000 sqm. The total transaction value was 863 million and closing took place in May 2017. Entra also sold the property Lømslandsveien 23 in Kristiansand for 11 million.
- In January, Entra sold the property Moloveien 10 in Bodø and two adjacent land plots for 82.5 million. Closing took place in February 2017.
- In January, Entra sold the properties Kongens gate 85/Erling Skakkesgate 60 in Trondheim for 16 million. Closing took place in March 2017.
- In June, Entra sold its sections of 2,100 sqm in the property Akersgata 32 in Oslo. The transaction was based on a property value of NOK 94 million. Closing took place in June 2017.
- In June, Entra sold Wergelandsveien 29 in Oslo. The transaction was based on a property value of 160 million. Closing took place in September 2017
- In December, Entra sold Middelthuns gate 29. The transaction was based on a property value of NOK 1,270 million. Closing took place in December 2017.
- In December, Entra sold Tungasletta 2 in Trondheim. The transaction was based on a property value of NOK 180 million. Closing took place in January 2018.

Associates and jointly-controlled entities

Papirbredden Eiendom AS (60 per cent ownership)
Entra and Drammen Municipality own Papirbredden Eiendom AS. The company owns six office properties totalling around 59,000 sqm and land with future development potential totalling around 60,000 sqm in Drammen.

Hinna Park Eiendom AS (50 per cent ownership)
Entra and Camar Eiendom own Hinna Park Eiendom. The company owns three office properties totalling 30,000 sqm and land with development potential for two new office properties totalling around 37,000 sqm. Hinna Park Eiendom AS is consolidated in the Group's financial statements as Entra has a controlling vote on the Board of Directors.

Entra OPF Utvikling AS (50 per cent ownership)
Entra and Oslo Pensjonsforsikring (OPF) own Entra OPF Utvikling. The company owns two office properties. Media City Bergen in Lars Hilles gate 30 is a 45,000 sqm office property which was finalised in the third quarter of 2017. Allehelgens gate 6 is a 14,100 sqm office property which is fully let to the police.

According to the agreement between Entra and Oslo Pensjonsforsikring, Entra OPF Utvikling is not to be financed with debt, thus any capital requirements are to be financed with equity contributions from the owners. Following completion of the MediaCity Bergen project, Entra has from 1 January 2018 had a controlling vote on the Board of Directors. Entra OPF Utvikling will thus be consolidated in the Group's financial statements from 1 January 2018 (previously treated as an associated company).

Oslo S Utvikling AS (OSU) (33.33 per cent ownership)
OSU is a property development company that is developing parts of the city district Bjørvika in Oslo. In July 2017, OSU announced that it had forward-sold the office property Eufemia (under development) for 1,740 million. Closing and payment will be on completion in 2019. OSU also has three residential projects with some retail-areas on ground floor under development, which will be finalised in 2018-2020. Of the 448 apartments under construction, 351 have been pre-sold. In addition, OSU owns a 26,000 sqm parking (storage) garage and around 16,000 sqm of retail space in Bjørvika as well as development potential for approximately 1,000 apartments.

Corporate Social Responsibility

Entra's CSR policy supports the UN Sustainable Development Goals. Entra reports its work with respect to corporate social responsibility (CSR) based on The Ten Principles of the UN Global Compact, the relevant section in the Norwegian Accounting Act, § 3–3C, Oslo Stock Exchange guidance on the reporting of corporate responsibility 1/2016 and the Report to Parliament no. 27 (2013–2014) "Diverse and value-creating ownership".

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.

In 2017 Entra has had no injuries with long-term absence from work among employees, tenants or in the ongoing projects. HSE work focuses on both ongoing projects and operations and seeks continually to avoid injuries. The Group had an LTIF rate (number of accidents with lost time per million hours worked in last 12 months) on ongoing projects of 2.2 at the end of the fourth quarter 2017 vs 3.6 at the end of the fourth quarter 2016.

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 2017, the Group had 155 employees. Entra's employees have varied backgrounds and expertise from different professional and technical areas. Sickness absence in Entra was 2.0 per cent in 2017, the same level as in 2016. This is low compared to a country average of 6.5 per cent [1]. 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 new employees and board members, and then re-signed on an annual basis. It is important to Entra that all employees are familiar with the content and commit to follow the guidelines. Entra has developed an E-learning course on ethics and dilemma training that is completed by all employees annually.

Cooperation with the employee organisations was good and constructive during 2017 and made a positive contribution to the operation of the Group.

Equality and diversity

At 31 December 2017, 30 per cent (31 per cent) of the Group's 155 employees were women and 70 per cent (69 per cent) were men. Three out of seven of the Senior Executives were women and four were men. Four of seven of the Board members were women and three were men. 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.

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.

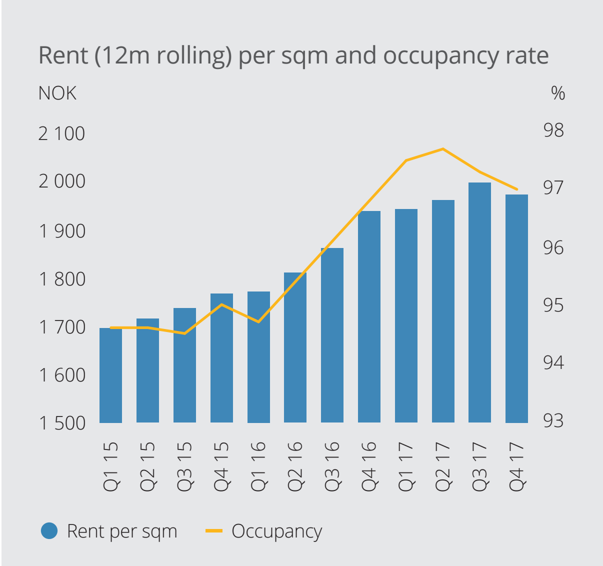
[1] Source: Statistics Norway: Sickness absence Q3 2017

Statement of comprehensive income, balance sheet and statement of cash flows

Income

Rental income was up by 9 per cent from 1,899 million in 2016 to 2,075 million in 2017. The increased rental income is explained in the table below.

All amounts in NOK millions	2016 to 2017
Rental income previous period	1 899
Development projects	30
Acquisitions	141
Divestments	-65
Other	9
Like-for-like growth	61
Rental income	**2 075**



On a like-for-like basis the rental growth was 3.7 per cent compared to 2016. The annual indexation of the lease contracts constituted 3.6 per cent. The remaining growth is mainly driven by increased occupancy.

Average 12 months rolling rent per sqm was 1,975 (1,940) as of 31 December 2017. The increase is mainly related to continued portfolio rotation towards more central, high quality assets. In addition, the growth is mainly driven by income effects from increased occupancy in the Oslo portfolio and the completion of newbuild- and rehabilitation projects.

Nearly all of Entra's lease contracts are 100 per cent linked to positive changes in CPI. The annual adjustment is mostly made on a November to November basis.

The occupancy rate increased to 97.0 per cent (96.8 per cent) as of 31 December 2017. The rental value of vacant space as of 31 December 2017 was approximately 64 million (66 million) on an annualised basis.

Total property costs amounted to 162 million (159 million) and are split as follows:

All amounts in NOK millions	2017	2016
Maintenance	**40**	**50**
Tax, leasehold, insurance	48	30
Letting and prop. adm.	42	38
Direct property costs	32	42
Total property costs	**162**	**159**

As a consequence of the effects explained above, net operating income came in at 1,913 million (1,740 million) for the financial year 2017.

Other revenues amounted to 285 million (950 million) in 2017. Other revenue of 198 million (222 million) was related to the development project Youngskvartalet in Oslo which is classified as a construction contract. The project was delivered to the buyer on 1 March 2018. In addition, 40 million in other income relates to the sold newbuild project in Kongsgaard Allé 20 in Kristiansand where Entra will complete the construction work before the property is delivered to the buyer in Q2 2018. In 2016 other revenue of 637 million was related to the sale of the Gullfaks building in Stavanger which was classified as property and housing-units for sale.

Other costs amounted to 246 million (927 million) in 2017. Other costs associated with Youngskvartalet amounted to 187 million (220 million) and costs related to Kongsgaard Allé 20 were 33 million in 2017. Other costs associated with the sale of the Gullfaks building in 2016 amounted to 583 million.

Other revenue also consists of income from services provided to tenants. Other costs also consist of other property costs mainly related to depreciation and rental expenses.

Administrative expenses amounted 163 million (152 million).

Entra's share of profit from associates and JVs was 244 million (150 million) in 2017. The increase is mainly related to the acquisition of the remaining 50 per cent of the shares in Sundtkvartalet AS. According to IFRS the acquisition shall be treated as realisation of the previously owned shares and due to the increased value of the shares the Group has recognised a value gain of 40 million in 2017.

Entra's share of profit from associates and JVs is composed as follows:

All amounts in NOK millions	2017	2016
Income from property management	21	30
Changes in market value	260	109
Tax	-57	-34
Other income and costs	20	45
Results from associates and JVs	**244**	**150**

Net realised financials amounted to 550 million (572 million) and are composed as follows:

All amounts in NOK millions	2017	2016
Interest and other finance income	22	14
Interest and other finance expense	-572	-586
Net realised financials	**-550**	**-572**

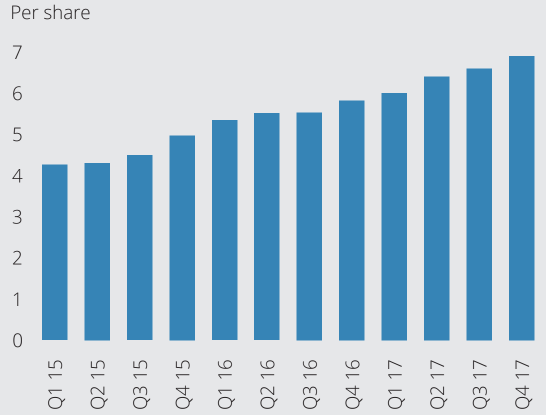
Net income came in at 1,483 million (1,190 million). When including only the income from property management in the results from JVs, the net income from property management was 1,259 million (1,070 million) for 2017, representing a year-on-year increase of 18 per cent. The difference between net income and net income from property management is explained below:

All amounts in NOK millions	2017	2016
Net income	1 483	1 190
Less:		
Value changes in associates and JVs	260	109
Tax from associates and JVs	-57	-34
Other income and costs	20	45
Net income from property management	**1 259**	**1 070**

Net value changes amounted to 3,547 million (2,116 million) for 2017. The valuation of the property portfolio resulted in a net positive value change of 3,460 million (1,991 million) for the financial year 2017. During 2017, about 1,600 million of the value changes is attributable to yield compression in most of the largest cities, 950 million is due to increased market rent, primarily in Oslo, and about 520 million is related to the ongoing project portfolio. The increase in the project portfolio is mainly explained by reduced risk as each project is moving towards completion in combination with improved market conditions. In addition, about 390 million is a result of net letting in the management portfolio and realised value changes from the divestment of several properties during the year. Net changes in the value of financial instruments were 87 million (125 million) for 2017. The positive development is mainly explained by higher market interest rates and reduced time to maturity on high interest rate swaps, partly offset by a negative contribution related to decreasing credit margins on existing fixed rate debt and a termination cost of 36 million for realised swap contracts during 2017.

The Group, except for certain partly owned companies with marginal tax effect, is currently not in a tax payable position due to a tax loss carry forward. At year-end 2017, the tax loss carry forward for the Group was 810 million (953 million). The change in deferred tax was -507 million (-580 million) in 2017. The change in deferred tax was positively impacted by the tax exempted divestment of Middelthuns gate 29 of 240 million and by 189 million as a result of a change in the corporate income

Net income from property management per share (Annualised, rolling 4 quarters)



tax rate (CIT) from 24 per cent in 2017 to 23 per cent from 1 January 2018. However, the effective tax rate is less than the CIT mainly due to divestment of properties without tax effect.

Profit before tax was 5,030 million (3,306 million) whereas profit after tax was 4,514 million (2,722 million). Comprehensive income after tax was 4,514 million (2,705 million) in 2017.

Balance sheet

The Group's assets amounted to 43,410 million (38,890 million) as at 31 December 2017. Of this, investment property amounted to 39,875 million (35,629 million) and investment property held for sale to 180 million (168 million). 1 (4) properties were classified as held for sale as at 31 December 2017. Intangible assets totalled 125 million (124 million) at the end of 2017 of which 109 million (109 million) is goodwill related to Hinna Park in Stavanger.

Investments in associates and jointly controlled entities were 1,487 million (1,561 million).

Long-term receivables were 244 million (163 million) at year-end. The increase is mainly related to a 75 million seller credit structured as a bond in relation to the divestment of Middelthuns gate 29.

Other receivables were 847 million (476 million) at the end of December 2017 of which Youngskvartalet amounts to 532 million (219 million). The increase compared to 2016 was affected by capitalised construction costs of 313 million related to the property Youngskvartalet that will be delivered to the buyer on 1 March 2018. In addition, the increase is related to capitalised construction costs of 40 million at Kongsgaard Allé 20 in Kristiansand.

The Group held 189 million (243 million) in cash and cash equivalents at 31 December 2017. In addition, the Group has

5,410 million (3,830 million) in unutilised credit facilities.

The Group had interest bearing debt of 18,449 million (18,113 million) as of 31 December 2017.

Book equity totalled 18,938 million (15,124 million), representing an equity ratio of 44 per cent (39 per cent). Book equity per share was 103 (82). Equity per share was 127 (101) based on the EPRA NAV standard and 118 (93) based on EPRA NNNAV. Outstanding shares at 31 December 2017 totalled 183.7 million (183.7 million)

Cash flow statement

Net cash flow from operating activities came to 1,222 million (1,097 million) in 2017. The change is mainly related to higher net income from property management.

The net cash flow from investment activities was -65 million (-2,972 million) for 2017. Proceeds from property transactions of 2,351 million (1,021 million) in 2017 mainly related to the property transactions as described under the section "Property transactions in Entra" earlier in this report.

For the year 2017 purchase of investment properties was -482 million (-2,536 million) and is related to the property transactions as described under "Property transactions in Entra" earlier in this report. In 2016 it was related to the acquisition of the Skøyen portfolio in Oslo and the land plot Lars Hilles gate 25 in Bergen.

The cash effect from investment in and upgrades of investment properties amounted to -1,571 million (-1,001 million) in 2017.

Investment in property and housing units for sale of -207 million (-233 million) is mainly related to investments in the property Youngskvartalet in Oslo.

Net payments in associates and jointly controlled entities amounted to -213 million (-253 million) in 2017 and is related to a capital increase in Entra OPF.

Dividends from associates and Jvs of 201 million (51 million) are mainly related to dividends from Oslo S Utvikling AS.

Net cash flow from financing activities was -1,211 million (1,906 million) in 2017.

Net proceeds of interest bearing debt was -511million (2,841 million) in 2017. In 2017 Entra has had a net repayment of 1,353 million in bank loans and net issues of commercial paper and bond loans of 1,300 million and 397 million, respectively.

Dividends paid amounted to 698 million (934 million) in 2017. During 2017 Entra paid out a total of 2.00 per share to shareholders for the first six months and has recommended a total of 2.10 per share for the second half year. For the financial year 2016 Entra paid out dividends of 3.45 per share.

The net change in cash and cash equivalents was -53 million (31 million) for 2017.

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 2017.

Financial structure and exposure

the Group's financing is diversified between various bank and capital market instruments. At year-end 2017, the nominal interest-bearing debt was 18,042 million (17,697 million). The interest-bearing debt has a diversified maturity structure, with an average time to maturity of 4.3 years (4.4 years). As a general principle Entra's financing is based on a negative pledge of the Group's assets that enables a broad and flexible financing mix.

The capital markets funding as at 31 December 2017 consisted of bonds and commercial paper outstanding of 11,026 million and 3,000 million, respectively, which accounted for 78 per cent of total interest-bearing debt. Bank funding of 4,016 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 the facilities according to any ongoing cash needs or surplus. The Group's liquid assets amounted to 189 million (243 million) as at 31 December 2017. In addition, the Group had committed, unutilised credit facilities totalling 5,410 million (3,830 million).

The Group's average interest cost as at 31 December 2017 was 2.90 per cent (3.48 per cent), and 54 per cent (53 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 4 years (3.6 years). The decrease in the average interest rate is due to lower floating interest rates (NIBOR) compared to the previous year and termination of old and expensive interest rate swaps in the first and fourth quarter of 2017.

The Group has adopted a conservative financial strategy with a moderate loan-to-value ratio that secures financial flexibility throughout an economic cycle. In this respect, Entra targets a loan-to-value ratio which shall not exceed 50 per cent over time. The Group's loan-to-value ratio as at 31 December 2017 was 43.3 per cent, representing a decrease from 47.6 per cent at year-end 2016. The lower loan-to-value ratio is mainly due to positive portfolio value changes and divestments of properties during 2017.

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 revised on an annual basis.

FINANCIAL RISK

	31.12.2017	Financial policy
Financial leverage		
Loan-to-value (LTV)	43.3 %	shall not exceed 50 per cent over time
Financing risk		
Financing commitments next 12m	139 %	Min. 100 %
Average time to maturity (debt)	4.3	Min. 3 years
Debt maturities <12 months	26 %	Max. 30 %
Interest rate risk		
Interest coverage ratio (ICR)	3.0	Min. 1.8x
Average time to maturity (hedges)	4.0	2-6 years
Maturity of hedges <12 months	46 %	Max 50 %
Credit risk / currency exposure		
Counterpart's credit rating	Fulfilled	Min. A-/A3
Share of debt per counterparty	9 %	Max. 40 %
Currency exposure	-	-

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 on 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 183,732,461 divided into 183,732,461 shares, with each share having a par value of 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.

THE 10 LARGEST SHAREHOLDERS AS OF 31 DECEMBER 2017

NAME	SHAREHOLDING	%
Norwegian Ministry of Trade, Industry and Fisheries	61 368 893	33.4
Folketrygdfondet	16 094 115	8.8
The Bank of New York (Nominee)	7 558 111	4.1
State Street Bank (Nominee)	5 519 572	3.0
Danske Invest Norske Instit. II.	3 531 205	1.9
The Bank of New York (Nominee)	3 316 681	1.8
Landsforsakringar Fastighetsfornd	2 958 662	1.6
State Street Bank (Nominee)	2 695 002	1.5
State Street Bank (Nominee)	2 407 148	1.3
Danske Invest Norske	2 092 376	1.1
Total 10 largest shareholders	**107 541 765**	**58.5**
Other	76 190 696	41.5
Total	**183 732 461**	**100.0**

There are no share options or other rights to subscribe for or acquire shares issued by Entra.

As of 31 December 2017, Entra had 5,418 shareholders. Norwegian investors held 55 per cent of the share capital.

Dividend policy
Entra targets a dividend payout ratio of approximately 60 per cent of Cash Earnings defined as net income from property management less tax payable. In line with the dividend policy, the Board of Entra proposes to pay a semi-annual dividend of 2.10 per share for the last six months of 2017, representing around 60 per cent of Cash Earnings in the period from 1 July 2017 to 31 December 2017. For the financial year 2017 Entra will then have paid 4.10 per share in dividend vs. 3.45 per share for 2016.

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 attract new tenants. 67 per cent (70 per cent) of the Group's customers are from the public sector as of 31 December 2017 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 increase Loan-to-Value ratios.

Commercial risk also 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 means 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, letting risk, 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. Entra is 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 2017, the parent company Entra ASA made a profit after tax of 1,752 million (207 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 386 million (322 million) corresponding to 2.10 per share (1.75 per share) for the last six months of 2017. The remainder of the result after tax of 1,366 million is to be transferred to retained earnings.

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

Outlook

Entra continues to deliver on its core strategic pillars; profitable growth, customer satisfaction, and environmental leadership. Deliberate and targeted project development of profitable newbuilds and refurbishment is an important source of profitable growth. Entra has in recent years had the most satisfied customers amongst the major Norwegian real estate companies.

A key priority for Entra into 2018 is to further develop its product and service offerings with the aim of realising the vision of owning buildings where the most satisfied people are working. Environmental leadership and sustainability have been a key priority for Entra during the last decade and are an integral part of all business operations in the company. We experience a significantly growing interest from all stakeholders on this topic, and the financial benefits are also materialising through increasing focus from tenants, a lower cost of funding through our green bonds, and higher valuations of environment-friendly properties.

The Norwegian economy is seeing a moderate upturn with GDP growth and increasing employment. Nevertheless, there is still some degree of general uncertainty about the future, particularly in relation to a softening residential market and relatively high levels of household debt.

Modern, environmentally friendly offices located near public transportation hubs are attractive and obtain solid rents compared to premises located in less central areas. Entra's portfolio in Oslo constitutes around 70 per cent of revenues, and we expect the Oslo office market to develop favourably in the coming years with lower vacancy levels and higher rental prices. The office markets in Bergen and Trondheim are expected to remain stable, and there are positive signs in Stavanger where we expect a moderate recovery in the coming years.

Long-term interest rates are on historically low levels, but have recently trended upwards. This could potentially lead to both an increase in the cost of funding and market yields. However, the Norwegian transaction market is very active and driven by strong demand from both domestic and international investors.

We do expect that the yield compression seen over the last two years will level out. However, Entra's portfolio with a healthy mix of attractive properties, value enhancing development projects and a positive rental market outlook should provide a continued positive portfolio value development, albeit at a significantly slower pace.

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

Oslo, 8 March 2018
The Board of Directors of Entra ASA

Siri Hatlen Chair of the Board	Kjell Bjordal Deputy Chair	Widar Salbuvik Board member
Ingrid Dahl Hovland Board member	Katarina Staaf Board member	Cathrine Vaar Austheim Board member
Hans Petter Skogstad Board member		Arve Regland CEO

Consolidated financial statements Entra ASA

Statement of comprehensive income 1 January to 31 December

All amounts in NOK million

	Note	2017	2016
Rental income	6	2 075	1 899
Repairs & maintenance	10	-40	-50
Operating costs	10	-121	-109
Net operating income		**1 913**	**1 740**
Other revenue	9, 11	285	950
Other costs	9, 12	-246	-927
Administrative costs	13	-163	-152
Share of profit from associates and JVs	20, 36	244	150
Net realised financials	16	-550	-572
Net income		**1 483**	**1 190**
- of which net income from property management		**1 259**	**1 070**
Changes in value of investment properties	19	3 460	1 991
Changes in value of financial instruments	4	87	125
Profit before tax		**5 030**	**3 306**
Tax payable	27	-8	-4
Change in deferred tax	27	-507	-580
Profit for the year		**4 514**	**2 722**
Actuarial gains and losses	29	-	-23
Change in deferred tax on comprehensive income	27	-	6
Total comprehensive income for the year		**4 514**	**2 705**
Profit attributable to:			
Equity holders of the Company		4 464	2 619
Non-controlling interest		50	103
Total comprehensive income attributable to:			
Equity holders of the Company		4 464	2 602
Non-controlling interest		50	103
Earnings per share			
Continuing operations			
Basic=Diluted (NOK)	34	24	14

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

Balance sheet – assets

All amounts in NOK million

	Note	31.12.2017	31.12.2016
NON-CURRENT ASSETS			
Intangible assets	17, 18	125	124
Investment property	19	39 875	35 629
Other operating assets	18	23	26
Investments in associates and JVs	20, 36	1 487	1 561
Financial derivatives	7	405	472
Long-term receivables	21	244	163
TOTAL NON-CURRENT ASSETS		**42 159**	**37 976**
CURRENT ASSETS			
Investment property held for sale	19	180	168
Trade receivables	22	34	27
Other receivables	9, 23	847	476
Cash and bank deposits	24	189	243
TOTAL CURRENT ASSETS		**1 251**	**914**
TOTAL ASSETS		**43 410**	**38 890**

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	31.12.2017	31.12.2016
EQUITY			
Shareholders equity	25, 35	18 505	14 732
Non-controlling interests		433	392
TOTAL EQUITY		**18 938**	**15 124**
LIABILITIES			
Interest-bearing debt	26	13 786	14 734
Deferred tax liability	27	4 356	3 855
Financial derivatives	7	712	894
Other non-current liabilities	28, 29	355	358
Total non-current liabilities		**19 209**	**19 841**
Interest-bearing debt	26	4 663	3 379
Trade payables		306	290
Other current liabilities	30	294	257
Total current liabilities		**5 263**	**3 926**
TOTAL LIABILITIES		**24 472**	**23 767**
TOTAL EQUITY AND LIABILITIES		**43 410**	**38 890**

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

Oslo, 8 March 2018
The Board of Directors of Entra ASA

Siri Hatlen
Chair of the Board

Kjell Bjordal
Deputy Chair

Widar Salbuvik
Board member

Ingrid Dahl Hovland
Board member

Katarina Staaf
Board member

Cathrine Vaar Austheim
Board member

Hans Petter Skogstad
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
Equity at 31.12.2015	**184**	**3 556**	**9 255**	**359**	**13 354**
Profit for period			2 619	103	2 722
Other comprehensive income			-17		-17
Dividend			-864	-70	-934
Net equity effect of employee share saving scheme			-1		-1
Net equity effect of LTI share program			-		-
Equity 31.12.2016	**184**	**3 556**	**10 992**	**392**	**15 124**
Profit for period			4 464	50	4 514
Other comprehensive income			-		-
Dividend			-689	-9	-698
Net equity of LTI & employee share saving scheme			-2		-2
Equity 31.12.2017	**184**	**3 556**	**14 765**	**433**	**18 938**

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	2017	2016
Profit before tax		5 030	3 306
Income tax paid	27	-4	-
Net expensed interest and fees on loans	16	550	589
Net interest and fees paid on loans		-564	-520
Share of profit from associates and jointly controlled entities	20	-244	-150
Depreciation and amortisation	18	7	46
Changes in value of investment properties	19	-3 460	-1 991
Changes in value of financial instruments	4, 26	-87	-125
Change in working capital		-7	-59
Net cash flow from operating activities		**1 222**	**1 097**
Proceeds from property transactions		2 351	1 021
Purchase of investment properties	19	-482	-2 536
Upgrades of investment properties	19	-1 571	-1 001
Investment in property and housing-units for sale	9	-207	-233
Purchase of intangible and other operating assets	18	-23	-15
Net payment financial assets		-81	-5
Net payment of loans to associates and JVs		-40	-1
Net payments in associates and JVs	20	-213	-253
Dividends from associates and JVs	20	201	51
Net cash flow from investment activities		**-65**	**-2 972**
Proceeds interest-bearing debt	26	12 734	17 536
Repayment interest-bearing debt	26	-13 245	-14 695
Proceeds from/repayment of equity	25	-2	-1
Dividends paid	35	-698	-934
Net cash flow from financing activities		**-1 211**	**1 906**
Change in cash and cash equivalents		-53	31
Cash and cash equivalents at beginning of period		243	212
Cash and cash equivalents at end of period		**189**	**243**

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

Summary of Notes

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 84 (94) buildings with a total area of approximately 1.2 million (1.3 million) sqm. As of 31.12.17 the real estate portfolio had a market value of around 40 billion (35.8 billion). The public sector represents approximately 67 per cent (70 per cent) of the total customer portfolio. Entra's strategic areas are Oslo, Sandvika, Drammen, Stavanger, Bergen and Trondheim. Entra has its head office in Oslo.

The consolidated financial statements were adopted by the Company's Board on 8 March 2018.

NOTE 2 ACCOUNTING POLICIES

All amounts in NOK million

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 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 2017.

New and amended standards adopted by the Group:
In the current year, the Group has applied a number of amendments to IFRSs issued by the International Accounting Standards Board (IASB) that are mandatorily effective for an accounting period that begins on or after 1 January 2017.

Amendments to IAS 40 – Transfers of Investment Property
The amendments clarify that a transfer to, or from, investment property necessitates an assessment of whether a property meets, or has ceased to meet, the definition of investment property, supported by observable evidence that a change in use has occurred. The amendments further clarify that situations other than the ones listed in IAS 40 may evidence a change in use, and that a change in use is possible for properties under construction (i.e. a change in use is not limited to completed properties). The amendments are effective for annual periods beginning on or after 1 January 2018 with earlier application permitted. Entities can apply the amendments either retrospectively (if that is possible without the use of hindsight) or prospectively. Entra has chosen early implementation of the amendments, but the amendments have not had any impact on the Group's consolidated financial statements. They may however have impact on the Group's consolidated financial statements in future periods should there be a change in use of any of our properties.

Amendments to IAS 12 Recognition of Deferred Tax Assets for Unrealised Losses
The amendments clarify how an entity should evaluate whether there will be sufficient future taxable profits against which it can utilise a deductible temporary difference. The application of these amendments has had no impact om the Group's consolidated financial statements as the Group already assesses the sufficiency of future taxable profits in a way that is consistent with these amendments.

Amendments to IAS 7 - Disclosure initiative
The Group has applied these amendments for the first time in the current year. The amendments require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities. The reconciliation is included in note 26.

New standards and interpretations not yet adopted by the Group
A number of new accounting standards and interpretations are effective for annual periods beginning after 1 January 2017, and have not been applied in preparing these consolidated financial statement. The Group's assessment of the impact of these new standards and interpretations is 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 new standard also introduces expanded disclosure requirements and changes in presentation. The changes in presentation is not expected to be significant.The standard is effective for accounting periods beginning on or after 1 January 2018.

The Group has considered whether it is appropriate to implement hedge accounting under IFRS 9. However, the Group has concluded that hedge accounting is not possible under IFRS 9 for the Group as the Group does not designate hedge relationships to particular loans but to a portfolio of loans in order to adapt its portfolio to the chosen fixed rate structure.

The Group currently applies the fair value option when measuring fixed rate bonds. Fair value option was chosen when the Group implemented IFRS-accounting in 2006. The Group assessed that there was an accounting mismatch between investment properties valued to fair value according to IAS 40 and related fixed rate interest bearing debt and that the changes in fair value of both items were subject to the same risk that would be significantly reduced by applying fair value on both items. This has often not proved to be correct. In several accounting periods, it has turned out that they have instead moved in the same direction and thus contributed to greater volatility in the income statement.

The standard opens to make a new assessment of whether the Group should continue to use the fair value option ahead or measuring loans at amortised cost. From 1 January 2018 the Group has decided to measure fixed rate bonds at amortised cost. The Group will apply the new rules retrospectively from 1 January 2018, with the practical expedients permitted under the standard. Comparatives for the 2018 financial reporting will thus not be restated. Thus, the only change in the Groups financial statements arising from the implementation of the IFRS 9 is the change from measuring fixed rate bonds to fair value through P&L historically to amortised cost. The impact from the change of principles on the 2016 and 2017 financials is as following:

	2017			2016		
	Reported	If restated	Change	Reported	If restated	Change
Net Income	**1 483**	**1 483**	**-**	**1 190**	**1 190**	**-**
Changes in value of investment properties	3 460	3 460	-	1 991	1 991	-
Changes in value of financial instruments	87	79	-8	125	187	61
Profit before tax	**5 030**	**5 022**	**-8**	**3 306**	**3 367**	**61**
Tax expense	-516	-514	2	-584	-599	-15
Profit for the year	**4 514**	**4 508**	**-6**	**2 722**	**2 768**	**46**
Total comprehensive income for the year	**4 514**	**4 508**	**-6**	**2 705**	**2 751**	**46**
Total equity	**18 938**	**19 252**	**314**	**15 124**	**15 439**	**316**
Interest-bearing debt	13 786	13 378	-407	14 734	14 319	-415
Deferred tax liability	4 356	4 450	94	3 855	3 955	100
Financial derivatives	712	712	-	894	894	-
Other non-current liabilities	355	355	-	358	358	-
Total non-current liabilities	**19 209**	**18 895**	**-314**	**19 841**	**19 525**	**-316**
Total current liabilities	**5 263**	**5 263**	**-**	**3 926**	**3 926**	**-**
Total equity and liabilities	**43 410**	**43 410**	**-**	**38 890**	**38 890**	**-**

IFRS 15 Revenue from Contracts with Customers
The IASB has issued a new standard for the recognition of revenue, IFRS 15. This standard will replace IAS 18 Revenue which covers contracts for goods and services and IAS 11 Construction contracts. The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer – so the notion of control replaces the existing notion of risks and rewards. An entity shall recognise revenue when (or as) the entity satisfies a performance obligation by transferring a promised good or service (i.e. an asset) to a customer. Control over a good or service refers to the ability to direct the use of and obtain a substantial amount of the remaining benefits from the good or service.

The standard introduces a five-step model to be applied for recognition of income from the transfer of good or services. The model requires among other things, that the entity must identify the performance obligations and allocate the transaction price to each identified performance obligation and account for revenues as each performance obligation is met.

The standard is effective for accounting periods beginning on or after 1 January 2018.

Development of real estate for sale
IFRS 15 introduces new rules for whether income derived from contracted construction of properties should be recognised over time. An entity transfers control of a good or service over time if one of the following criteria are met;

- the customer simultaneously receives and consumes the benefits provided by the entity's performance as the entity performs
- the entity's performance creates or enhances an asset (for example, work in progress) that the customer controls as the asset is created or enhanced, or
- the entity's performance does not create an asset with an alternative use to the entity and the entity has an enforceable right to payment for performance completed to date.

For ongoing activities in Entra, potential impacts on the accounting related to introduction of IFRS 15 must be considered for Kongsgård Allé 20, where Entra acts as a builder on a property already sold. In addition, Entra has revenues from property for sale through development of housing units for sale in the joint venture Oslo S Utvikling.

When an entity enters into a binding contract with a customer for i.e. property construction, the asset does not have an alternative use if there exist contractual or practical restrictions that limit the redirection of the asset in its completed state for another use. Contracts within the real estate sector relate to specific premises in a unique location. Usually the entity can not change the premises or offer substitutes to the buyer that deviate from what was originally included in the contract. The non-alternative use criterion is therefore usually present in the real estate sector.

In assessing the existence and enforceability of a right to payment for performance completed to date, an entity shall consider the contractual terms as well as any legislation or legal precedent that may supplement or override the contractual terms. Legislation and legal precedent may allow cancellation of contracts entered into, even in cases where the seller fulfills performance obligations. In these cases, the entity is entitled to retain only a portion of the payment received at the time of termination of the contract, as opposed to full payment for delivery.

In residential projects for sale, the customer usually pays an advance payment upon signing a contract. If the customer chooses not to pay the remaining contractual obligations or to terminate the contract before the performance is completed, the entity still has the potential benefits from and control of the asset. The entity will undertake the subsequent sale of the residential project and may enter into a new contract with a new customer. The new contract is a separate performance obligation to a new customer and is not considered a settlement at a point in time of the performance obligation under the existing contract. The customer will not receive any value gain on resale, but may be required to compensate for any loss incurred as a consequence of the termination of the contract. This is considered a legal right to compensation for lost return and not a right to payment for benefits performed to date. Thus, the criterion for income recognition over time is not met.

Entra has revenues from development of property for sale through the housing development in the joint venture Oslo S Utvikling. The main criterion for Entra in assessing recognition over time is that the entity's performance does not create an asset with an alternative use to the entity. In addition, the entity must have an enforceable right to collect payment for the benefits performed to date. For the housing development for sale in Oslo S Utvikling, it is therefore the company's assessment that recognition of income under IFRS 15 occurs when the property is handed over to the customer (point in time). This is in accordance with current practice for revenue recognition.

Entra delivers construction work on development properties owned by customers. In such contracts, payment is usually received by regular payments as the project progresses. The customer controls the property and the customer receives the benefits of the entity's performance as the entity performs the ongoing construction work. According to IFRS 15, revenues are recognised over time in accordance with the project's progress.

For Kongsgård Allé, Entra acts as a builder on a property that is already transferred to the customer. Thus the customer both controls the property and the associated benefits that may arise from developing the asset. Revenue is therefore recognised as income over time in line with the project's progress.

When developing own property for sale, no settlement is usually received before the building is fully developed. The customer does neither have control over the property or the performance completed on the property. The entity does not have an enforceable right to payment for the performance completed to date and if the contract is terminated by the customer, the entity still has the legal right to benefits and control over the property. In such cases, revenues will first be recognised when the property is delivered (point in time) to the customer.

The Group therefore considers that implementation of IFRS 15 will not affect the financial statements.

IFRS 16 Leases
IFRS 16 was issued in January 2016. The current distinction between operational and financial leases is removed for lessees and replaced by a model which is to be used for all leases, with

certain specific exceptions. The consequence is that leases that are posted to the financial statements in accordance with the new model will have to be entered in the balance sheet in the financial statements of the lessee in the form of a lease obligation and an asset that represents the lessee's right to use the underlying asset. IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17, and continues to require a lessor to classify a lease either as an operating lease or a finance lease.

The new standard must be brought into use from the financial year 2019. The Group does not intend to adopt the standard before its effective date. 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 (including structured entities) over which the group has control. The Group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. The Group reassesses whether it controls an investee if facts and circumstances indicates that there are changes to one or more of the elements of control listed above.

When the Group has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Group considers all relevant facts and circumstances in assessing whether or not the Group's voting rights in an investee are sufficient to give it power, including:

- the size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Group, other vote holders or other parties;
- rights arising from other contractual arrangements;
- any addition facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including vote patterns at previous shareholder's meetings.

Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that 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.

Joint arrangements

Under IFRS 11 Joint Arrangements, investments in joint arrangements are classified as either joint operations or joint ventures. In a joint arrangement, no single party controls the arrangement on its own. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement.

Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. Judgement is required in assessing whether a joint arrangement is a joint operation or a joint venture.

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. The proportionate share of realised and unrealised gains and losses arising from intragroup transactions between fully consolidated entities and joint operations shall be eliminated. Currently Entra has none investments recognised as joint operations.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement.

Entra classifies its investments based on an analysis of the degree of control and the underlying facts. This includes an assessment of voting rights, ownership structure and the relative strength, purchase and sale rights controlled by Entra and other shareholders. Each individual investment is assessed. Upon changes in underlying facts and circumstances, a new assessment must be made as to whether this is still a joint venture. Changes in contractual rights and obligations relating to the underlying asset or debt and changes in the shareholders agreement might lead to a shift in the accounting method.

In joint ventures, the Group's share of the companies' profit/loss after tax, adjusted for amortisation of excess value and any deviations from accounting policies, are presented on a separate line in the consolidated income statement. Joint ventures are recognised in the consolidated accounts using the equity method and presented as non-current assets. When assets are acquired from a joint venture, 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.

A transaction that entails a change of control from an investment in a joint venture to an investment in a subsidiary is treated as a realisation and require that a gain/loss at the time of derecognition of the joint venture has to be calculated and recognised in the income statement as results from associates and JVs according to the equity method.

Associates

Associates are companies over which the Group has significant influence but not control or joint 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 accounted for using the equity method of accounting, after initially being recognised at cost. 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 executive board 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 of 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.

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

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

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

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

Non-current assets held for sale and discontinued operations

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

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

Housing projects being developed by the company for sale

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

Buildings under construction

Sales of property projects are measured at cost and presented under the item other receivables in the balance sheet. 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 "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 (B&S) model. The assumptions relating to volatility are based on the actual fluctuations in the price of Entra's shares. The share of the discount that represents the difference between the calculated B&S value and the market value of the shares is recognised against equity and the remaining discount, that represents the difference between the paid amount for the shares by the employees and the B&S value, is recognised as payroll expenses at the time of allocation.

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 the B&S model 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 23 per cent from 31 December 2017. 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 subsidiaires 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 temprorary difference will not reverse in the forseeable 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.

A provision for onerous contracts is recognised when the expected benefits to be derived by Entra from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract and taking into consideration any reasonably obtainable sub-leases.

REVENUE 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.

In negotiating a new or renewed operating lease, the lessor may provide incentives for the lessee to enter into the agreement. Examples of such incentives are an up-front payment to the lessee or the reimbursement or assumption by the lessor of consists of the lessee (such as relocation costs, leasehold improvement and costs associated with a pre-existing lease commitment of the lessee). Entra as a lessor recognises the aggregate benefit of incentives as a reduction of rental expense over the lease, on a straight-line basis unless another systematic basis is representative of the time pattern over which the benefit of the lease asset is diminished.

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

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

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 2017 were obtained from Akershus Eiendom AS and Cushman & Wakefield Realkapital. 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 (NOKm)[1]
Inflation	+ 1,00	952
Market rent	+ 10,00	3 276
Discount rates	+ 0,25	-1 069
Exit yield	+ 0,25	-1 178

[1] Estimates by Cushman & Wakefield Realkapital in conjunction with valuations at 31 December 2017.

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 at 31 December 2017. 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. From 1 January 2018 the Group has in accordance with IFRS 9 decided to measure fixed rate bonds at amortised cost. See note 2 for information.

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.vpff.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.

31.12.2017	Total change in profit after tax (NOKm) [1]	Change in the Group's interest expense (annualised) (NOKm)	Change in the fair value of bonds and derivatives (after tax) (NOKm)
Market rates increase by 1 percentage point	**437**	**-54**	**491**
Interest-bearing debt	160	-74	234
Derivatives	277	20	258
Market rates fall by 1 percentage point	**-458**	**54**	**-512**
Interest-bearing debt	-160	74	-234
Derivatives	-298	-20	-278

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

31.12.2016	Total change in profit after tax (NOKm) [1]	Change in the Group's interest expense (annualised) (NOKm)	Change in the fair value of bonds and derivatives (after tax) (NOKm)
Market rates increase by 1 percentage point	**407**	**-52**	**459**
Interest-bearing debt	186	-78	264
Derivatives	221	26	194
Market rates fall by 1 percentage point	**-427**	**52**	**-479**
Interest-bearing debt	-186	78	-264
Derivatives	-241	-26	-214

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

Pension
The present value of pension obligations is dependent on several different factors that are determined by a number of actuarial assumptions.

The assumptions used to calculate net pension costs (revenue) include the discount rate. Any changes to these assumptions will affect the carrying amount of the pension obligations.

The Group determines the relevant discount rate at the end of each year. This is the interest rate used to calculate the present value of the future estimated outgoing cash flows required to fulfil the pension obligations. When determining the relevant discount rate, the Group looks at the interest rate for high-quality corporate bonds or bonds with preference rights, which mature around the same time as the related pension obligations. At 31 December 2017, 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	1.90 %	19	10.1
Discount rate at 31.12.2017	2.40 %	-	-
0.5 percentage point increase	2.90 %	-16	-8.7

Wage growth		Impact on liabilities (NOKm)	Impact as a percentage
0.5 percentage point reduction	2.00 %	-1	-0.3
Expected wage growth at 31.12.2017	2.50 %	-	-
0.5 percentage point increase	3.00 %	1	0.3

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 policy. The financial policy regulates the following:

- Allocation of responsibility for financial management
- Overall limits and principles for management of financial exposure
- Principles for borrowing
- Definitions of financial risk parameters 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 department, 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 allocation of duties. The procedures relate in particular to the management of financial exposure and the division of responsibility between the various roles in the Finance department and the department's financial systems. There are guidelines for managing financial exposure, which include checklists related to the control of current transactions.

The Finance department is continuously assessing the Group's financial risks and opportunities. Projections and simulations are made in the corporate financial model based on detailed assumptions on macroeconomic development, financial parameters and the property market. The simulations are intended to provide information for the Board and management in their monitoring of key financial figures for the Group.

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 rates 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 Group seeks to limit financing risk through:

- minimum level of committed capital to cover refinancing requirements
- average time to maturity requirements for the group's financing
- the use of various credit markets and counterparties
- diversified 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 which shall not exceed 50 per cent over a time period. 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 interest-bearing debt 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 interest rate strategy is to ensure that the Group achieves the desired balance between the interest expense and interest rate risk. The Group's interest rate risk is managed within the following financial policy requirements:

- minimum 50 per cent of the interest-bearing debt to be hedged at fixed interest rates.
- average remaining time to maturity for interest rate hedges in the interval 2–6 years.
- 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. The Group did not have any currency exposure at 31 December 2017.

Financial covenants

There are covenants in the Group's bank loan agreements relating to interest cover ratio (ICR) and the loan-to-value of property (LTV). At 31 December 2017, 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

	REMAINING TERM								
31.12.2017	Under 3 months	4-12 months	1-2 years	2-4 years	4-6 years	6-8 years	8-10 years	Over 10 years	Total
Interest-bearing bank loans – principal	63	750	850	1 862	-	-	339	-	3 864
Interest-bearing bank loans – amortising	6	18	24	43	24	24	12	-	152
Interest-bearing bank loans – estimated interest	22	62	52	58	16	15	9	-	234
Bonds – principal	-	826	1 700	2 000	4 400	1 000	-	1 100	11 026
Bonds – estimated interest	70	214	267	408	305	119	102	152	1 637
Commercial paper – principal	1 100	1 900	-	-	-	-	-	-	3 000
Commercial paper – estimated interest	12	24	-	-	-	-	-	-	36
Financial instruments	-	-	-	-	-	-	-	-	
- interest rate derivatives	35	71	85	72	-12	-16	-33	-71	131
Trade payables	306	-	-	-	-	-	-	-	306
Other financial liabilities	74	-	-	-	-	-	-	-	74
Total	**1 688**	**3 865**	**2 978**	**4 443**	**4 733**	**1 142**	**429**	**1 181**	**20 460**

	REMAINING TERM								
31.12.2016	Under 3 months	4-12 months	1-2 years	2-4 years	4-6 years	6-8 years	8-10 years	Over 10 years	Total
Interest-bearing bank loans – principal	50	61	750	3 800	203	-	336	-	5 200
Interest-bearing bank loans – amortising	6	24	24	46	24	24	24	-	173
Interest-bearing bank loans – estimated interest	32	98	121	158	25	25	25	-	484
Bonds – principal	-	1 529	1 200	2 400	1 800	2 600	-	1 100	10 629
Bonds – estimated interest	55	253	265	430	292	169	102	203	1 769
Commercial paper – principal	1 100	600	-	-	-	-	-	-	1 700
Commercial paper – estimated interest	7	5	-	-	-	-	-	-	13
Financial instruments	-	-	-	-	-	-	-	-	
- interest rate derivatives	45	90	126	129	21	-16	-25	-82	288
Trade payables	290	-	-	-	-	-	-	-	290
Other financial liabilities	50	-	-	-	-	-	-	-	50
Total	**1 636**	**2 661**	**2 486**	**6 962**	**2 365**	**2 802**	**462**	**1 221**	**20 595**

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

	TERM TO MATURITY								
31.12.2017	Under 3 months	4-12 months	1-2 years	2-4 years	4-6 years	6-8 years	8-10 years	Over 10 years	Total
Unused credit facilities Entra ASA	-	-	2 500	1 660	1 250	-	-	-	5 410
Total unused credit facilities	**-**	**-**	**2 500**	**1 660**	**1 250**	**-**	**-**	**-**	**5 410**

UNUSED CREDIT FACILITIES

	TERM TO MATURITY								
31.12.2016	Under 3 months	4-12 months	1-2 years	2-4 years	4-6 years	6-8 years	8-10 years	Over 10 years	Total
Unused credit facilities Entra ASA	-	1 750	-	2 030	-	-	-	-	3 780
Unused credit facilities subsidiaries	50	-	-	-	-	-	-	-	50
Total unused credit facilities	**50**	**1 750**	**-**	**2 030**	**-**	**-**	**-**	**-**	**3 830**

At 31 December 2017, the Group had 156 (210) million of available liquid assets. See Note 24.

Interest rate risk

The Group's liabilities are subject to fixed interest rates (54 per cent of liabilities at 31 December 2017 compared to 53 per cent at 31 December 2016). 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 2017, the weighted average remaining term to maturity was 4.0 years (3.6 years). The average interest rate was 2.90 per cent (3.48 per cent) at 31 December 2017.

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 31.12.2017	31.12.2018	31.12.2019	31.12.2021	31.12.2023	31.12.2025	31.12.2027	31.12.2027+	
Term to maturity	Up to 1 year	1-2 years	2-4 years	4-6 years	6-8 years	8-10 years	Over 10 years	Total
Percentage	45.6	-5.8	9.4	15.5	14.4	18.1	2.8	100
Amount	8 232	-1 050	1 700	2 800	2 600	3 260	500	18 042

As at 31.12.2016	31.12.2017	31.12.2018	31.12.2020	31.12.2022	31.12.2024	31.12.2026	31.12.2026+	
Term to maturity	Up to 1 year	1-2 years	2-4 years	4-6 years	6-8 years	8-10 years	Over 10 years	Total
Percentage	47.4	2.3	8.8	7.9	15.5	15.3	2.8	100
Amount	8 387	400	1 550	1 400	2 750	2 710	500	17 697

KEY FIGURES FOR THE GROUP'S FINANCIAL INSTRUMENTS

	2017	2016
Nominal value of interest rate derivatives on the balance sheet date [1]	14 400	14 692
of which		
- Fixed-to-variable swaps [1]	3 200	3 700
- Variable-to-Fixed swaps	11 200	10 992
Range of fixed interest rates	From 1.1050 % to 5.800 %	From 1.1050 % to 5.800 %
Variable rate basis	NIBOR	NIBOR
Average fixed rate excl. forward starting swaps	3.38 %	3.55 %
Average fixed rate incl. forward starting swaps	1.99 %	2.67 %
Fair value of derivatives on the balance sheet date (NOKm)	307	421
Change in fair value of bonds over the year	8	-44
Change in fair value of interest rate derivatives over the year	79	169
Total change in fair value of financial instruments	**87**	**125**

[1] 3,200 million (3,700 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 11,200 million (10,992 million). At 31 December 2017 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.

	2017	2016
≤ 1 year	2 230	2 192
1 year < 5 years	7 937	8 002
≥ 5 years	6 580	7 601
Total [1]	**16 748**	**17 795**

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

	2017			2016		
Remaining term	No. of contracts	Contract rent	Contract rent, %	No. of contracts	Contract rent	Contract rent, %
≤ 1 year	163	272	12.1	279	212	9.5
1 year < 5 years	312	852	38.0	333	796	35.6
5 years < 10 years	158	691	30.8	131	676	30.2
≥ 10 years	35	428	19.1	41	552	24.7
Total	**668**	**2 243**	**100.0**	**784**	**2 236**	**100.0**

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

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

OTHER PARAMETERS RELATING TO THE GROUP'S LEASE PORTFOLIO

	2017				2016			
	Area (sqm)	Occupancy (%)	Wault (yrs)	Share of public sector tenants (%)	Area (sqm)	Occupancy (%)	Wault (yrs)	Share of public sector tenants (%)
Oslo	622 416	96.9	6.1	65	622 910	97.4	6.4	70
Trondheim	136 568	96.5	6.3	83	115 227	98.2	6.1	80
Sandvika	94 903	99.1	10.2	57	94 589	87.4	10.2	62
Stavanger	78 673	97.2	8.8	48	72 680	96.3	9.8	41
Drammen	70 504	96.3	8.1	81	70 068	97.4	8.5	81
Bergen	45 262	96.5	4.9	80	57 119	99.4	4.9	84
Kristiansand					45 158	94.2	9.8	98
Other					5 531	93.5	4.0	100
Total management portfolio	**1 048 327**	**97.0**	**6.7**	**66**	**1 083 282**	**96.8**	**7.0**	**70**
Project portfolio	70 247		21.5	70	89 875		18.7	79
Regulated development sites	95 969		-	-	101 558		0.6	51
Total property portfolio	**1 214 543**		**7.4**	**67**	**1 274 715**		**7.7**	**71**

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 is organised into two geographic units: Oslo and Regional Cities, which again is divided into six different geographic areas in Oslo, Sandvika, Drammen, Stavanger, Bergen and Trondheim, with management teams monitoring and following upon each area. The geographic areas are supported by a Letting and Property Development division, Project Development division and a Digital and Business Development division. In addition, Entra has group and support functions within accounting and finance, legal, procurement, communication and HR.

The geographic areas do not have their own profit responsibility. The geographical areas are instead followed up on economical and non-economical key figures ("key performance indicators"). Profit or loss statements are not prepared separately for the geographic areas. The key figures are analysed and reported by geographic area to the chief operating decision maker, that is the board and CEO, for the purpose of resource allocation and assessment of segment performance. Hence, the Group report their segment information based upon these six geographic areas.

From 1 January 2018 Entra has re-organised the two geographic units, Oslo and Regional Cities, into one main operational unit, leaded by the EVP of the property portfolio. The geographic areas will be monitored as they have been historically, but the operational responsibility for the six geographic areas will be more formally organised through recently appointed leaders. As such, Entra will continue to report key performance indicators on the six geographic areas defined above.

	No. of properties	Area	Occupancy	Wault	Market value		12 month rolling rent		Net yield	Market rent	
31.12.2017	(#)	(sqm)	(%)	(yrs)	(NOKm)	(NOK/sqm)	(NOKm)	(NOK/sqm)	(%)	(NOKm)	(NOK/sqm)
Oslo	38	622 416	96.9	6.1	26 013	41 793	1 382	2 221	4.9	1 463	2 350
Trondheim	10	136 568	96.5	6.3	3 518	25 760	211	1 548	5.4	221	1 618
Sandvika	9	94 903	99.1	10.2	2 571	27 092	150	1 581	5.4	130	1 374
Stavanger	5	78 673	97.2	8.8	2 027	25 766	135	1 717	6.2	123	1 566
Drammen	8	70 504	96.3	8.1	2 006	28 457	122	1 725	5.7	112	1 585
Bergen	5	45 262	96.5	4.9	1 303	28 792	70	1 538	4.8	93	2 050
Total management portfolio	**75**	**1 048 327**	**97.0**	**6.7**	**37 439**	**35 713**	**2 070**	**1 975**	**5.1**	**2 142**	**2 043**
Project portfolio	5	70 247		21.5	2 122	30 202					
Regulated development sites	4	95 969		-	476	4 959					
Total property portfolio	**84**	**1 214 543**		**7.4**	**40 036**	**32 964**					

Youngsgt. 7-9 is included in market value of the management portfolio at sales price of 60 million. The calculation of net yield is based on the valuers' assumption of ownership costs, which at 31.12.17 corresponds to 8.2 per cent of market rent.

31.12.2016	No. of properties (#)	Area (sqm)	Occupancy (%)	Wault (yrs)	Market value (NOKm)	Market value (NOK/sqm)	12 month rolling rent (NOKm)	12 month rolling rent (NOK/sqm)	Net yield (%)	Market rent (NOKm)	Market rent (NOK/sqm)
Oslo	40	622 910	97.4	6.4	23 266	37 350	1 394	2 238	5.5	1 392	2 235
Trondheim	9	115 227	98.2	6.1	2 503	21 724	179	1 555	6.5	171	1 481
Sandvika	9	94 589	87.4	10.2	2 176	23 010	128	1 355	5.4	127	1 342
Stavanger	5	72 680	96.3	9.8	2 033	27 978	137	1 879	6.2	123	1 696
Drammen	8	70 068	97.4	8.5	1 914	27 311	119	1 704	5.9	107	1 527
Bergen	6	57 119	99.4	4.9	1 264	22 135	85	1 491	6.1	84	1 479
Kristiansand	7	45 158	94.2	9.8	669	14 821	52	1 152	6.8	54	1 198
Other	1	5 531	93.5	4.0	79	14 283	7	1 193	7.2	7	1 195
Total management portfolio	**85**	**1 083 282**	**96.8**	**7.0**	**33 905**	**31 299**	**2 101**	**1 940**	**5.7**	**2 065**	**1 906**
Project portfolio	5	89 875		18.7	1 422	15 819					
Regulated development sites	4	101 558		0.6	458	4 508					
Total property portfolio	**94**	**1 274 715**		**7.8**	**35 785**	**28 073**					

Youngsgt. 7-9 is included in market value of management portfolio at sales price of 60 million. The calculation of net yield is based on the valuers' assumption of ownership costs, which at 31.12.16 corresponds to 8.7 per cent of market rent.

NOTE 7 CATEGORIES OF FINANCIAL INSTRUMENTS

All amounts in NOK million

31.12.2017	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 trading			Held for trading	Designated upon initial recognition		
Assets					**Liabilities**				
Financial investments									
- shares		4		**4**	Interest-bearing non-current liabilities		5 507	8 278	**13 786**
- other financial assets	116			**116**	Interest-bearing current liabilities		3 000	1 663	**4 663**
Financial derivatives			405	**405**	Financial derivatives	712			**712**
Trade receivables	34			**34**	Other non-current liabilities			-	**-**
Other current receivables	847			**847**	Trade payables			306	**306**
Cash and cash equivalents	189			**189**	Other current liabilities			72	**72**
Total financial assets	**1 187**	**4**	**405**	**1 596**	**Total financial liabilities**	**712**	**8 507**	**10 319**	**19 539**

31.12.2016	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 trading			Held for trading	Designated upon initial recognition		
Assets					**Liabilities**				
Financial investments									
					Interest-bearing non-current liabilities		5 101	9 633	**14 734**
- other financial assets	35			**35**	Interest-bearing current liabilities		2 214	1 165	**3 379**
Financial derivatives			472	**472**	Financial derivatives	894			**894**
Trade receivables	27			**27**	Other non-current liabilities			-	**-**
Other current receivables	476			**476**	Trade payables			290	**290**
Cash and cash equivalents	243			**243**	Other current liabilities			50	**50**
Total financial assets	**780**	**-**	**472**	**1 253**	**Total financial liabilities**	**894**	**7 315**	**11 137**	**19 346**

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.vpff.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

	31.12.2017	Level 1	Level 2	Level 3
Assets at fair value through profit or loss				
- Investment properties	39 875			39 875
- Derivatives	405		405	
Financial assets available for sale				
- Investment properties	180			180
- Equity instruments	4			4
Total	**40 464**		**405**	**40 059**

LIABILITIES MEASURED AT FAIR VALUE

	31.12.2017	Level 1	Level 2	Level 3
Liabilities at fair value through profit or loss				
- Derivatives	712		712	
- Bank loans	-			
- Bonds	5 507		5 507	
- Commercial paper	3 000		3 000	
Total	**9 219**		**9 219**	

ASSETS MEASURED AT FAIR VALUE

	31.12.2016	Level 1	Level 2	Level 3
Assets at fair value through profit or loss				
- Investment properties	35 629			35 629
- Derivatives	472		472	
Financial assets available for sale				
- Investment properties	168			168
- Equity instruments	1			1
Total	**36 270**		**472**	**35 798**

LIABILITIES MEASURED AT FAIR VALUE

	31.12.2016	Level 1	Level 2	Level 3
Liabilities at fair value through profit or loss				
- Derivatives	894		894	
- Bank loans	-		-	
- Bonds	5 615		5 615	
- Commercial paper	1 700		1 700	
Total	**8 209**		**8 209**	

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

	2017		2016	
	Fair value	Carrying amount	Fair value	Carrying amount
Loans to associates and jointly controlled entities	1	1	1	1
Loans to external	116	116	35	35
Trade receivables	34	34	27	27
Total	**151**	**151**	**62**	**62**

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

	2017		2016	
	Fair value	Carrying amount	Fair value	Carrying amount
Seller credit and withheld purchase price	71	71	71	71
Total	**71**	**71**	**71**	**71**

The difference between the fair value and the amortised cost of interest-bearing liabilities with variable interest rates is described in note 26. 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

In 2015 Entra started a project in Youngskvartalet in Oslo, involving both a new building and refurbishment of three existing buildings of 9,400 sqm in total. The project was forward sold to Industri Energi and it was agreed to hand over to the buyer the properties upon completion of project cost plus a management fee of 7.5 million. The project was completed in late October 2017 and the first tenants moved into the properties at the beginning of November 2017. For practical reasons, handover of the property was postponed to March 2018 and the settlement consisting of the sale price of 60 million and accrued construction costs will then be paid by the buyer. The management fee is 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. In 2017, the remaining management fee of 5 million was recognised.

In January 2017 the Group signed an agreement regarding sale and delivery of a property portfolio in Kristiansand which included completion and related construction costs regarding the construction of a new school building in Kongsgård Allé 20, where final settlement will take place when the project is completed. A project gain of NOK 7 million is recognised in 2017 based on the stage of completion of the construction work. Settlement is expected to take place in June 2018 when the project is completed.

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

	2017	2016
Amounts due from customers for contract work	572	324
Total	**572**	**324**
The net position relates to:		
Amounts due from sales of investment property	60	60
Amounts due from pre-phase work on the property	30	30
Aggregate costs incurred	482	234
Total	**572**	**324**

NOTE 10 TOTAL PROPERTY COSTS

All amounts in NOK million

	2017	2016
Property Costs		
Maintenance	40	50
Tax, leasehold, insurance	48	30
Letting and property administration	42	38
Direct property costs	32	42
Total property costs	**162**	**159**

NOTE 11 OTHER REVENUE

All amounts in NOK million

	2017	2016
Other Revenue		
Sales of services provided to tenants	35	65
Construction contract revenue	238	220
Sales of housing-units for sale	-	19
Sales of property for sale	-	638
Other revenue	11	8
Total other revenue	**285**	**950**

NOTE 12 OTHER COSTS

All amounts in NOK million

	2017	2016
Other costs		
Rental costs	12	12
Development costs - property and housing-units for sale [1)]	-10	606
Construction contract costs	220	220
Depreciation and write-downs	7	46
Other costs	18	43
Total other costs	**246**	**927**

[1)] Property and housing-units for sale in 2016 relates to the sale of Gullfaks at Hinna Park and the sale of the remaining apartments at Ringstabekk in Bærum.

NOTE 13 ADMINISTRATIVE COSTS

All amounts in NOK million

	2017	2016
Administrative costs		
Payroll and personnel expenses	104	92
Office expenses, furnishings and equipment	24	23
Consultancy fees	22	24
Other administrative owner costs	14	12
Total administrative costs	**163**	**152**

NOTE 14 PERSONNEL COSTS

All amounts in NOK million

PERSONNEL COSTS

	2017	2016
Salaries, performance-related pay and other taxable benefits [1]	164	158
Employers' National Insurance contributions	23	23
Pension expenses	13	14
Other personnel costs	8	12
Total personnel costs	**208**	**206**
Of which capitalised as projects under development	-29	-36
Of which shared costs to be distributed amongst tenants	-33	-37
Of which related to the ongoing operation of properties	-10	-5
Total salary and personnel costs	**135**	**127**
Number of full-time equivalents	152	159
Number of employees at 31.12.	155	166

[1] Salaries, performance-related pay and other taxable benefits includes a 16 million (14 million) provision for performance-related pay for all employees in 2017, which has not yet been paid out.

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

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 Norwegian Government's guidelines on remuneration of Senior Executives in entities in which the Government has an ownership interest ("the Guidelines") is also relevant for the Group. The Board of directors stand behind the Guidelines and believe that they are well suited for the determination of salaries and other remuneration of senior executives. Entra thus seeks to comply with these Guidelines.

Guidelines for management remuneration

Remuneration of Senior Executives is based on 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 any 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

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 2018

The guidelines for management remuneration set forth above form the basis for all remuneration of Senior Executives. The Board of Directors furthermore proposes that the following principles shall apply for 2018 and up until the annual shareholders' meeting in 2019.

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 a car allowance, mileage agreements and telephone. The Senior Executives also have 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.

Performance-related pay

The Group operates performance-related pay schemes for Senior Executives. For the Group's Senior Executives, performance-related pay in 2018 includes a performance-related pay scheme ("STI") and a long-term performance based share incentive program ("LTI").

STI scheme

The STI scheme is based on set targets at Group level in accordance with Board approved scorecards for 2018, as well as predefined personal targets. The scorecard for 2018 consist of the following KPI`s and topics:

- NOI margin (net operating income less administrative cost/rental income)
- Customer satisfaction score
- Energy consumption and waste management in the property portfolio
- HSE (health, safety and the environment)
- Employee satisfaction
- Compliance

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. The Board believes that these KPIs align the interest of Senior Executives and shareholders in a beneficial manner, even though both KPIs to some extent are also influenced by external factors beyond the control of management.

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 Board of Directors.
2. Total Shareholder Return: annual Entra TSR performance compared to the performance of the FTSE EPRA/NAREIT index.

OVERVIEW OF REMUNERATION SCALE LTI SCHEME 2018

	Target scale 2018 (%)			Maximum LTI result Senior Executives (%) [1]	Maximum LTI result CEO (%) [1]
	80	100	120		
RoE	4.5	**5.6**	6.7	10	15
TSR	80 % of index	**100 % of index**	120 % of index	10	15
Result LTI	0	**50**	100	20	30

[1] Calculated as actual achieved RoE / TSR divided by target RoE / TSR ("Result"). This Result is compared to the target scale for 2018 and if between 80 and 120 per cent, the linear percentage achievement is multiplied by the maximum LTI result. I.e.if the Result is 100 per cent on the target scale, LTI remuneration is calculated as 50 per cent multiplied by the 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, based on the total LTI payout after tax, which will have a vesting period of one year and a lock-up period of three years. LTI remuneration is not included in 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

The CEO and other Senior Executives has a contribution-based service pension on the same terms as other employees. The contributions are 5 per cent of salaries between 0 G and 7.1 G and 15 per cent of salaries from 7.1 G to 12 G.

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 2017

Determination of senior executive remuneration for 2017 has been carried out in accordance with the guidelines determined by the Board in 2017. The base salary of the Senior Executives increased by on average 4.3 per cent (2.4 per cent) in 2017. Performance-related pay for 2016 was determined and paid in 2017 on the basis of the principles determined in 2016. Performance-related pay for 2017 will be determined and paid in 2018 on the basis of the principles determined in 2017

OVERVIEW OF TOTAL REMUNERATION TO SENIOR EXECUTIVES IN 2017
PAYMENTS TO SENIOR EXECUTIVES

All amounts in NOK thousand	Salary	Performance related pay (STI) [1]	LTI [2]	Benefits in kind	Pension costs	Total remuneration 2017
Senior executives as at 31.12.2017						
Arve Regland, CEO	3 589	1 789	569	153	102	6 201
Anders Olstad, CFO	2 567	829	271	158	102	3 927
Anders Solaas, EVP Letting and Property Development	1 942	575	204	160	102	2 982
Sonja Horn, EVP Oslo to 30.09.17, EVP Digital & Business Development from 01.10.17	2 009	648	213	158	102	3 130
Geir Graff-Kallevåg, Acting EVP Oslo from 01.10.17 [3]	406	262	17	2	25	713
Mona Aarebrot, EVP Regional Cities to 31.12.17	1 734	-	-	160	102	1 995
Kristin Haug Lund, EVP Project Development to 31.12.17 [4]	1 808	487	195	158	102	2 750
Tom Bratlie, EVP HR and Communication to 31.12.17	1 531	-	98	135	102	1 865
Total	**15 587**	**4 589**	**1 567**	**1 085**	**736**	**23 564**

1) Performance-related pay is based on a provision based on targets met in 2017, which will be paid out in 2018.

2) The LTI scheme has a vesting period of one year and a lock-up period of three years. As such the earned LTI for 2017 represents one third of the LTI earned in the 2015, 2016 and 2017 scheme.

3) The remuneration is for the three months period Geir Graff-Kallevåg has been acting EVP Oslo.

4) Kristin Haug Lund resigned at year end and has a 3 months notice period with salary of 487,000 and then a 9 months severance pay of 1,300,000. The severance pay is reduced if employed in a new position after 1 August 2018.

The above amounts are subject to National Insurance contributions of 14.1 per cent.
Total loans given by Entra to senior executives were 225 (162) at 31 December 2017.

OVERVIEW OF TOTAL REMUNERATION TO SENIOR EXECUTIVES IN 2016
PAYMENTS TO SENIOR EXECUTIVES

All amounts in NOK thousand	Salary	Performance related pay (STI) [1]	LTI [2]	Benefits in kind	Pension costs	Total remuneration 2016
Senior executives as at 31.12.2016						
Arve Regland, CEO	3 474	1 725	332	139	101	5 771
Anders Olstad, CFO	2 589	658	156	144	101	3 648
Anders Solaas, EVP Letting and Business Development	2 080	491	116	147	101	2 935
Sonja Horn, EVP Oslo	1 994	528	123	144	101	2 889
Mona Aarebrot, EVP Regional Cities	1 678	414	104	149	101	2 447
Kristin Haug Lund, EVP Project Development and Technology	1 756	434	114	144	101	2 548
Tom Bratlie, EVP HR and Communication	1 527	369	97	144	101	2 238
Total	**15 097**	**4 619**	**1 042**	**1 011**	**706**	**22 475**

1) Performance-related pay is based on a provision based on targets met in 2016, which will be paid out in 2017.

2) The LTI scheme has a vesting period of one year and a lock-up period of three years. As such the earned LTI for 2016 represents one third of the LTI earned in the 2015 and 2016 scheme.

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

All amounts in NOK thousand	Board fees	Committee fees	Total remuneration 2017 [1]	Total remuneration 2016 [1]
Board				
Siri Hatlen, Chair	439	47	486	476
Kjell Bjordal, Deputy Chair from 28 April 2016	221	27	247	242
Widar Salbuvik from 28 April 2016	221	60	281	178
Katarina Staaf from 28 April 2016	221	47	267	178
Ingrid Dahl Hovland from 27 April 2017	151	-	151	-
Cathrine Vaar Austheim, employee representative from 28 April 2016 [2]	221	-	221	147
Hans Petter Skogstad, employee representative from 28 April 2016 [2]	221	-	221	147
Arthur Sletteberg until 27 April 2017	70	21	91	281
Martin Mæland, Deputy Chair until 28 April 2016	-	-	-	83
Ingrid Tjøsvold until 28 April 2016	-	-	-	83
Birthe Smedsrud Skeid, employee representative until 28 April 2016 [2]	-	-	-	69
Frode Halvorsen, employee representative until 28 April 2016 [2]	-	-	-	69
Total [1]	**1 764**	**201**	**1 965**	**1 955**

[1] The overview of the remuneration of the Board of Directors shows remuneration earned in the financial year.

[2] 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 NET REALISED FINANCIALS

All amounts in NOK million

	2017	2016
Interest income	10	9
Other finance income	12	5
Interest expenses	-589	-567
- of which capitalised borrowing costs	39	22
Other finance expenses	-22	-41
Total interest and other finance expense	**-550**	**-572**
Average interest on capitalised borrowing costs	3.3 %	3.7 %

NOTE 17 GOODWILL

All amounts in NOK million

MOVEMENT IN CARRYING AMOUNT OF GOODWILL

	2017	2016
Opening balance at 01.01	109	146
Amortisation from impairment	-	37
Closing balance at 31.12	**109**	**109**

The goodwill relates to the acquisition of 50 per cent of the shares of the business in Hinna Park Eiendom AS.

NOTE 18 INTANGIBLE ASSETS AND OTHER OPERATING ASSETS

All amounts in NOK million

	2017			2016		
	Intangible assets [1]	Property used by owner	Other property, plant and equipment	Intangible assets [1]	Property used by owner	Other property, plant and equipment
Acquisition cost at 01.01.	36	8	34	31	8	38
Acquisitions	6	0	5	5	-	1
Reclassified to investment property	0	0	0	-	-	-6
Disposals	0	-5	-1	-	-	-
Acquisition cost at 31.12.	**41**	**3**	**38**	**36**	**8**	**33**
Accumulated depreciation and write-downs at 01.01.	21	1	14	16	1	10
Depreciation and write-downs	5	0	4	5	-	4
Disposals	0	-1	0	-	-	-
Accumulated depreciation and write-downs at 31.12.	**25**	**0**	**18**	**21**	**1**	**14**
Carrying amount at 31.12.	**16**	**3**	**20**	**15**	**7**	**20**

[1] Intangible assets mainly relate to software.

NOTE 19 INVESTMENT PROPERTIES

All amounts in NOK million

VALUE OF INVESTMENT PROPERTIES

	2017	2016
Opening balance at 01.01	**35 798**	**28 989**
Other movements		
Purchase of investment property	1 745	4 183
Investment in the property portefolio	1 381	1 004
Capitalised borrowing costs	30	11
Sale of investment property	-2 362	-379
Reclassified from properties for use of the group	4	-
Change in value from operational lease	9	-28
Change in value from investment properties	3 451	2 018
Closing balance at 31.12	**40 055**	**35 798**
Of which investment properties held for sale	180	168
Investment properties	**39 875**	**35 629**

Investment properties held for sale comprise 1 (4) 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.

At 31 December 2017 investment properties held for sale include the property Tungasletta 2 in Trondheim.

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 "Halvbroren"). The tenant has the right to acquire the rehabilitated building and the "Magazine" at expiry of each 25 year lease period (expiring on 6 June 2030 and 31 December 2029, respectively). The leases include an unlimited number of 25-year extension periods, at market rents. Further, the tenant has the right to, upon six months' notice, acquire "Halvbroren" if the tenant itself leases and uses more than 50 per cent of the building. As of 31 December 2017, the tenant leased and used 66 per cent (66 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 1,874 million (1,642 million) as of 31 December 2017.

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 fifteen years lease at a purchase price of 86.9 million; and after 20 years lease at a purchase price of 63.3 million. The market value of the property was 112 million (116 million) as of 31 december 2017.

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 688 million (668 million) as of 31 December 2017.

Pursuant to the lease agreement entered into between Entra and University of Oslo ("UiO") (Norwegian: Universitetet i Oslo) on 16 June 2016, the tenant has an option to acquire the Tullinkvartalet (building and land) after 15 years and 25 years after the lease agreements commences. The lease agreement commence in the third quarter 2019, and according to this the options to acquire will be in the years 2034 and 2044. The purchase price shall be based on a gross market yield (market value) at the time of calling the option and valued at a remaining wault of fifteen years of the lease agreement. The gross yield has a cap at 5.25 per cent (gross yield < 5.25 per cent). The option to acquire must be called twelve months ahead of the two points in time at the latest (most likely year 2033 and 2043). If the option to acquire is called at the first possible point in time (after 15 years), the remaining rent compensation paid by UiO to Entra regarding St. Olavs Plass 5/Domus Nova (todays existing lease agreement), must be paid in full together with the purchase price for the property.

Pursuant to the lease agreement and option agreement entered into between Entra and BI Norwegian Business School ("BI") (Norwegian: Stiftelsen Handelshøyskolen BI – Campus Trondheim) on 15 February 2016, the tenant has an option to acquire the company which owns the building, 5, 10, 15 and 20 years after the lease agreement commences. The lease agreement would most likely commence in 3rd quarter 2018, and according to this the options to acquire will be in year 2023, 2028, 2033 and 2038. The purchase price shall be based on a pre-agreed net yield (stated in the option agreement). The net rent at the time of exercising the option, includes value add tax (vat) compensation. The option to acquire must be called twelve months ahead of the four points in time at the latest.

NOTE 20 ASSOCIATES AND JOINTLY CONTROLLED ENTITES

All amounts in NOK million

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

31.12.2017	Acquisition date	Business office	Shareholding/ voting rights (%)
Associated companies			
Ullandhaug Energi AS	07.07.2009	Stavanger	44.00
Jointly controlled entities			
Entra OPF Utvikling AS	21.04.2012	Oslo	50.00
Oslo S Utvikling AS	01.07.2004	Oslo	33.33
Hinna Park Facility Management AS	18.11.2016	Stavanger	50.00

31.12.2016	Acquisition date	Business office	Shareholding/ voting rights (%)
Associated companies			
Ullandhaug Energi AS	07.07.2009	Stavanger	44.00
Greenfield Property AS	26.09.2011	Måløy	33.00
Youngstorget Parkeringshus AS	16.11.2005	Oslo	21.26
Jointly controlled entities			
Entra OPF Utvikling AS	21.04.2012	Oslo	50.00
Sundtkvartalet Holding AS	02.01.2014	Oslo	50.00
Oslo S Utvikling AS	01.07.2004	Oslo	33.34
Hinna Park Facility Management AS	18.11.2016	Stavanger	50.00

MOVEMENT IN CARRYING AMOUNT OF ASSOCIATES AND JOINTLY CONTROLLED ENTITIES

	Carrying amount 31.12.2016	Share of profit for 2017	Capital injection/ reduction	Carrying amount 31.12.2017	Change in value in share of profit [1]
Associated companies	**7**	**-**	**-1**	**6**	**-**
Jointly controlled entities					
Entra OPF Utvikling AS	827	85	213	1 125	70
Sundtkvartalet Holding AS [2]	192	139	-331	-	-
Oslo S Utvikling AS	535	20	-200	355	12
Hinna Park Facility Management AS	-	-	-	-	-
Total associates and jointly controlled entities	**1 561**	**244**	**-319**	**1 487**	**82**

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

2) Sundtkvartalet AS (former Sundtkvartalet Holding AS) was a joint venture until the remaining 50 per cent shares were acquired at 1 October 2017.

MOVEMENT IN CARRYING AMOUNT OF ASSOCIATES AND JOINTLY CONTROLLED ENTITIES

	Carrying amount 31.12.2015	Share of profit for 2016	Capital injection/ reduction	Carrying amount 31.12.2016	Change in value in share of profit [1]
Associated companies	**7**	**1**	**-1**	**7**	**-**
Jointly controlled entities					
Entra OPF Utvikling AS	492	51	284	827	63
Sundtkvartalet Holding AS	157	35	-	192	46
Oslo S Utvikling AS	540	45	-50	535	22
Oslo City Kjøpesenter AS [2]	1 592	19	-1 611	-	-
Hinna Park Facility Management AS		-	-	-	-
Total associates and jointly controlled entities	**2 789**	**150**	**-1 378**	**1 561**	**131**

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

2) Entra purchased 33.3 per cent of Oslo City Kjøpesenter in 2015 that is a combined shopping centre and office property including a parking basement. Steen & Strøm owned the remaining part. The property was sectioned and demerged during 2016 and Entra owns at 31 December 2016 100 per cent of the shares in the office property, Oslo City Kontor AS and 100 per cent of the shares in the parking basement Oslo City Parkering 2 AS.

AGGREGATE FINANCIAL INFORMATION FOR ASSOCIATES AND JOINTLY CONTROLLED ENTITIES

(Figures stated refer to Entra's ownership interest)

	Associates and Jointly controlled entities	
	2017	2016
Rental income	75	67
Net operating income	69	63
Net income	**35**	**37**
Changes in value of investment properties	259	109
Changes in value of financial instruments	15	22
Profit before tax	**310**	**168**
Tax expense	-65	-18
Profit after tax	**244**	**150**
Total comprehensive income	**244**	**150**
Total assets	2 715	2 765
Equity	1 498	1 561
Total liabilities	1 217	1 203

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 2017.

SUMMARY OF SIGNIFICANT ACCOUNTING ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS OF OSLO S UTVIKLING AS AFTER IFRS ADJUSTMENTS FOR 2017 AND 2016 (100 PER CENT)

	2017	2016
Income statement:		
Rental income	101	89
Repairs & maintenance	-	-
Operating costs	-	-
Net operating income	**101**	**89**
Other revenue	116	706
Other costs	-56	-629
Administrative costs	-42	-44
Net realised financials	-81	-96
Net income	**39**	**25**
Changes in value of financial instruments	46	66
Profit before tax	**84**	**91**
Tax expense	-24	54
Profit for the year	**61**	**145**
Total comprehensive income	**61**	**145**
Balance sheet:		
Current assets	**4 206**	**3 255**
of which cash and cash equivalents	39	61
Non-current assets	**88**	**104**
Current liabilities	**302**	**626**
of which current financial liabilities other than accounts payable and provisions	0	0
Non-current liabilities	**3 067**	**1 269**
of which non-current financial liabilities other than accounts payable and provisions	3 067	1 269

RECONCILIATION OF CARRYING AMOUNT

	Shareholding (%)	2017	2016
Net assets	100.00	925	1 464
Group's shareholding in the company	33.33	308	488
Added value	33.33	47	47
Carrying amount of Group's shareholding	**33.33**	**355**	**535**

CONTRACTUAL OBLIGATIONS

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

	2017	2016
Property, plant and equipment	1 484	300
Total contractual obligations	**1 484**	**300**

NOTE 21 LONG-TERM RECEIVABLES

All amounts in NOK million

	2017	2016
External loans	116	35
Receivable at the University of Oslo	80	80
SIC 15 asset	7	7
Accrued rent exemption	20	22
Other long-term receivables	21	19
Total Long-term receivables	**244**	**163**

Tullinkvartalet AS signed a lease contract with the University of Oslo in 2016 for the planned new-build at Tullinkvartalet in Oslo. The new-build is expected to be finalised in 2019. As part of the lease agreement, Tullinkvartalet has agreed to assume the contractual obligations under the existing lease contract University of Oslo has for the remaining lease period from 2019 to 2025 at St. Olavs Plass 5/Domus Nova. As Tullinkvartalet has provided incentives for the lessee to enter into the agreement, Tullinkvartalet is required, in accordance with SIC 15 – Operating Leases – Incentives, to recognise the aggregate cost of incentives as a reduction of rental income over the lease term. The SIC 15 asset arises as the annual rent compensation Tullinkvartalet receives from the University of Oslo for assuming the contractual obligations at Domus Nova is less than the contractual rent obligation adjusted for an assumption of rent income Tullinkvartalet will receive by subletting the property at Domus Nova. The corresponding net rent liability is recorded as a “Other non-current liabilities”. See note 28.

NOTE 22 TRADE RECEIVABLES

All amounts in NOK million

TRADE RECEIVABLES

	2017	2016
Trade receivables	40	33
Provisions for bad debts	-6	-6
Net trade receivables	**34**	**27**

The age analysis of these trade receivables is as follows:

	2017	2016
Up to 3 months	23	17
Over 3 months	10	10
Total overdue	**34**	**27**

NOTE 23 OTHER RECEIVABLES

All amounts in NOK million

OTHER RECEIVABLES

	2017	2016
VAT owed	46	40
Accrued interest	46	48
Accrued not invoiced	21	10
Advance payments and accruals	109	15
Deferred payment sales of Youngskvartalet	60	60
Accrued not invoiced construction cost Youngskvartalet	472	262
Accrued not invoiced construction cost Kongsgård Allé 20	40	-
Other current receivables	54	40
Total other receivables	**847**	**476**

NOTE 24 CASH AND BANK DEPOSITS

All amounts in NOK million

	2017	2016
Bank deposits	156	210
Tied bank deposits	33	33
Total bank deposits	**189**	**243**

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

NOTE 25 SHARE CAPITAL AND SHAREHOLDER INFORMATION

Entra's share capital is 183,732,461 divided into 183,732,461 shares, with each share having a par value of 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. Entra owns 2,960 of its own shares at 31 December 2017.

As of 31 December 2017 Entra had 5,418 shareholders (5,686 shareholders). The Norwegian Ministry of Trade, Industry and Fisheries held 33.4 per cent at year end 2017. Norwegian investors held 55 per cent (59 per cent) of the share capital and foreign investors 45 per cent (41 per cent) at 31 December 2017.

The table below sets out the change in share capital, the average number of shares in the last three years, the largest shareholders at year end, and shares owed by directors at 31 December 2017.

	No. of shares	Share capital (NOKm)	Share premium (NOKm)	Face value (NOK)
End of year 31.12.2015	183 732 461	184	2 619	1
End of year 31.12.2016	183 732 461	184	2 619	1
End of year 31.12.2017	183 732 461	184	2 619	1

Paid-in capital amounts to 3,739 million (3,739 million) and consists of 184 million (184 million) in share capital and 3,556 million (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 31 May 2017 less a 20 per cent discount. Total subscription amounted to 10.3 million (7.5 million) in 2017 after discount. Entra has acquired in 2017 a total of 128,925 (120,050) of its own shares. The total amount paid to acquire the shares was 13.6 million (9.5 million). All shares were sold to the employees in connection with the share purchase scheme to employees in June 2017. In addition, Entra purchased 18,400 shares in March 2017 in connection with the incentive program for the Group Management. All shares were awarded to group leaders in March 2017.

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 2017 were as follows:

Shareholder	No of shares per 31.12.2017	Shareholding %	Country
Norwegian Ministry of Trade, Industry and Fisheries	61 368 893	33.4	Norway
Folketrygdfondet	16 094 115	8.8	Norway
The Bank of New York Mellon (Nominee)	7 558 111	4.1	Belgium
State Street Bank and Trust (Nominee)	5 519 572	3.0	USA
Danske Invest Norske Instit. II.	3 531 205	1.9	Norway
The Bank of New York Mellon (Nominee)	3 316 681	1.8	Belgium
Länsforsäkringar Fastighetsfond	2 958 662	1.6	Sweden
State Street Bank and Trust (Nominee)	2 695 002	1.5	USA
State Street Bank and Trust (Nominee)	2 407 148	1.3	USA
Danske invest Norske Aksjer	2 092 376	1.1	Norway
BNP Paribas Securities Services (Nominee)	1 844 471	1.0	France
DNB NOR Markets	1 809 335	1.0	Norway
State Street Bank and Trust (Nominee)	1 806 040	1.0	USA
Ilmarinen Mutual Pens Ins Comp	1 774 535	1.0	Belgium
J.P Morgan Bank Luxemburg (Nominee)	1 622 481	0.9	Great Britain
JPMorgan Chase Bank (Nominee)	1 328 498	0.7	Great Britain
State Street Bank and Trust (Nominee)	1 302 755	0.7	Ireland
KLP Aksje Norge Indeks	1 213 905	0.7	Norway
State Street Bank and Trust (Nominee)	1 193 025	0.6	USA
JPMorgan Chase Bank (Nominee)	1 168 571	0.6	Belgium
Total 20 largest shareholders	**122 605 381**	**66.7**	
Total	**183 732 461**	**100.0**	

SHARES HELD BY BOARD OF DIRECTORS AND SENIOR EXECUTIVE AT 31.12.

Shareholder	Position	Number of shares 2017	Number of shares 2016
Board of directors			
Siri Hatlen	Chair	1 163	1 163
Kjell Bjordal	Deputy Chair	44 704	44 704
Ingrid Dahl Hovland	Board member	-	-
Widar Salbuvik	Board member	-	-
Katarina Staaf	Board member	-	-
Cathrine Vaar Austheim	Employee representative	-	1 640
Hans Petter Skogstad	Employee representative	6 811	4 931
Arthur Sletteberg	Board member until 27 April 2017		775
Senior executives			
Arve Regland	CEO	45 269	37 599
Anders Olstad	CFO	36 150	31 536
Sonja Horn	EVP Digital & Business Development	17 972	13 899
Mona Aarebrot	EVP Regional Cities	13 439	12 611
Kristin Haug Lund	EVP Project Development	14 398	10 521
Tom Bratlie	EVP HR and Communication	8 065	6 366
Anders Solaas	EVP Letting and Property Development	8 485	4 566
Geir Graff-Kallevåg	Acting EVP Oslo	6 222	-
Shares held by board of directors and senior executives		**202 678**	**170 311**

NOTE 26 INTEREST-BEARING LIABILITIES AND ACCRUED INTEREST

All amounts in NOK million

NON-CURRENT INTEREST-BEARING LIABILITIES

	Nominal value 2017	Market value 2017	Carrying amount 2017	Nominal value 2016	Market value 2016	Carrying amount 2016
Bank loans	3 178	3 178	3 178	5 233	5 233	5 233
Bonds	10 200	10 607	10 607	9 100	9 501	9 501
Total non-current interest-bearing liabilities	**13 378**	**13 786**	**13 786**	**14 333**	**14 734**	**14 734**

CURRENT INTEREST-BEARING LIABILITIES

	Nominal value 2017	Market value 2017	Carrying amount 2017	Nominal value 2016	Market value 2016	Carrying amount 2016
Bank loans	837	837	837	136	136	136
Bonds	826	826	826	1 529	1 543	1 543
Commercial paper	3 000	3 000	3 000	1 700	1 700	1 700
Total current interest-bearing liabilities	**4 663**	**4 663**	**4 663**	**3 365**	**3 379**	**3 379**

The average credit margin on the Group's loans at 31 December 2017 was 0,96 per cent (1.02 per cent).

NET DEBT RECONCILLATION

	Other assets	Liabilities from financing activities		
	Cash and cash equivalents	Borrowings – repayable within one year	Borrowings – repayable after one year	Total
Net debt as at 31 December 2016	**243**	**-3 379**	**-14 734**	**-17 870**
New debt		-4 599	-8 135	-12 734
Repayment of debt		3 300	9 945	13 245
Increase debt - purchase of Sundkvartalet			-855	-855
Net cash flows	-54			-54
Fair value adjustments		14	-6	8
Net debt as at 31 December 2017	**189**	**-4 663**	**-13 786**	**-18 260**

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

THE GROUP'S BONDS AT 31.12.2017

ISIN	Issue limit	Coupon rate	Term to maturity	Amount issued	Repurchased [1)]	Net balance [1)]
NO0010552466	1 500	5.55 %	25.11.2019	500	-	500
NO0010740061	1 500	2.45 %	13.06.2022	1 200	-	1 200
NO0010673700	1 500	3M Nibor + 1.25 %	20.09.2018	1 200	-	1 200
NO0010686660	1 500	4.25 %	02.09.2020	700	374	326
NO0010670995	1 500	5.00 %	08.02.2023	500	-	500
NO0010715931	1 500	3M Nibor + 0.61 %	08.08.2019	1 200	-	1 200
NO0010766363	1 500	3M Nibor + 1.05 %	02.06.2021	1 300	-	1 300
NO0010774797	1 500	3M Nibor + 0.94 %	22.09.2023	1 000	-	1 000
NO0010766389	1 500	2.45 %	02.06.2023	1 100	-	1 100
NO0010282031	1 100	4.62 %	29.05.2030	1 100	-	1 100
NO0010789464	1 500	3M Nibor + 0.86 %	20.03.2024	1 000	-	1 000
NO0010811649	1 500	3M Nibor + 0.72 %	14.10.2022	600	-	600
						11 026

THE GROUP'S COMMERCIAL PAPER AT 31.12.2017

ISIN	Issue limit	Coupon rate	Term to maturity	Amount issued	Repurchased [1)]	Net balance [1)]
NO0010790926	600	1.32 %	12.02.2018	500	-	500
NO0010792898	600	1.30 %	12.03.2018	600	-	600
NO0010797392	600	1.23 %	12.04.2018	500	-	500
NO0010805450	600	1.16 %	12.06.2018	500	-	500
NO0010808173	600	1.18 %	12.10.2018	500	-	500
NO0010810211	600	1.17 %	09.11.2018	400	-	400
						3 000

THE GROUP'S BONDS AT 31.12.2016

ISIN	Issue limit	Coupon rate	Term to maturity	Amount issued	Repurchased [1]	Net balance [1]
NO0010552466	1 500	5.55 %	25.11.2019	500	-	500
NO0010592363	1 500	4.70 %	06.12.2017	500	-	500
NO0010740061	1 500	2.45 %	13.06.2022	800	-	800
NO0010641806	1 500	3M Nibor + 1.25 %	10.04.2017	1 100	71.0	1 029
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	1 200	-	1 200
NO0010766363	1 500	3M Nibor + 1.05 %	02.06.2021	1 000	-	1 000
NO0010774797	1 500	3M Nibor + 0.94 %	22.09.2023	1 000	-	1 000
NO0010766389	1 500	2.45 %	02.06.2023	1 100	-	1 100
NO0010282031	1 100	4.62 %	29.05.2030	1 100	-	1 100
						10 629

THE GROUP'S COMMERCIAL PAPER AT 31.12.2016

ISIN	Issue limit	Coupon rate	Term to maturity	Amount issued	Repurchased [1]	Net balance [1]
NO0010770027	500	1.38 %	20.01.2017	400	-	400
NO0010773930	500	1.39 %	10.02.2017	300	-	300
NO0010776586	500	1.50 %	10.03.2017	400	-	400
NO0010778533	600	1.55 %	10.05.2017	600	-	600
						1 700

[1] 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 2017 there are one bond and one term loan that is secured with pledge on assets. The bond of 1,100 million (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. The term loan of 850 million is secured against the property Lakkegata 55 in Oslo.

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.

	2017	2016
Carrying amount of liabilities secured through mortgages	2 832	2 906
Carrying amount of mortgaged assets		
Buildings and sites	6 324	4 354

NOTE 27 TAX

All amounts in NOK million

INCOME TAX EXPENSE

	2017	2016
Tax payable	8	4
Change in deferred tax on profit and loss	507	580
Change in deferred tax on comprehensive income	-	-6
Income tax expense	**516**	**578**

INCOME TAX PAYABLE IS CALCULATED AS FOLLOWS

	2017	2016
Profit before tax	5 030	3 306
Share of profit/loss at associates and jointly controlled entities	-244	-150
Other permanent differences	-1 815	-172
Changes in temporary differences	-2 749	-2 660
Changes in loss carry-forwards	-186	-309
Profit for tax purposes	**34**	**15**
Tax payable on the balance sheet	8	4
Tax payable on the balance sheet	**8**	**4**

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:

	2017	%	2016	%
Profit for accounting purposes multiplied by nominal tax rate	1 207	24.0	826	25.0
Tax on share of profit/loss at associates and jointly controlled entities	-59	-1.2	-38	-1.1
Tax on permanent differences	-436	-8.7	-43	-1.3
Devaluation deferred tax asset	-8	-0.2	-	-
Effect of change in tax rate from 24 (25) per cent to 23 (24) per cent	-189	-3.8	-161	-4.9
Profit/loss on disposal of deferred tax	-	-	-6	-0.2
Tax expense for accounting purposes	**516**	**10.2**	**580**	**17.5**

From the income year 2018 the tax rate on normal income is reduced from 24 per cent to 23 per cent. Deferred tax as at 31 December 2017 was measured using the new rate. The effect on tax for the period is - 189 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:

	2017	2016
Deferred tax liability	4 709	4 288
Deferred tax assets	353	433
Net deferred tax	**4 356**	**3 855**

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

	Non-current assets [1]	Financial instruments	Current assets	Gains/ losses account	Provisions	Loss carried forward	Total
31.12.2015	**3 704**	**-229**	**62**	**113**	**-10**	**-318**	**3 324**
Recognised in profit and loss	699	35	-63	-14	-2	77	731
Recognised in comprehensive income	-	-	-	-	-6	-	-6
Acquisition and disposal of subsidiaries	-9	-	-	-27	-	2	-33
Effect of change in tax rate	-176	8	-	-3	-	10	-161
31.12.2016	**4 219**	**-186**	**-1**	**69**	**-17**	**-229**	**3 855**
Recognised in profit and loss	649	31	2	-28	-2	45	696
Recognised in comprehensive income	-	-	-	-	-	-	-
Acquisition of subsidiaries	5	-	-	-1	-	-10	-6
Effect of change in tax rate	-203	6	-	-2	1	8	-189
31.12.2017	**4 669**	**-148**	**1**	**38**	**-19**	**-186**	**4 356**

[1] The Group has applied the main rule for recognition of deferred tax in connection with the purchase of shares in property companies that are not acquired through a business combination. This means that deferred tax is recognised as the difference between the tax value and accounting value of investment property in the subsidiary, and value changes of the investment property. Deferred tax linked to the retrospective accumulated change in the value of investment properties at 31 December 2017 is 3,906 million (3,297 million).

NOTE 28 OTHER NON-CURRENT LIABILITIES

All amounts in NOK million

	2017	2016
Pension liabilities (see note 29)	65	64
Prepayments from customers	84	85
Subordinated loans	16	21
Seller credit and withheld purchase price	71	71
Provisions for onerous contract	87	87
Provisions for non-current liabilities	32	30
Total non-current liabilities	**355**	**358**

MOVEMENTS IN PROVISIONS FOR NON-CURRENT LIABILITIES

	2017	2016
Movements in provisions		
Opening balance at 01.01.	117	18
Additional provisions during the year	10	115
Provisions used during the year	-8	-10
Provisions in sold entities	-	-5
Closing balance at 31.12.	**119**	**117**

DETAILS OF PROVISIONS

Tullinkvartalet AS has signed a lease contract with the University of Oslo for the planned new-build at Tullinkvartalet in Oslo. The new-build is expected to be finalised in 2019. As part of the lease agreement, Tullinkvartalet has agreed to assume the contractual obligations under the existing lease contract of the University of Oslo for the remaining lease period from 2019 to 2025 at St. Olavs Plass 5/Domus Nova. The University of Oslo is only compensating part of the contract obligations under this contract and Tullinkvartalet has accordingly entered into an onerous contract. The provision for the onerous contract of 87 million represents the Group's best estimate of the assumed contract obligation. The contractual obligation is CPI-adjusted by 2.5 percent and the cash flow is discounted at risk free rate of 1.33 percent (corresponding to the average 10-year government bond in 2016). For further explanation, see note 21.

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 8 million (8 million) at 31 December 2017, which represents the Group's best estimate of the remaining infrastructure obligation to Stavanger Municipality.

NOTE 29 PENSIONS

All amounts in NOK million

The Group's pension scheme for new employees is from 1 July 2015 a defined contribution scheme. The defined contribution scheme includes 136 (138) employees in the Group. The defined benefit pension scheme for the group cover a total of 19 (29) current employees and 69 (65) pensioners.

DEFINED CONTRIBUTION SCHEMES

Defined contribution schemes 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 schemes, the cost is equal to the contributions to the employees' pension savings in the accounting period.

DEFINED BENEFIT SCHEMES

The defined benefit pension schemes provide an entitlement to guaranteed defined future benefits. 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 also has a contractual early-retirement scheme (AFP) from the age 62. At 31 December 2017, 11 (10) former employees had chosen to make use of the AFP scheme. The net pension liabilities associated with the AFP scheme amounted to 26 million (22 million), which is included under total pension liabilities in the table below.

The Group's pension scheme satisfies the requirements of the Norwegian Act on Compulsory Occupational Pensions.

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

	2017	2016
Present value of accrued pension liabilities in defined-benefit schemes in unit trusts	187	198
Fair value of pension scheme assets	-130	-141
Employers' NICs accrued	8	8
Net pension liabilities on the balance sheet at 31.12	**65**	**64**

CHANGE IN DEFINED-BENEFIT PENSION LIABILITIES OVER THE YEAR

	2017	2016
Pension liabilities at 01.01	198	172
Present value of pensions earned this year	2	4
Interest expense	5	5
Pension benefits paid	-6	-6
Pension liabilites transferred to Hinna Park Facilicy Management	-6	-
Actuarial losses (+)/gains (-)	-4	22
Pension liabilities at 31.12	**187**	**198**

CHANGE IN FAIR VALUE OF PENSION SCHEME ASSETS

	2017	2016
Pension scheme assets at 01.01	141	137
Anticipated return on pension scheme assets	4	4
Contributions from employer	1	4
Pension benefits paid	-6	-6
Pension benefits transferred to Hinna Park Facilicy Management	-4	-
Actuarial losses (-)/gains (+)	-5	2
Pension scheme funds at 31.12	**130**	**141**

TOTAL COST RECOGNISED IN THE INCOME STATEMENT

	2017	2016
Cost of pension benefits accrued during current period	3	4
Impact on this years plan assets	-	-
Employers' National Insurance contributions	1	1
Contribution scheme	10	9
Total pension benefits accrued during the period	**13**	**13**
Net interest expense	1	1
Total pension benefits accrued in income statement	**14**	**14**
Actuarial losses (-)/gains (+) accrued in comprehensive income	-	23
Total pension benefits accrued in total comprehensive income	**14**	**37**

The actual return on pension scheme assets was 1 million (6 million).

THE FOLLOWING ECONOMIC ASSUMPTIONS HAVE BEEN USED

	2017	2016
Discount rate	2.40 %	2.60 %
Anticipated return on pension scheme assets	2.40 %	2.60 %
Annual wage growth	2.50 %	2.50 %
Annual adjustment to the National Insurance Scheme's basic amount ("G")	2.25 %	2.25 %
Annual adjustment of pensions	1.50 %	1.50 %
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

	2017	2016	2015	2014	2013
Gross defined-benefit pension liabilities	187	198	172	198	154
Fair value pension funds 31.12	-130	-141	-137	-126	-107
Net defined-benefit pension liabilities	**57**	**56**	**35**	**72**	**47**

Expected payments to the defined contribution plan for the period 1 January 2018 - 31 December 2018 are 10 million (9 million) and for the defined benefit pension plan 7 million (2 million).

NOTE 30 OTHER CURRENT LIABILITIES

All amounts in NOK million

	2017	2016
Holiday pay owed	16	16
Unpaid government taxes and duties	14	14
Interest accrued	127	122
Tenant prepayments	73	80
Provisions for current liabilities	22	14
Other liabilities	42	12
Total other current liabilites	**294**	**257**

Provisions mainly consist of provisions for salaries and fees.

NOTE 31 SUBSIDIARIES

The Group comprises the following legal entities at 31 December 2017.

Subsidiary of Entra ASA			
Akersgata 34-36 AS	Entra Utleie AS	Nytorget 1 AS	Tollbugata 1A AS
AS Lilletorget 1	Fredrik Selmers vei 4 AS	Oslo City Kontor AS	Tordenskiolds gate 12 AS
Biskop Gunnerus gate 6 AS	Hagegata 22 og 24 AS	Oslo City Parkering 2 AS	Tullinkvartalet AS
Biskop Gunnerusgate 14 AS	Hagegata 23 Eiendom AS	Oslo Z AS	Tungasletta 2 AS
Bispen AS	Hinna Park Eiendom AS [1]	Otto Sverdrups plass 4 AS	Universitetsgaten 2 AS
Brattørkaia AS	Holtermanns veg 1-13 AS	Papirbredden Eiendom AS [2]	Universitetsgaten 7 AS
Brattørkaia 13B AS	Karoline Kristiansens vei 2 AS	Pilestredet 19-21 AS	Vahlsgate AS
Brynsengfaret 4 og 6 AB+F AS	Kjørboparken AS	Pilestredet 28 AS	Verkstedveien 1 Monier AS
Drammensveien 134 II AS	Konggata 51 AS	Prof. Olav Hanssens vei 10 AS	Verkstedveien 3 AS
Drammensveien 134 Utearealer AS	Kristian Augusts gate 13 AS	Schweigaards gate 15 AS	Wexelsplass Garasje AS
Drammensveien 134 P-Hus AS	Kr Augustsgate 23 AS	Schweigaards gate 16 AS	Youngskvartalet AS
Entra Eiendom AS	Langkaia 1 AS	Sorgenfri Trondheim AS	Aasta Hansteens vei 10 AS
Entra Felleskost AS	Marken 37 AS	Sundtkvartalet AS	
Entra Kultur 1 AS	Nonnen Utbygging AS	Sørlandet Kunnskapspark Eiendom AS	
Entra Service AS	Nygård Panorama AS	Tollbodalmenningen 2A AS	

Shares in subsidiaries owned through subsidiaries		
Hinna Park Eiendom AS [1]	**Papirbredden Eiendom AS [2]**	**Brattørkaia AS**
Hinna Park AS	Grønland 51 AS	Brattørkaia 14 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
Ormen Lange AS	Kreftingsgate 33 AS	Brattørkaia Energi AS
Oseberg Næring AS		
Hinna Park Logistikk AS		
Hinna Park Utvikling AS		

[1] 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.

[2] 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 2017 mainly related to administrative fees, loans, interest payments on loans and dividends. The aggregate figures are shown in the table below.

	2017	2016
Income statement		
Other revenue	5	6
Dividends	201	51
Balance sheet		
Receivables	1	2
Loans	1	1

NOTE 33 AUDITOR'S FEE

All amounts in NOK thousand

	2017	2016
Statutory audit	2 687	2 449
Tax advice	211	2 752
Other services not related to auditing	-	268
Other assurance services	320	906
Total auditor's fee (excl. VAT)	**3 218**	**6 374**

The total fee to the auditor in 2017 amounts to 3.2 million (6.4 million), of which a total of 0.5 million (3.3 million) is related to Hinna Park AS. The fee related to the statutory audit of Hinna Park AS amounts to 0.2 million (0.5 million). Tax advice in 2016 was mainly related to Hinna Park AS as the company has used the auditor as a tax advisor in relation with the sale of Gullfaks AS and various tax and VAT inquiries.

NOTE 34 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.

	2017	2016
Total comprehensive income for the year attributable to equity holders of the Company (NOKm)	4 464	2 602
Average number of outstanding shares (Note 25)	183 732 461	183 732 461
Basic earnings per share (NOK)	24	14

NOTE 35 DIVIDEND PER SHARE AND DIVIDEND POLICY

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

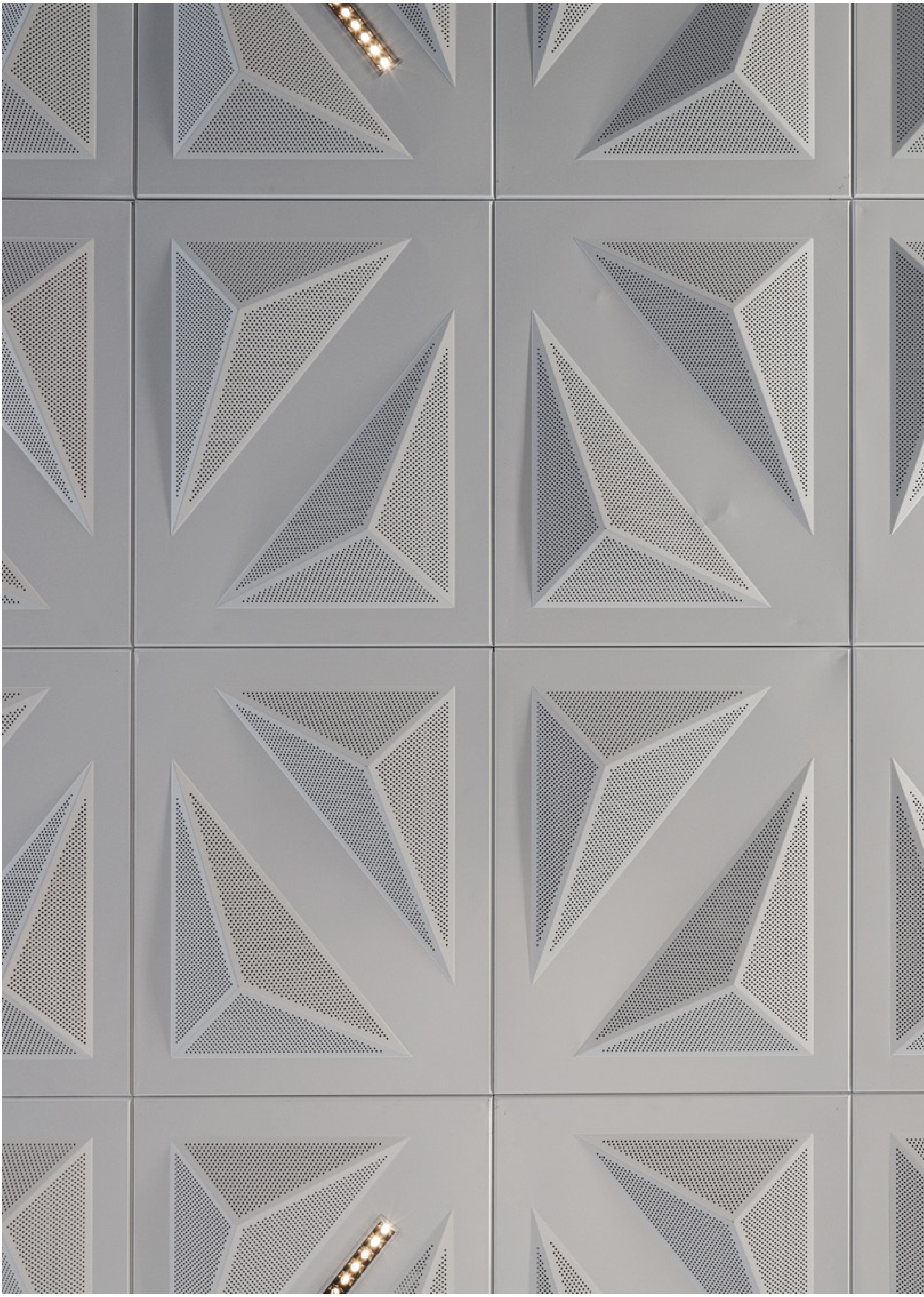
In 2016 Entra changed the dividend policy from paying out annual dividends to semi-annual dividends. In line with the dividend policy of distributing approximately 60 per cent of Cash Earnings, the board of Entra will propose to distribute a semi-annual dividend of 2.10 (1.75) per share for the second half of 2017, which corresponds to a total dividend of 386 million (322 million). In October 2017, Entra paid out 2.00 per share (1.7 per share) for the first six months of 2017. For the financial year 2017 Entra will thus have paid out 4.10 per share (3.45 per share), which corresponds to a total dividend of 753 million (634 million) in 2017.

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

NOTE 36 SUBSEQUENT EVENTS

Entra and Oslo Pensjonsforsikring (OPF) entered in 2012 into a joint venture to develop the property Lars Hilles gate 30 (Media City Bergen). As the construction of the property was successfully completed during the autumn 2017, the owners no longer were in need of joint control. As a result the company agreement was revised at 2 January 2018.

In the revised company agreement Entra shall, among other things, appoint the chairman and the chairman has a double vote on voting in the board. Furthermore, the agreement has been amended so that there are only protection rights attached to company decisions that significantly change the company’s business. As a result of these changes Entra ASA has a majority of the voting rights in Entra OPF and has the practical ability to direct all relevant activities of Entra OPF unilaterally. Whereas the investment has been accounted for applying the equity method until year-end 2017, the investment will be consolidated in the Group’s financial statements from 2 January 2018.



Financial statements Entra ASA

Statement of income
1 January to 31 December

All amounts in NOK million

	Note	2017	2016
Revenue	3	18	25
Total revenue		**18**	**25**
Operating costs	4	-32	-29
Other property costs	5	-7	-8
Administrative costs	6, 7, 19	-160	-149
Total operating costs	**20**	**-199**	**-187**
Operating profit		**-181**	**-162**
Income from investment in subsidiary		736	729
Income from investments in associates and jointly controlled entities		201	51
Interest income from Group companies		69	92
Other financial income	8	1 499	67
Interest expense from Group companies		-4	-
Interest expense		-489	-452
Other financial costs	9	-49	-80
Net financials		**1 962**	**407**
Profit before tax		**1 781**	**245**
Tax expense	10	-29	-38
Profit for the year		**1 752**	**207**

Balance sheet – assets

All amounts in NOK million

	Note	31.12.17	31.12.16
NON-CURRENT ASSETS			
Deferred tax assets	10	21	50
Other intangible assets	11	10	9
Total intangible assets		**31**	**60**
Property and equipment	11	10	8
Total property & equipment		**10**	**8**
Investment in subsidiary	12	16 632	16 225
Investments in associates and jointly controlled entities	12	1 227	1 111
Loan to associates and jointly controlled entities	13	1	1
Investment in shares		4	-
Loan to Group companies	13, 18	2 943	2 665
Other long-term receivables	13	139	65
Total non-current financial assets		**20 946**	**20 067**
Total non-current assets		**20 986**	**20 134**
CURRENT ASSETS			
Trade receivables		5	4
Receivables on Group companies	18	738	762
Other current receivables		134	68
Total current receivables		**876**	**834**
Cash and bank deposits		84	116
Total current assets		**960**	**950**
TOTAL ASSETS		**21 947**	**21 084**

Balance sheet
– equity and liabilities

All amounts in NOK million

	Note	31.12.17	31.12.16
EQUITY			
Share capital	14, 15	184	184
Share premium reserve	14	2 619	2 619
Other paid-in capital	14	937	937
Total paid-in capital		**3 739**	**3 739**
Retained earnings	14	2 150	1 168
Total equity		**5 889**	**4 908**
NON-CURRENT LIABILITIES			
Interest-bearing debt	16	10 690	11 720
Pension liability	17	65	61
Other non-current liabilities		100	86
Total non-current liabilities		**10 855**	**11 867**
CURRENT LIABILITIES			
Interest-bearing debt	16	3 826	3 229
Trade payables		12	6
Liabilities to Group companies	18	831	620
Proposed dividend		386	322
Other current liabilites		148	133
Total current liabilities		**5 202**	**4 310**
Total liabilities		**16 058**	**16 177**
TOTAL EQUITY AND LIABILITIES		**21 947**	**21 084**

Oslo, 8 March 2018
The Board of Directors of Entra ASA

Siri Hatlen
Chair of the Board

Kjell Bjordal
Deputy Chair

Widar Salbuvik
Board member

Ingrid Dahl Hovland
Board member

Katarina Staaf
Board member

Cathrine Vaar Austheim
Board member

Hans Petter Skogstad
Board member

Arve Regland
CEO

Statement of cash flows 1 January to 31 December

All amounts in NOK million

	2017	2016
Profit before tax	1 781	245
Net expensed interest and fees on loans	554	513
Net interest and fees paid on loans	-528	-430
Income from investment in subsidiary, associates and jointly controlled entities	-938	-780
Gain and loss on sale of shares	-1 491	-47
Depreciation and write-downs of non-current assets	-8	7
Changes in trade receivables	-1	-9
Changes in trade payables	5	23
Change in working capital	-57	-35
Net cash flow from operating activities	**-683**	**-512**
Proceeds from sales of investments	2 127	110
Payments made on investments in subsidiaries	-999	-3 028
Payments made on investments in associates and jointly controlled entities	-213	-284
Proceeds from subsidiaries - Group contribution/dividends	731	983
Proceeds from associates and jointly controlled entities - dividends	201	51
Purchase of other shares	-4	-
Proceeds from loans to subsidiaries	12	43
Payments made on loans to associates and jointly controlled entities	-40	-1
Purchase of intangible assets and other property, plant and equipment	-9	-3
Payments made on loans to external	-75	-5
Net change in cash pool balance	44	275
Net cash flow from investing activities	**1 775**	**-1 858**
Proceeds interest-bearing debt	12 730	15 880
Repayment interest-bearing debt	-13 163	-12 681
Repayment of equity	-2	-1
Dividends paid	-689	-864
Net cash flow from financing activities	**-1 124**	**2 334**
Change in cash and cash equivalents	-32	-37
Cash and cash equivalents at beginning of period	116	153
Cash and cash equivalents at end of period	**84**	**116**

Summary of Notes

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 84 (94) buildings with a total area of approximately 1.2 million (1.3 million) sqm. As of 31 December 2017 the real estate portfolio had a market value of around 40 billion (35.8 billion). The public sector represents approximately 67 per cent (70 per cent) of the total customer portfolio. Entra's strategic areas are Oslo, Sandvika, Drammen, Stavanger, Bergen and Trondheim. Entra has its head office in Oslo.

The financial statements were adopted by the Company's Board on 8 March 2018.

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.

Income recognition

Revenue is recognised when it is earned, i.e. when the claim to remuneration arises. This occurs when the service is performed, as the work is being done. The revenue is recognised with the value of the remuneration at the time of transaction.

Costs

Costs are normally reported in the same period as the related income. Where there is no clear link between expenditure and the 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 financial 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.

Dividends and Group contributions from subsidiaries are recognised as income from the investment in the subsidiary in the year that the allocation is made by the subsidiary. Dividends and Group contributions from subsidiaries that exceed the retained earnings over the period of ownership are considered 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 16. 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 both a defined-benefit pension scheme and a defined contribution pension-scheme. 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.

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

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 REVENUE

Revenue consists of administrative services provided to subsidiaries, associates and jointly controlled entities. All services are delivered in Norway.

NOTE 4 OPERATING COSTS

All amounts in NOK million

	2017	2016
Letting and property administration	32	29
Total operating costs	**32**	**29**

Letting and property administration consists of cost for support function for the management of properties in the Group.

NOTE 5 OTHER PROPERTY COSTS

All amounts in NOK million

	2017	2016
Development costs	-	1
Depreciation and write-downs	7	7
Total other property costs	**7**	**8**

NOTE 6 ADMINISTRATIVE COSTS

All amounts in NOK million

	2017	2016
Payroll and personnel expenses	96	89
Office expenses, furnishings and equipment	35	33
Consultancy fees	17	18
Other administrative owner costs	11	10
Total administrative costs	**160**	**149**

NOTE 7 PERSONNEL COSTS

All amounts in NOK million

	2017	2016
Salaries, performance-related pay and other taxable benefits 1)	159	147
Employers' National Insurance contributions	23	22
Pension expenses	12	12
Other personnel costs	7	11
Total personnel costs	**201**	**191**
Of which billed and capitalised as projects under development in subsidiaries/JV	-29	-31
Of which billed as shared costs to be distributed amongst tenants in subsidiaries/JV	-44	-43
Total salary and personnel costs	**128**	**118**
Number of full-time equivalents	149	146
Number of employees at 31.12.	152	152

1) 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 and the Board of Director's.

NOTE 8 OTHER FINANCIAL INCOME

All amounts in NOK million

	2017	2016
Gain on sales of share	1 492	63
Other interest income	7	4
Total other financial income	**1 499**	**67**

NOTE 9 OTHER FINANCIAL COSTS

All amounts in NOK million

	2017	2016
Fees and premiums	40	62
Loss on sales of share	-	16
Write-downs of financial assets	-17	-
Other financial costs	26	3
Total other financial costs	**49**	**80**

NOTE 10 TAX

All amounts in NOK million

	2017	2016
Tax expense		
Change in deferred tax recognised in profit and loss	29	38
Total tax expense	**29**	**38**
Income tax payable is calculated as follows		
Profit before tax	1 781	245
Dividend received	-201	-60
Other permanent differences	-1 463	-41
Change in temporary differences	24	78
Change in loss carry-forwards	-142	-222
Profit for tax purposes	**-**	**-**

Change in deferred tax (+)/deferred tax assets (-)

	Non-current assets	Financial instruments	Current assets	Gains/losses account	Provisions	Loss carried forward	Total
31.12.2015	**-8**	**8**	**-**	**74**	**-17**	**-140**	**-83**
Recognised in profit and loss	1	-	-	-15	-10	56	32
Effect of change in tax rate	-	-	-	-	-1	-	-1
Recognised in equity	-	-	-	-2	1	3	2
31.12.2016	**-7**	**8**	**-**	**57**	**-27**	**-81**	**-50**
Recognised in profit and loss	1	-2	-	-11	6	34	28
Effect of change in tax rate	-	-	-	-2	1	2	1
31.12.2017	**-6**	**6**	**-**	**44**	**-20**	**-45**	**-21**

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:

	2017	%	2016	%
Profit for accounting purposes multiplied by nominal tax rate	428	24.0 %	61	25.0 %
Tax on dividend	-48	-2.7 %	-15	-6.2 %
Tax on permanent differences	-351	-19.7 %	-10	-4.1 %
Effect of change in tax rate	1	0.1 %	2	0.9 %
Tax expenses for accounting purposes	**29**	**1.6 %**	**38**	**15.6 %**

From the income year 2018 the tax rate on normal income is reduced from 24 per cent to 23 per cent. Deferred tax as at 31 December 2017 was measured using the new rate. The effect on tax for the period is NOK 1 million.

NOTE 11 INTANGIBLE ASSETS, PROPERTY AND EQUIPMENT

All amounts in NOK million

	Intangible assets [1]	Property and equipment
Acquisition cost at 01.01.2017	30	14
Acquisition	5	4
Acquisition cost at 31.12.2017	**35**	**18**
Accumulated depreciation at 01.01.2017	20	6
Depreciation	3	2
Writedowns	2	-
Accumulated depreciation at 31.12.2017	**25**	**8**
Carrying amount at 31.12.2017	**10**	**10**
Anticipated useful life	3 years	3-5 years
Depreciation schedule	linear	linear

[1] Intangible assets mainly relate to software.

NOTE 12 SUBSIDIARIES, JOINTLY CONTROLLED ENTITIES AND ASSOCIATES

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

SUBSIDIARY

	Acquisition date	Business office	Shareholding/ voting rights %
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
Bispen AS	24.10.2007	Oslo	100
Brattørkaia 13B AS	31.12.2016	Oslo	100
Brattørkaia AS	31.01.2006	Oslo	100
Brynsengfaret 4 og 6 AB+F AS	01.01.2014	Oslo	100
Drammensveien 134 II AS	01.09.2016	Oslo	100
Drammensveien 134 P-Hus AS	01.09.2016	Oslo	100
Drammensveien 134 Utearealer AS	01.09.2016	Oslo	100
Entra Eiendom AS	24.04.2012	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 Selmersvei 4 AS	01.06.2015	Oslo	100
Hagegata 22 og 24 AS	01.10.2008	Oslo	100
Hagegata 23 Eiendom AS	29.03.2010	Oslo	100
Hinna Park Eiendom AS	20.12.2013	Oslo	50
Holtermanns veg 1-13 AS	24.09.2010	Oslo	100
Karoline Kristiansens vei 2 AS	15.02.2011	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
Kristian Augustsgate 13 AS	20.01.2017	Oslo	100
Langkaia 1 AS	21.11.2003	Oslo	100
Marken 37 AS	20.10.2016	Oslo	100
Nonnen Utbygging AS	10.02.2003	Oslo	100
Nygård Panorama AS	01.08.2016	Oslo	100
Nytorget 1 AS	01.06.2015	Oslo	100
Oslo City Kontor AS	19.02.2016	Oslo	100
Oslo City Parkering 2 AS	19.10.2016	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 19-21 AS	20.10.2016	Oslo	100
Pilestredet 28 AS	07.05.2008	Oslo	100
Prof. Olav Hanssensvei 10 AS	20.10.2016	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
Sundtkvartalet AS	19.06.2014	Oslo	100
Sørlandet Kunnskapspark Eiendom AS	02.06.2005	Oslo	100
Tollbodallmenningen 2A AS	20.10.2016	Oslo	100
Tollbugata 1A AS	01.01.2014	Oslo	100
Tordenskiolds gate 12 AS	05.01.2015	Oslo	100
Tullinkvartalet AS	21.11.2011	Oslo	100

Continued

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 AS	27.04.2017	Oslo	100
Verkstedveien 1 Monier AS	01.09.2016	Oslo	100
Verkstedveien 3 AS	01.09.2016	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
Oslo S Utvikling AS	01.07.2004	Oslo	33.33
Hinna Park Facility Management AS	18.11.2016	Stavanger	50

ASSOCIATED COMPANIES

	Acquisition date	Business office	Shareholding/ voting rights %
Ullandhaug Energi AS	07.07.2009	Stavanger	44

NOTE 13 RECEIVABLES WHICH FALL DUE AFTER MORE THAN ONE YEAR

All amounts in NOK million

	2017	2016
Loan to associates and jointly controlled entities	1	1
Loan to Group companies	2 943	2 665
Receivable buy-out agreement	16	18
Subordinated loans	75	35
Prepaid fees	8	12
Total	**3 044**	**2 731**

NOTE 14 EQUITY

All amounts in NOK million

	Share capital	Share premium reserve	Other paid-in capital	Retained earnings	Total equity
Equity at 31.12.2015	**184**	**2 619**	**937**	**1 614**	**5 353**
Acquired own shares - employee saving scheme				-1	-1
Profit for the year				207	207
Equity effect of actuarial gains and losses				-17	-17
Dividend				-634	-634
Equity at 31.12.2016	**184**	**2 619**	**937**	**1 168**	**4 908**
Net equity effect of LTI and employee share saving scheme				-2	-2
Capital reduction - merger subsidiary				-16	-16
Profit for the year				1 752	1 752
Additional dividend				-367	-367
Proposed dividend				-386	-386
Equity at 31.12.2017	**184**	**2 619**	**937**	**2 150**	**5 889**

NOTE 15 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. As of 31 December 2017, Entra ASA owned 2960 own shares.

As of 31 December 2017 Entra had 5.418 shareholders (5.686 shareholders). Norwegian investors held 55 per cent (59 per cent) of the share capital and foreign investors 45 per cent (41 per cent) at 31 December 2017.

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 owned by directors at 31 December 2017.

	No. of shares	Share capital (NOKm)	Share premium (NOKm)	Face value (NOK)
End of year 31.12.2016	183 732 461	184	2 619	1
End of year 31.12.2017	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 31 May 2017 less a 20 per cent discount. Total subscription amounted to NOK 10.3 million (7.5 million) after discount. Entra has acquired in 2017 a total of 128,925 (120,050) of its own shares. The total amount paid to acquire the shares was 13.6 million (9.5 million). All shares were sold to the employees in connection with the share purchase scheme to employees in June 2017. In addition, Entra purchased 18,400 shares in March 2017 in connection with the incentive program for the Group Management. All shares were awarded to group leaders in March 2017.

The 20 largest shareholders as registered in the VPS as of 31 December 2017 were as follows:

Shareholder	No of shares per 31.12.2017	Shareholding %	Country
Norwegian Ministry of Trade, Industry and Fisheries	61 368 893	33.4	Norway
Folketrygdfondet	16 094 115	8.8	Norway
The Bank of New York Mellon (Nominee)	7 558 111	4.1	Belgium
State Street Bank and Trust (Nominee)	5 519 572	3.0	USA
Danske Invest Norske Instit. II.	3 531 205	1.9	Norway
The Bank of New York Mellon (Nominee)	3 316 681	1.8	Belgium
Länsforsäkringar Fastighetsfond	2 958 662	1.6	Sweden
State Street Bank and Trust (Nominee)	2 695 002	1.5	USA
State Street Bank and Trust (Nominee)	2 407 148	1.3	USA
Danske invest Norske Aksjer	2 092 376	1.1	Norway
BNP Paribas Securities Services (Nominee)	1 844 471	1.0	France
DNB NOR Markets	1 809 335	1.0	Norway
State Street Bank and Trust (Nominee)	1 806 040	1.0	USA
Ilmarinen Mutual Pens Ins Comp	1 774 535	1.0	Belgium
J.P Morgan Bank Luxemburg (Nominee)	1 622 481	0.9	Great Britain
JPMorgan Chase Bank (Nominee)	1 328 498	0.7	Great Britain
State Street Bank and Trust (Nominee)	1 302 755	0.7	Ireland
KLP Aksje Norge Indeks	1 213 905	0.7	Norway
State Street Bank and Trust (Nominee)	1 193 025	0.6	USA
JPMorgan Chase Bank (Nominee)	1 168 571	0.6	Belgium
Total 20 largest shareholders	**122 605 381**	**66.7**	
Total	**183 732 461**	**100.0**	

SHARES HELD BY DIRECTORS AND SENIOR EXECUTIVE OFFICERS AT 31.12.

Shareholder	Position	Number of shares 2017	Number of shares 2016
Board of directors			
Siri Hatlen	Chair	1 163	1 163
Kjell Bjordal	Deputy Chair	44 704	44 704
Ingrid Dahl Hovland	Board member	-	-
Widar Salbuvik	Board member	-	-
Katarina Staaf	Board member	-	-
Cathrine Vaar Austheim	Employee representative	-	1 640
Hans Petter Skogstad	Employee representative	6 811	4 931
Arthur Sletteberg	Board member until 27 April 2017		775
Senior executives			
Arve Regland	CEO	45 269	37 599
Anders Olstad	CFO	36 150	31 536
Sonja Horn	EVP Digital & Business Development	17 972	13 899
Mona Aarebrot	EVP Regional Cities	13 439	12 611
Kristin Haug Lund	EVP Project Development	14 398	10 521
Tom Bratlie	EVP HR and Communication	8 065	6 366
Anders Solaas	EVP Letting and Property Development	8 485	4 566
Geir Graff-Kallevåg	Acting EVP Oslo	6 222	
Shares held by board of directors and senior executives		**202 678**	**170 311**

NOTE 16 INTEREST-BEARING DEBT AND FINANCIAL INSTRUMENTS

All amounts in NOK million

	Carrying amount 2017	Carrying amount 2016
Non-current interest-bearing debt		
Bank loans	1 590	3 720
Bond loans	9 100	8 000
Total non-current interest-bearing debt	**10 690**	**11 720**
Current interest-bearing debt		
Bond loans	826	1 529
Commercial paper	3 000	1 700
Total current interest-bearing debt	**3 826**	**3 229**

MATURITY STRUCTURE OF DEBT

Year	Loan amount 2017	Loan amount 2016
2017	-	-
2018	-	1 200
2019	1 700	3 360
2020	2 290	2 760
2021	1 300	1 000
2022	1 800	800
Later than 5 years	3 600	2 600
Total	**10 690**	**11 720**

UNUSED CREDIT FACILITIES

At 31 December 2017, the maturity structure of the company's new unused credit facilities was as follows:

MATURITY STRUCTURE OF COMMITTED, UNUSED CREDIT FACILITIES

Year	Loan amount 2017	Loan amount 2016
2017	-	1 750
2018	-	-
2019	2 500	840
2020	1 660	1 190
2021	-	-
2022	1 250	-
2023	-	-
Total	**5 410**	**3 780**

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).

At 31 December 2017 the weighted average remaining term to maturity was 4.6 years (3.9 years). The company's average interest rate was 2.86 per cent (3.40 per cent) at 31 December 2017.

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

			INTEREST RATE HEDGE WITH FUTURE START	
	%	Fixed interest 2017	Volume	Maturity (year)
Up to 1 year	52 %	7 616	1 900	5.85
1-2 years	8 %	1 200	2 600	6.89
2-4 years	14 %	2 050	1 050	7.00
4-6 years	16 %	2 350		
6-8 years	6 %	900		
Over 8 years	3 %	400		
Total	**100 %**	**14 516**		

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 and fixed rate loans to manage the interest rate risk associated with the company's interest-bearing debt financing.

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. Fixed rate bonds without hedging amounted per 31 December 2017 to 1.900 million. These bonds are fixed rate and is included as part of the company's cash flow hedges.

NOT VALUE HEDGED FIXED RATE BONDS IN 2017

	Maturity	Nominal value	Market value
ISIN NO0010740061	13.06.2022	800	814
ISIN NO0010766389	02.06.2023	1 100	1 113
Total		**1 900**	**1 927**

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, 61 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 39 per cent of the company's interest-bearing debt.

CASH FLOW HEDGING

	2017	2016
Hedged item		
Variable interest rate liabilities	14 516	14 949
Hedge		
Interest rate swaps (variable-to-fixed)	8 800	8 250
Hedge ratio (unhedged position)	**5 716**	**6 699**
Hedge ratio (% hedged)	**61 %**	**55 %**

Changes in the cash flow hedges over the financial year:

CHANGE IN VALUE

	2017	2016
Opening balance market value of liability	747	937
Change in value	-149	-190
Closing balance – market value of liability	**598**	**747**

The fair value of the company's interest rate swaps used as cash flow hedges specifies the present value of the contractual fixed-interest rate agreements. The present value represents the market value of the company's liabilities to the counterparty of the interest rate swaps. The change in value over the financial year represents the change in the market value of liabilities. The reason for the decrease in the company's market value of liabilities for fiscal year 2017 is mainly a reduced term for old interest rate swaps agreements with high-rate interest rate.

FAIR VALUE HEDGING

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

FAIR VALUE HEDGING 2017

	Total	Maturity structure up to 1 year	Maturity structure 1-5 years	Maturity structure > 5 years
Hedged item				
Fixed interest rate liabilities	4 000	-	2 400	1 600
Hedge				
Interest rate swaps (fixed-to-variable)	2 100	-	1 600	500
Hedge ratio (unhedged position)	**47 %**	**-**	**33 %**	**69 %**
Hedge ratio (% hedged)	**53 %**	**100 %**	**67 %**	**31 %**

FAIR VALUE HEDGING 2016

	Total	Maturity structure up to 1 year	Maturity structure 1-5 years	Maturity structure > 5 years
Hedged item				
Fixed interest rate liabilities	4 100	500	1 200	2 400
Hedge				
Interest rate swaps (fixed-to-variable)	2 600	500	1 200	900
Hedge ratio (unhedged position)	**37 %**	**-**	**-**	**63 %**
Hedge ratio (% hedged)	**63 %**	**100 %**	**100 %**	**38 %**

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

CHANGE IN VALUE

	2017	2016
Opening balance – market value of liabilities (+) /receivables (-)	-158	-223
Change in value	40	64
Closing balance – market value of liabilities (+) /receivables (-)	**-119**	**-158**

At 31 December 2017, the market value of the company's fair value hedges represented a receivable for the company.

NOTE 17 PENSION

All amounts in NOK million

The company's pension scheme for new employees is from 1 July 2015 a defined contribution scheme. The defined contribution scheme includes 135 (133) employees. The defined benefit pension scheme cover a total of 17 (19) current employees and 62 (61) pensioners.

DEFINED CONTRIBUTION SCHEMES

Defined contribution schemes comprise arrangements whereby the company 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 schemes, the cost is equal to the contributions to the employees' pension savings in the accounting period.

DEFINED BENEFIT SCHEMES

The defined benefit pension schemes provide an entitlement to guaranteed defined future benefits. 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 also has a contractual early-retirement scheme (AFP) from the age of 62. At 31 December 2017, 11 (10) former employees had chosen to make use of the AFP scheme. At 31 December 2017, the net pension liabilities associated with the AFP scheme amounted to NOK 26 million (NOK 22 million), which is included under total pension liabilities in the table below.

THE BALANCE SHEET LIABILITIES HAVE BEEN CALCULATED AS FOLLOWS

	2017	2016
Present value of accrued pension liabilities in defined-benefit schemes in unit trusts	185	187
Fair value of pension scheme assets	-128	-133
Employers' NICs accrued	8	8
Net pension liabilities on the balance sheet at 31.12	**65**	**61**

CHANGE IN DEFINED-BENEFIT PENSION LIABILITIES OVER THE YEAR

	2017	2016
Pension liabilities at 01.01	187	164
Present value of pensions earned this year	2	3
Interest expense	5	4
Pension benefits paid	-6	-6
Actuarial losses/(gains)	-3	22
Pension liabilities at 31.12	**185**	**187**

CHANGE IN FAIR VALUE OF PENSION SCHEME ASSETS

	2017	2016
Pension scheme assets at 01.01	133	130
Anticipated return on pension scheme assets	3	3
Contributions from employer	1	3
Pension benefits paid	-6	-6
Actuarial (gains)/losses	-3	2
Pension scheme funds at 31.12	**129**	**133**

TOTAL COST RECOGNISED IN THE INCOME STATEMENT

	2017	2016
Cost of pension benefits accrued during current period	2	3
Employers' National Insurance contributions	-	-
Contribution scheme and contractual early-retirement scheme	10	9
Total pension benefits accrued during the period	**12**	**12**
Net interest expense	1	1
Total pension benefits accrued in income statement	**14**	**13**
Actuarial losses (-)/gains (+) accrued in equity	-	23
Total pension benefits accrued	**14**	**35**

The actual return on pension scheme assets was NOK 1 million (NOK 6 million).

THE FOLLOWING ECONOMIC ASSUMPTIONS HAVE BEEN USED

	2017	2016
Discount rate	2.40 %	2.60 %
Anticipated return on pension scheme assets	2.40 %	2.60 %
Annual wage growth	2.50 %	2.50 %
Annual adjustment to the National Insurance Scheme's basic amount ("G")	2.25 %	2.25 %
Annual adjustment of pensions	1.50 %	1.50 %
Mortality rates	K2013	K2013
Disability rates	200 % * K63	200 % * K63
Proportion of entitled employees making use of AFP	20.00 %	20.00 %

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.

	2017	2016
Gross defined-benefit pension liabilities	185	187
Fair value pension funds 31.12	-128	-133
Net defined-benefit pension liabilities	**57**	**53**

Expected payments to the defined contribution plan and contractual early-retirement scheme for the period 1 January to 31 December 2018 are 10 million and for the defined benefit pension plan 6 million.

NOTE 18 RELATED PARTY TRANSACTIONS AND INTRA-GROUP BALANCES

All amounts in NOK million

Transactions with related parties	Counterparty	2017	2016
General manager fee [1]	Subsidiary	1	1
Accounting and management fee	Subsidiary	14	14
Accounting and management fee	Jointly controlled entity	4	6
Other incomes	Subsidiary	-	-
Broker fee	Jointly controlled entity	-	1
Project management	Subsidiary	23	16
Project management	Jointly controlled entity	4	4
		-	-
Rental cost	Subsidiary	13	12
Invoiced payroll expenses [2]	Subsidiary	44	43
Invoiced payroll expenses [2]	Jointly controlled entity	-	-
Group contribution/dividends	Subsidiary	736	729
Dividends	Jointly controlled entity	201	51
Interest income	Subsidiary	69	92
Interest expense	Subsidiary	4	-

[1] The company recognises this income as a reduction in expenses (offsetting).
[2] Some of the expenses are passed on to the tenants as shared costs.

RECEIVABLES

	2017	2016
Long term loan to Group companies	2 943	2 665
Trade receivables from Group companies	4	2
Short term receivables to Group companies	2	42
Group contributions/dividends from subsidiary	736	720
Total	**3 685**	**3 429**

LIABILITIES

	2017	2016
Short term liabilites to Group companies	831	620
Total	**831**	**620**

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). Loan from subsidiaries are classified as current liabilities.

NOTE 19 AUDITOR'S FEE

All amounts in NOK thousand

	2017	2016
Remuneration to auditor (excluding VAT)		
Statutory audit	1 215	750
Tax advice	-	38
Other services not related to auditing	-	44
Other assurance services	96	84
Total	**1 311**	**916**

NOTE 20 SPECIFICATION OF OPERATING EXPENSES ACCORDING TO THEIR NATURE

All amounts in NOK million

	2017	2016
Salary and personnel costs	201	191
Of which billed and capitalised as projects under development in subsidiaries/JV	-29	-31
Of which billed as shared costs to be distributed amongst tenants in subsidiaries/JV	-44	-43
Net personnel costs	**128**	**118**
Depreciations	7	7
Other operating expenses	64	62
Total	**198**	**187**

Responsibility statement

We declare to the best of our knowledge that

- the Entra ASA consolidated financial statements for 2017 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 2017 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, 8 March 2018
The Board of Directors of Entra ASA

Siri Hatlen Chair of the Board	Kjell Bjordal Deputy Chair	Widar Salbuvik Board member
Ingrid Dahl Hovland Board member	Katarina Staaf Board member	Cathrine Vaar Austheim Board member
Hans Petter Skogstad Board member		Arve Regland CEO

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To the General Meeting of Entra ASA

INDEPENDENT AUDITOR'S REPORT

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Entra ASA. The financial statements comprise:

- The financial statements of the parent company, which comprise the balance sheet as at 31 December 2017, and the income statement, statement of changes in equity and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and
- The financial statements of the group, which comprise the balance sheet as at 31 December 2017 and income statement, statement of changes in equity, cash flow for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion:

- The financial statements are prepared in accordance with the law and regulations.
- The accompanying financial statements give a true and fair view of the financial position of the parent company as at 31 December 2017, and 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.
- The accompanying financial statements give a true and fair view of the financial position of the group as at 31 December 2017, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU.

Basis for Opinion

We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the company and the group as required by laws and regulations, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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Valuation of investment property

Key audit matter	How the matter was addressed in our audit
The majority of the Group's assets consist of Investment property. Investment property is recognised at fair value, based on fair values identified by independent valuers. Each quarter, all properties are valued by two independent, external valuers. We refer to note 3 "Critical accounting judgments" for further information. The fair value is based on assumptions and estimates as well as property specific information. These assumptions and estimates require significant judgment and therefore valuation of investment property is a key audit matter.	The Group has established internal controls to ensure that relevant property information is included in the external valuations. We have assessed the design of these controls, and for a sample of these controls we have tested if they have operated effectively in the reporting period. For a sample of the investment properties, we reconciled the property information regarding annual rent and square meters in the external valuers' reports to the Group's own records. We assessed the external valuers' qualifications and expertise as well as the valuation methods used against generally accepted valuation standards and practices. For a sample of investment properties, we obtained the external valuers' valuation reports and reconciled the values used in the financial statements to the valuation reports. For a sample of investment properties, we obtained and assessed the Group's analysis and rationale for the changes in fair value from quarter to quarter. In carrying out the procedures related to valuation of investment property, we used our internal valuation specialists. We assessed whether the disclosures in note 3, 8 and 19 regarding valuation of investment properties was adequate.

Revenue recognition

Key audit matter	How the matter was addressed in our audit
The Group's revenues consist primarily of rental income. We refer to the revenue recognition section of the accounting policies. Rental income is based on tenancy agreements, and processes and control activities regarding recognition of income are largely standardized. There are however, certain contract terms in tenancy agreements that involve significant judgement and thus may require special audit consideration. These include accounting for lease incentives and termination events. Accounting for these elements is therefore a key audit matter.	The Group has implemented internal controls regarding lease incentives and termination events. We assessed the design of these controls and for a sample of the controls related to lease incentives we tested if they operated effectively in the reporting period. For a sample of new and renegotiated tenancy agreements, we tested that the accounting of lease incentives were appropriate. For a sample of agreements that were terminated prior to legal expiry, we tested that revenue recognition was appropriate for any termination fee received and/or any new contracts entered into.

Other information

Management is responsible for the other information. The other information comprises the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and the Managing Director for the Financial Statements

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

In preparing the financial statements, management is responsible for assessing the Company's and the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern. The financial statements of the parent company use the going concern basis of accounting insofar as it is not likely that the enterprise will cease operations. The financial statements of the group use the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, included International Standards on Auditing (ISAs), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error. We design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit 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 Company's and the Group's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events

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or conditions that may cast significant doubt on the Company's and the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company and the Group to cease to continue as a going concern.

- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Opinion on the Board of Directors' report

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 and in the statements on Corporate Governance and Corporate Social Responsibility concerning the financial statements, 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, 8 March 2018
Deloitte AS

Eivind Skaug

Eivind Skaug
State Authorised Public Accountant

EPRA reporting

The following performance indicators have been prepared in accordance with best practices as defined by EPRA (European Public Real Estate Association) in its Best Practices Recommendations guide.

SUMMARY TABLE EPRA PERFORMANCE MEASURES

		Unit	2017	2016
A	EPRA earnings per share (EPS)	NOK	5.2	4.3
B	EPRA NAV per share	NOK	127	101
	EPRA triple net asset value per share (NNNAV)	NOK	118	93
C	EPRA net initial yield	%	5.0	5.6
	EPRA, "topped-up“ net initial yield	%	5.0	5.6
D	EPRA vacancy rate	%	2.9	3.8
E	EPRA cost ratio (including direct vacancy costs	%	17.1	15.9
	EPRA cost ratio (excluding direct vacancy costs)	%	15.1	14.0

The details for the calculation of the key figures are shown in the following tables:

A. EPRA EARNINGS

EPRA earnings is a measure of the underlying development in the property portfolio and is calculated as 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 amounts in NOK million

	2017	2016
Profit for the year - Earnings per IFRS income statement	4 514	2 722
Add:		
Changes in value of investment properties	-3 460	-1 991
Tax on changes in value of investment properties [1]	830	498
Reversal of deferred tax arising from sales of properties (tax exempt)	-416	-14
Changes in value of financial instruments	-87	-125
Tax on changes in value of financial instruments [1]	21	31
Profit or losses on disposal of inventory in Oslo S Utvikling	-25	-60
Share of profit jointly controlled entities – fair value adjustments	-260	-110
Reversal of deferred tax EPRA adjustments jointly controlled entities [1]	59	18
Net income non-controlling interests of subsidiaries	-44	-37
Reversal of tax non-controlling interests of subsidiaries [1]	10	9
Change in tax rate [2]	-189	-161
Tax payable	5	2
EPRA earnings	**960**	**784**
Reversal of tax adjustment above	-320	-384
Reversal of change in deferred tax from income statement	507	580
Reversal of tax payable from income statement	8	4
Reversal of tax JVs	64	16
EPRA earnings before tax	**1 219**	**1 000**

1) 24 per cent 2017, 25 per cent 2016.

2) From 24 per cent to 23 per cent for 2017, 25 per cent to 24 per cent for 2016.

B. NET ASSET VALUE – EPRA NAV AND EPRA NNNAV

The objective with EPRA NAV is to demonstrate the fair value of net assets given a long-term investment horizon. EPRA NAV is calculated as the net asset value adjusted to include the 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 NNNAV is to report the fair value of net assets in the Group on the basis that these are immediately realised. 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.

All amounts in NOK million

	2017	2016
Total equity	**18 938**	**15 124**
Less: Non-controlling interests	433	392
NAV per financial statement	**18 505**	**14 732**
Add: Adjustment to property portfolio	1	1
Add: Revaluation of investments made in the JV	980	368
Add: Net market value on financial derivatives	307	421
Add: Deferred tax arising on revaluation moments	3 580	3 091
EPRA NAV	**23 372**	**18 613**
Market value on property portfolio	40 036	35 785
Tax value on property portfolio	15 869	15 007
Basis for calculation of tax on gain on sale	24 167	20 778
Less: Market value of tax on gain on sale (5 % tax rate)	**1 208**	**1 039**
Net market value on financial derivatives	307	421
Tax expense on realised financial derivatives [1)]	71	101
Less: Net result from realisation of financial derivatives	**236**	**320**
Book value of interest bearing debt	18 449	18 113
Nominal value of interest bearing debt	18 042	17 696
Basis for calculation of tax on realisation of interest-bearing debt	407	416
Less: Market value of tax on realisation*	**94**	**100**
Less: MV of tax on gain on sale (5 % tax rate) & realisation of financial derivatives in JVs	169	
EPRA NNNAV	**21 665**	**17 154**

1) 23 per cent from 31.12.2017, 24 per cent from 31.12.2016.

C. EPRA NET INTIAL YIELD

EPRA Net initial yield measures the annualised rental income based on the cash rents passing at the balance sheet date, less non-recoverable property operating expenses, divided by the market value of the property, increased by (estimated) purchasers' costs.

EPRA "topped-up" net initial yield incorporates an adjustment to the EPRA NIY in respect of the expiration of rent-free periods (or other unexpired lease incentives such as discounted rent periods and step rents).

All amounts in NOK million

2017

	Oslo	Trond-heim	Sandvika	Stavanger	Drammen	Bergen	Total
Investment property - wholly owned	27 387	4 361	2 707	1 179	251	1 370	37 256
Investment property - share of JVs/Funds	-	-	-	512	1 053	1 163	2 729
Total property portfolio	**27 387**	**4 361**	**2 707**	**1 692**	**1 304**	**2 533**	**39 985**
Less projects and land and developments	-1 375	-843	-136	-88	-	-67	-2 509
Completed management portfolio	**26 013**	**3 518**	**2 571**	**1 603**	**1 304**	**2 466**	**37 476**
Allowance for estimated purchasers` cost	52	14	10	4	5	6	90
Gross up completed management portfolio valuation	**26 064**	**3 532**	**2 581**	**1 607**	**1 309**	**2 473**	**37 566**
12 months rolling rent	1 382	211	150	104	81	133	2 062
Estimated ownership cost	119	21	11	8	5	12	176
Annualised net rents	**1 264**	**190**	**139**	**96**	**76**	**121**	**1 886**
Add: Notional rent expiration of rent free periods or other lease incentives	-	-	-	-	-	-	-
Topped up net annualised net rents	**1 264**	**190**	**139**	**96**	**76**	**121**	**1 886**
EPRA NIY (net initial yield)	**4.8 %**	**5.4 %**	**5.4 %**	**6.0 %**	**5.8 %**	**4.9 %**	**5.0 %**
EPRA "topped-up" NIY (net initial yield)	**4.8 %**	**5.4 %**	**5.4 %**	**6.0 %**	**5.8 %**	**4.9 %**	**5.0 %**

2016

	Oslo	Trond-heim	Sandvika	Stavanger	Drammen	Bergen	Kristian-sand	Other	Total
Investment property - wholly owned	23 935	3 318	2 324	1 158	249	1 325	685	79	33 072
Investment property - share of JVs/Funds	625	-	-	524	999	896	-	-	3 043
Total property portfolio	**24 560**	**3 318**	**2 324**	**1 682**	**1 248**	**2 221**	**685**	**79**	**36 115**
Less projects and land and developments	-669	-815	-147	-86	-	-823	-15	-	-2 556
Completed management portfolio	**23 891**	**2 503**	**2 176**	**1 596**	**1 248**	**1 397**	**669**	**79**	**33 559**
Allowance for estimated purchasers` cost	50	14	9	4	5	7	5	1	95
Gross up completed management portfolio valuation	**23 941**	**2 517**	**2 185**	**1 600**	**1 253**	**1 404**	**674**	**80**	**33 654**
12 months rolling rent	1 415	179	128	104	80	95	52	7	2 060
Estimated ownership cost	119	17	11	8	5	9	7	1	176
Annualised net rents	**1 296**	**162**	**118**	**97**	**75**	**86**	**45**	**6**	**1 884**
Add: Notional rent expiration of rent free periods or other lease incentives	-2	-	-	-	-	-	-	-	-2
Topped up net annualised net rents	**1 295**	**162**	**118**	**97**	**75**	**86**	**45**	**6**	**1 882**
EPRA NIY (net initial yield)	**5.4 %**	**6.4 %**	**5.4 %**	**6.0 %**	**6.0 %**	**6.1 %**	**6.7 %**	**7.2 %**	**5.6 %**
EPRA "topped-up" NIY (net initial yield)	**5.4 %**	**6.4 %**	**5.4 %**	**6.0 %**	**6.0 %**	**6.1 %**	**6.7 %**	**7.2 %**	**5.6 %**

D. EPRA VACANCY

Estimated Market Rental Value (ERV) of vacant space divided by ERV of the whole portfolio.

All amounts in NOK million

2017

	Oslo	Trond-heim	Sandvika	Stavanger	Drammen	Bergen	Total
Market rent vacant areas	45	8	1	3	3	3	62
Total market rent	1 463	221	130	94	74	160	2 142
Vacancy	**3.06 %**	**3.47 %**	**0.88 %**	**2.88 %**	**3.77 %**	**2.04 %**	**2.91 %**

[1] All figuers are adjusted for actual share of ownership of each property

2016

	Oslo	Trond-heim	Sandvika	Stavanger	Drammen	Bergen	Kristian-sand	Other	Total
Market rent vacant areas	48	3	16	3	2	-	3	-	77
Total market rent	1 410	171	127	93	71	96	54	7	2 028
Vacancy	**3.4 %**	**1.8 %**	**12.6 %**	**3.5 %**	**2.6 %**	**0.5 %**	**5.8 %**	**6.5 %**	**3.8 %**

[1] All figuers are adjusted for actual share of ownership of each property

For further information about EPRA, go to www.epra.com.

E. EPRA COST RATIO

Administrative & operating costs (including & excluding costs of direct vacancy) divided by gross rental income.

All amounts in NOK million

	2017	2016
Maintenance	-40	-50
Total operating costs	-121	-109
Administrative costs	-163	-152
Share of joint ventures expences	-11	-5
Less: Ground rent cost	12	12
EPRA Cost (including direct vacancy cost)	**-323**	**-304**
Direct vacancy cost	-28	-38
EPRA Cost (excluding direct vacancy cost)	**-296**	**-267**
Gross rental income less ground rent	**2 075**	**1 899**
Share of jount ventures and fund (GRI)	40	10
Total gross rental income less ground rent	**2 114**	**1 909**
Epra cost ratio (inkluding direct vacancy cost)	**15.3 %**	**15.9 %**
Epra cost ratio (excluding direct vacancy cost)	**14.0 %**	**14.0 %**

Malmskriverveien, Sandvika

The property portfolio

Management portfolio

The following table sets forth the properties with management area as of 31 December 2017.

Group/ JV	Property name	City	Type of asset	Share of ownership	Occupancy	Management area	Project area	Land & dev. area	Total area
Group	Aasta Hansteens vei 10	Oslo	Office	100 %	100 %	5 393	-	-	5 393
Group	Akersgaten 34 og 36	Oslo	Office	100 %	100 %	6 143	-	-	6 143
Group	Akersgaten 51 / Apotekergaten 6	Oslo	Office	100 %	100 %	17 848	-	-	17 848
Group	Biskop Gunnerus' gate 14	Oslo	Office	100 %	98 %	50 705	-	-	50 705
Group	Biskop Gunnerus' gate 6	Oslo	Office	100 %	100 %	9 300	-	-	9 300
Group	Borkenveien 1-3	Sandvika	Education	100 %	100 %	6 668	-	-	6 668
Group	Brattørkaia 13 B	Trondheim	Office	100 %	40 %	6 333	-	-	6 333
Group	Brattørkaia 14	Trondheim	Culture	100 %	100 %	5 220	-	-	5 220
Group	Brattørkaia 15 A, B	Trondheim	Office	100 %	100 %	14 106	3 850	-	17 956
Group	Brattørkaia 17 B	Trondheim	Office	100 %	100 %	19 652	-	-	19 652
Group	Brynsengfaret 6	Oslo	Office	100 %	99 %	35 505	-	13 600	49 105
Group	Brynsengfaret 6 C	Oslo	Residential	100 %	100 %	349	-	-	349
Group	Cort Adelers gate 30, Kontorbygget	Oslo	Office	100 %	99 %	12 309	-	-	12 309
Group	Cort Adelers gate 30, Skolebygget	Oslo	Education	100 %	100 %	3 546	-	-	3 546
Group	Drammensveien 134	Oslo	Office	100 %	100 %	20 912	-	-	20 912
Group	Dronningens gate 2	Trondheim	Office	100 %	100 %	5 158	-	-	5 158
Group	Erling Skakkes gate 25	Trondheim	Office	100 %	98 %	3 868	-	-	3 868
Group	Fredrik Selmers vei 4	Oslo	Office	100 %	91 %	38 005	-	-	38 005
Group	Grenseveien 92	Oslo	Office	100 %	97 %	14 732	-	-	14 732
Group	Grønland 32	Drammen	Office	100 %	94 %	7 353	-	-	7 353
Group	Grønland 51	Drammen	Office	60 %	100 %	15 424	-	-	15 424
Group	Grønland 53	Drammen	Office	60 %	93 %	11 435	-	-	11 435
Group	Grønland 56	Drammen	Office	60 %	100 %	504	-	-	504
Group	Grønland 58	Drammen	Education	60 %	97 %	21 472	-	-	21 472
Group	Grønland 60	Drammen	Culture	60 %	91 %	8 854	-	-	8 854
Group	Hagegata 22	Oslo	Office	100 %	99 %	12 918	-	-	12 918
Group	Hagegata 23	Oslo	Office	100 %	100 %	10 672	-	-	10 672
Group	Henriks Ibsens gate 110	Oslo	Culture	100 %	100 %	18 724	-	-	18 724
Group	Jåttåvågveien 18	Stavanger	Office	50 %	93 %	9 180	-	-	9 180
Group	Jåttåvågveien 7	Stavanger	Office	50 %	99 %	5 365	-	-	5 365
Group	Kaigaten 9	Bergen	Office	100 %	100 %	9 996	-	-	9 996
Group	Karoline Kristiansens vei 2	Oslo	Office	100 %	99 %	450	-	-	450
Group	Keysers gate 15	Oslo	Office	100 %	100 %	1 746	-	-	1 746
Group	Kjørbo gård	Sandvika	Office	100 %	100 %	1 349	-	-	1 349
Group	Kjørboveien 12-26	Sandvika	Office	100 %	100 %	21 964	3 957	-	25 920
Group	Kjørboveien 3	Sandvika	Other	100 %	94 %	16 353	-	-	16 353
Group	Kjørboveien 33	Sandvika	Office	100 %	100 %	14 670	-	-	14 670
Group	Kongens gate 87	Trondheim	Office	100 %	99 %	8 380	-	-	8 380
Group	Konggata 51	Drammen	Education	100 %	100 %	3 576	-	-	3 576
Group	Kreftings gate 33	Drammen	Office	60 %	100 %	1 886	-	-	1 886
Group	Kristian Augusts gate 13	Oslo	Office	100 %	84 %	3 162	-	-	3 162
Group	Kristian Augusts gate 23	Oslo	Office	100 %	100 %	8 736	-	-	8 736

Group	Laberget 22	Stavanger	Office	50 %	100 %	15 756	-	-	15 756
Group	Lakkegata 53	Oslo	Office	100 %	94 %	31 541	-	-	31 541
Group	Langkaia 1A	Oslo	Office	100 %	96 %	39 482	-	-	39 482
Group	Lilletorget 1	Oslo	Office	100 %	87 %	14 867	-	-	14 867
Group	Malmskriverveien 18-20	Sandvika	Office	100 %	97 %	9 233	-	-	9 233
Group	Malmskriverveien 2	Sandvika	Office	100 %	100 %	2 957	-	-	2 957
Group	Malmskriverveien 4	Sandvika	Office	100 %	96 %	5 674	-	-	5 674
Group	Marken 37	Bergen	Education	100 %	56 %	2 950	-	-	2 950
Group	Munchs gate 4 / Keysers gate 13	Oslo	Office	100 %	100 %	10 839	-	-	10 839
Group	Nonnesetergaten 4	Bergen	Office	100 %	100 %	17 207	-	-	17 207
Group	Nytorget 1	Stavanger	Office	100 %	100 %	5 205	-	-	5 205
Group	Observatoriegaten 1	Oslo	Office	100 %	100 %	7 110	-	-	7 110
Group	Observatoriegaten 1 - Magasinet	Oslo	Culture	100 %	100 %	10 600	-	-	10 600
Group	Otto Sverdrups plass 4	Sandvika	Education	100 %	100 %	16 038	-	-	16 038
Group	Pilestredet 19 og 21	Oslo	Office	100 %	100 %	7 067	-	-	7 067
Group	Pilestredet 28	Oslo	Office	100 %	100 %	3 590	-	-	3 590
Group	Prinsens gate 1	Trondheim	Office	100 %	99 %	29 994	-	-	29 994
Group	Professor Olav Hanssens vei 10	Stavanger	Office	100 %	97 %	37 219	-	-	37 219
Group	Schweigaards gate 15	Oslo	Office	100 %	84 %	22 798	-	-	22 798
Group	Schweigaards gate 15 B	Oslo	Office	100 %	100 %	14 487	-	-	14 487
Group	Schweigaards gate 16	Oslo	Office	100 %	100 %	15 498	-	-	15 498
Group	Stenersgata 1	Oslo	Office	100 %	100 %	41 945	-	-	41 945
Group	Strømsveien 96	Oslo	Office	100 %	97 %	18 165	-	-	18 165
Group	Tollbuallmenningen 2A	Bergen	Office	100 %	100 %	1 823	-	-	1 823
Group	Tordenskiolds gate 12	Oslo	Office	100 %	100 %	12 920	-	-	12 920
Group	Trondheimsporten	Trondheim	Office	100 %	100 %	29 035	-	-	29 035
Group	Tungasletta 2	Trondheim	Office	100 %	92 %	14 822	-	-	14 822
Group	Tvetenveien 22	Oslo	Office	100 %	100 %	4 126	-	-	4 126
Group	Universitetsgata 2	Oslo	Office	100 %	96 %	27 297	-	-	27 297
Group	Universitetsgata 7	Oslo	Office	100 %	59 %	12 957	-	-	12 957
Group	Vahls gate 1-3	Oslo	Office	100 %	100 %	14 857	-	-	14 857
Group	Valkendorfs gate 6	Bergen	Office	100 %	96 %	13 287	-	-	13 287
Group	Verkstedveien 1	Oslo	Office	100 %	100 %	31 690	-	-	31 690
Group	Verkstedveien 3	Oslo	Office	100 %	100 %	8 387	-	-	8 387
Group	Wexels plass	Oslo	Other	100 %	93 %	1 035	-	-	1 035
Total Group						**1 042 378**	**7 807**	**13 600**	**1 063 785**
JV	Allehelgensgate 6	Bergen	Office	50 %	100 %	14 104	-	-	14 104
JV	Lars Hillesgate 30	Bergen	Office	50 %	100 %	44 884	825	-	45 709
Total incl. JV						**1 101 366**	**8 632**	**13 600**	**1 123 597**

Project properties

The following table sets forth the properties with project area as of 31 December 2017.

Group/ JV	Property name	City	Type of asset	Share of ownership	Occupancy	Management area	Project area	Land & dev. area	Total area
Group	Brattørkaia 16	Trondheim	Office	100 %		-	10 419	-	10 419
Group	Tollbugata 1A	Oslo	Office	100 %		-	8 526	-	8 526
Group	Youngskvartalet	Oslo	Office	100 %		-	4 299	-	4 299
Group	Brattørkaia 17 A	Trondheim	Office	100 %		-	18 197	-	18 197
Group	Tullinkvartalet	Oslo	Office	100 %		-	21 000	-	21 000
Total Group						**-**	**62 441**	**-**	**62 441**
Total incl. JV						**-**	**62 441**	**-**	**62 441**

Land and development properties

The following table sets forth the properties with land and development area as of 31 December 2017.

Group/ JV	Property name	City	Type of asset	Share of ownership	Occupancy	Management area	Project area	Land & dev. area	Total area
Group	Ormen Lange (tomt)	Stavanger	Office	50 %		-	-	18 964	18 964
Group	Oseberg (tomt)	Stavanger	Office	50 %		5 949	-	18 005	23 954
Group	Holtermans veg 1	Trondheim	Office	100 %		-	-	39 600	39 600
Group	Lars Hillesgate 25	Bergen	Office	100 %		-	-	5 800	5 800
Total Group						**5 949**	**-**	**82 369**	**88 318**
Total incl. JV						**5 949**	**-**	**82 369**	**88 318**

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	Net income from property management less tax payable
Contractual rent	Annual cash rental income being received as of relevant date
Gross yield	12 months rolling rent divided by the market value of the management portfolio
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
Independent Appraisers	Akershus Eiendom and Cushman and Wakefield Realkapital
Land and dev. 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 divestments 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
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 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 Income from property management	Net income from property management is calculated as Net Income less value changes, tax effects and other income and other cost from associates and JVs
Net letting	Net letting is calculated as the annualised rent of new lease contracts plus lease-up on renegotiated contracts less terminated contracts
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
Period-on-period	Comparison between one period and the equivalent period the previous year
Property portfolio	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
Project properties	Properties where it has been decided to start construction of a new building and/or renovation
Total area	Total area including the area of management properties, project properties and land / development properties
WAULT	Weighted Average Unexpired Lease Term measured as the remaining contractual rent amounts of the current lease contracts of the management properties of the Group, including areas that have been re-let and signed new contracts, adjusted for termination rights and excluding any renewal options, divided by Contractual Rent, including renewed and signed new contracts

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