



# Annual Report 2018

Flexible, attractive and environment-friendly office properties



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The statutory part of the annual report containing the Report of the Board of Directors, financial statements and auditors report can be found on pages 68–155. Comparable numbers for last year are provided in parenthesis. The calculation of Alternative performance measures, hereunder EPRA key figures, are presented on pages 156–162.

Entra's Sustainability report can be found on pages 34–55. Entra report on sustainability topics in accordance with the reporting frameworks; The EPRA Best Practices Recommendations on Sustainability Reporting and the Global Reporting Initiative Standards (GRI), Core option. Tables can be found on pages 52–54 and pages 164–166 respectively. Entra's report on corporate governance can be found on pages 56–63.

# This is Entra

Entra is a leading owner, manager and developer of office properties. Entra owns a large portfolio of centrally located, high quality properties in the largest cities in Norway. The business is characterized by solid tenants on long lease contracts and a high occupancy ratio. Entra's project development portfolio is a key driver for growth.

## Our mission



To create lively and sustainable workplaces that facilitate 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 in 2018

## Project development

- Completed 14,500 sqm of development projects
- Started four new projects, 84,100 sqm under development at year end

## Investment activity

- Acquired 11 and sold 4 properties
- Added 75,000 sqm to the long-term development portfolio

## Asset management

- Gross letting of 311 million
- Portfolio occupancy of 96.5 % at year end

## Financial

Rental  
income

2 243 mill

2017: 2 075 mill (+8 %)

Net income from  
property management

1 434 mill

2017: 1 259 mill (+14 %)

Dividend  
per share

4.50

2017: 4.10 (+10 %)

NAV  
per share

141

2017: 127 (+11 %)

Loan  
to value

41.3 %

2017: 43.3 %

Rating

Baa1

Moody's Credit Rating

## Non-financial

Customer  
satisfaction score of

84 vs Industry average 79

Employee  
satisfaction score of

83 vs national benchmark  
GELx score of 70

CO<sub>2</sub>  
emissions

6.38 tonnes

Down by 11 %

Energy  
consumption

142 kwh/sqm

Down 35 % last 5 years

GRESB  
Score of

81

vs GRESB average 68

EPRA  
Sustainability BPR

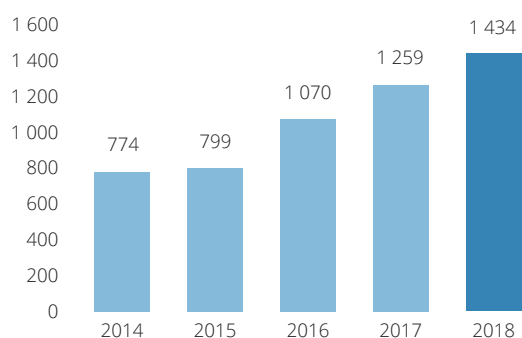
Gold

	2018	2017	2016	2015	2014
<b>All amounts in NOK million</b>					
Rental income	2 243	2 075	1 899	1 760	1 772
<i>Change period-on-period</i>	8 %	9 %	8 %	-1 %	9 %
Net operating income	2 058	1 913	1 740	1 574	1 624
<i>Change period-on-period</i>	8 %	10 %	11 %	-3 %	10 %
Net income from property management	1 434	1 259	1 070	799	774
<i>Change period-on-period</i>	14 %	18 %	34 %	3 %	47 %
Profit before tax	3 073	5 030	3 306	3 075	1 377
<i>Change period-on-period</i>	-39 %	52 %	8 %	123 %	201 %
Profit after tax	2 735	4 514	2 722	2 721	1 026
<i>Change period-on-period</i>	-39 %	66 %	-	165 %	120 %
Market value of the property portfolio	45 630	40 036	35 785	29 598	28 358
Net nominal interest bearing debt	18 941	17 852	17 454	14 640	13 890
Loan to value	41.3 %	43.3 %	47.6 %	46.1 %	48.4 %
Interest coverage ratio	3.6	3.0	2.7	2.5	2.0
Number of shares	183.6	183.7	183.7	183.7	183.7

<b>All amounts in NOK per share</b>					
EPRA NAV	141	127	101	89	76
<i>Change period-on-period</i>	11 %	26 %	14 %	16 %	na
EPRA NNNNAV	131	118	93	81	68
<i>Change period-on-period</i>	11 %	26 %	15 %	20 %	na
EPRA Earnings	5.59	5.23	4.27	3.25	3.00
<i>Change period-on-period</i>	7 %	22 %	31 %	8 %	na
Cash earnings	7.74	6.81	5.80	4.96	4.10
<i>Change period-on-period</i>	14 %	17 %	17 %	21 %	na
Dividend per share	4.50	4.10	3.45	3.00	2.50
<i>Change period-on-period</i>	10 %	19 %	15 %	20 %	na

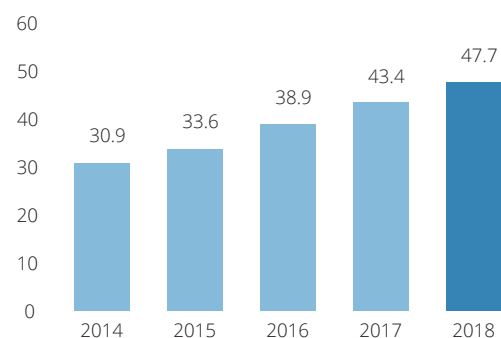
## Net income from property management

NOKm



## Total assets

NOKbn



# 2018 in brief



Tollbugata 1, Oslo



Brattørkaia 16, Trondheim

## First quarter

Entra started a redevelopment project at Tollbugata 1 in Oslo. The project involves a total redevelopment as well as connecting two existing buildings. The property extends to 9,000 sqm and is located adjacent to the Oslo Central station. The project will be completed in October 2019, upon which it will be divested as part of an asset swap agreement which was signed in the fourth quarter of 2018.

Entra also started up a 11,700 sqm new-build project in Holtermanns veg 1–13 in Trondheim on part of a zoned site with the potential to construct approximately 48,000 sqm. The project has high environmental ambitions and aims for a BREEAM-NOR Excellent classification. The property is 53 per cent pre-let and will be finished in January 2020.

## Second quarter

During the quarter, Entra completed the new-build project Brattørkaia 16 in Trondheim. The property is a 10,500 sqm campus building which is fully let to BI Norwegian Business School. The property aims for a BREEAM-NOR Excellent classification.

Entra also acquired a large development portfolio at Bryn in Oslo. The total site is 38,140 sqm with an expected development potential of around 120,000 sqm of office- and residential space. As part of the transaction, Entra has partnered with JM Norge that will acquire the land zoned for residential development at a later stage, subject to detailed plans.

Finally, Entra acquired a site in Bergen with a location adjacent to Lars Hilles gate 30/Media City Bergen. The site has zoning in place for a new office building of approximately 12,500 sqm.





## Third quarter

In July, Entra initiated a share buy-back program with an intention to buy back up to 2 per cent of the outstanding shares of which 2/3 would be bought in the market and 1/3 from the Norwegian Ministry of Trade, Industry and Fisheries. As of 31 December 2018, Entra had acquired 1,059,874 shares in the market. Entra will seek approval from the AGM in April 2019 for cancellation of the repurchased shares and a corresponding redemption of the shares to be acquired from the Ministry.

Entra finished the redevelopment of Block 2 at Kjørbo in Sandvika into a new Powerhouse with BREEAM-NOR Excellent standard. The property totals 3,950 sqm and is fully let.

In October, Entra was assigned a Moody's investment Grade Rating Baa1, Stable Outlook. The rating reflects Entra's leadership position in Norway, the centrally located modern and high-quality portfolio, the clear and well-defined strategy, the solid tenants on long leases combined with a consistently high occupancy ratio, as well as Entra's liquidity profile and high unencumbered asset ratio.

## Fourth quarter

During the quarter, Entra started a new-build project of 22,300 sqm at Universitetsgata 7-9 in Tullinkvartalet in Oslo. The project is currently 25 per cent pre-let and has high environmental ambitions, aiming for a BREEAM-NOR Excellent classification. The property will be completed in Q3 2021.

Entra also started a new-build project at Brattørkaia 12 in Trondheim. Brattørkaia 12 will total 2,000 sqm and is fully let. The property will be finished in Q1 2020 and aims for Energy class A.

Entra signed a property swap agreement with Aberdeen Eiendomsfond Norge I, whereby Entra will buy the property St. Olavs plass 5 in Oslo and sell the properties Tollbugata 1, Pilestredet 19-21 and Pilestredet 28 to Aberdeen. St. Olavs plass 5 is a 16,530 sqm property which is currently fully let to the Oslo University, Faculty of Law. The tenant will in December 2019 move to a new-build project in Tullinkvartalet which is under development by Entra. St. Olavs plass 5 has an exciting development potential.

Finally, Entra sold the property Aasta Hansteens vei 10 at Stovner in Oslo (5,400 sqm). The property was located outside Entra's selected property clusters.

## Letter from the CEO

# Another good year

2018 was yet another very good year for Entra. We have let a total of 138,000 sqm and maintained our high occupancy rate at 96.5 %. Our customer satisfaction score again came in at a record high levels, another step against our vision “The most satisfied people work in Entra buildings”. Project development is the most important driver for profitable growth in Entra, and we have progressed our development pipeline also in 2018. We finalised two and started up three new projects and increased our long-term development portfolio pipeline with some 75,000 sqm through strategic acquisitions in Oslo and Bergen.

Operational efficiency translates into solid financial results. Our rental income grew by eight per cent and cash earnings grew by 14 per cent. The total asset value was up by 10 per cent while EPRA NAV was up by up 11 per cent to NOK 141 per share.

During 2018, we invested 1.2 billion in our property and project portfolio, increased our dividend by 10 per cent and bought back shares for a total of 121 million. We have maintained our capital discipline and reduced our LTV to 41.3 per cent.

## Long term trends driving our strategy

We are constantly seeking insight into the needs, preferences and long-term trends of the users of our buildings. We believe urbanization is, and will continue to be, a strong trend and it is thus strategically important for us to own flexible office buildings which are centrally located close to public transportation hubs. We have furthermore accelerated our focus on the use of new technology along three axes; developing our buildings, developing our customer product, and facilitating for the efficiency of our own organisation. We see growing demand from our tenants for greater flexibility in determining their need for office spaces and in their lease contracts. In Entra, we have and will continue to selectively establish co-working areas as an integral part of our larger properties as an amenity for our existing tenants. Further, it is a clear trend that people expect

more and more from the places where they spend time. They seek more value-added services and to move more seamlessly between work and leisure. Finally, there are strong expectations from our employees and other stakeholders that Entra's growth and development should be based on a sustainable way of doing business. In Entra, environmental leadership and sustainability has been in the very core of our strategy for many years, and we believe that a strong and integrated focus on sustainability is a prerequisite for operating a successful business in the future.

## Priorities going forward

Going into 2019, our strategy remains firm. We will continue to develop our property portfolio, focusing on centrally located properties in the largest cities in Norway. Furthermore, we will continue to build and develop our project pipeline. We look forward to welcome tenants into the new Powerhouse Brattørkaia in the near future, as well as to complete the new building for the University of Oslo in Tullinkvartalet towards the end of the year. We are furthermore eager to start up several large and exciting redevelopment projects in the city centre of Oslo. The timing of these projects corresponds well with the positive market outlook, with continued rental growth and strong transaction markets.



The Entra team is highly competent and committed, and I am confident that Entra will continue to develop its position as the leading property company in Norway.



We will continue to invest in innovation and new technology and to operate our business in a sustainable manner. Finally, Entra has a great organisation of innovative and committed people. We will continue to invest in and develop our employees as they are our greatest asset and a key success factor in adapting to the rapid changes and landscapes we are faced with.

### Outlook

With very low vacancies, particularly in the Oslo market, and limited new-build activity we believe in continued rental growth in the near term. The demand for sustainable, efficient and attractive offices in Norway is strong. As long as neither the new-build activity or interest rate outlook changes drastically, we believe the office market characteristics will continue to be attractive with significant rental growth and solid investor demand.

Over the last five years, we have consolidated the property portfolio through a disciplined approach to acquisitions and divestments, and near all the properties are now located in strategic property clusters in the largest cities. We have a strong balance sheet and considerable financial resources to continue developing and expanding the portfolio in the years to come. We have a significant development pipeline, and several large redevelopment projects in Oslo will be added to the development portfolio in 2019 and 2020.

### New opportunities ahead

In February 2019, I notified the Board that I had decided to step down as CEO of Entra to pursue new opportunities. This was clearly not an easy decision for me to make, but considering Entra's solid position and positive market outlook, I believe now is a good time to hand over the helm to someone else. It has been a great privilege to be a part of the fantastic journey that Entra has had since the IPO in 2014. The Entra team is highly competent and committed, and I am confident that Entra will continue to develop its position as the leading property company in Norway. I would like to take this opportunity to thank all our employees, business partners, customers and owners for the journey. I wish you all the best for the future.

Oslo, March 2019

Arve Regland  
Chief Executive of Entra ASA

# Management



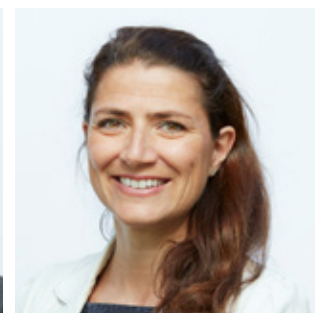
**Arve Regland**

Position	CEO
Born	1972
Nationality	Norwegian
Gender	Male
With Entra since	2014
Shareholding in Entra	52,087
Education	MBA and state-authorised public accountant from the Norwegian School of Economics (NHH), MSc in Business ("Siviløkonom") from the Norwegian Business School (BI)



**Anders Olstad**

Position	CFO
Born	1967
Nationality	Norwegian
Gender	Male
With Entra since	2015
Shareholding in Entra	40,379
Education	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



**Sonja Horn**

Position	EVP Property Management
Born	1973
Nationality	Norwegian
Gender	Female
With Entra since	2013
Shareholding in Entra	21,662
Education	MSc in Business ("Siviløkonom") from the Norwegian Business School (BI)
Prior positions	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 Kreditselskap (now DnB)



Per Ola Ulseth

*EVP Project Development*

1966

Norwegian

Male

2018

-

Executive leadership programme from IMD Lausanne, Switzerland, MSc degree and Master in Technology Management from the Norwegian University of Science and Technology (NTNU)

Director Projects in Rambøll Norway, Technical Director and Executive Vice President in Skanska Norway. Project and Technology Management positions from amongst other Faveo Project Management, ODA (The Organisation Development Alliance) and Veidekke



Åse Lunde

*EVP Digitalisation and Business Development*

1973

Norwegian

Female

2018

1,753

Executive Master of Management innovation, branding and digital communications from the Norwegian Business School (BI)

Head of DigiLife, Senior Business Developer digital channels, FX advisory (digital) at Nordea. Head of Digital Sales, Product owner at Nordnet Bank



Tore Bakken

*EVP Market and Commercial Real Estate Development*

1967

Norwegian

Male

2019

-

Real estate studies from the Norwegian Business School (BI)

Commercial Director at Storebrand Asset Management, Director of Sales & Marketing at Malling & Co, Head of Commercial Real Estate and Investment Director at Colliers, and Real Estate Advisor at Akershus Eiendom, Norsk Næringsmegling (now Union) and Eiendomsforum. Also served five years in the Norwegian Armed Forces

# The business

Entra is a leading owner, manager and developer of office properties in Norway. Entra is focused on centrally located, high quality, environment friendly properties in Oslo, Bergen, Stavanger and Trondheim. The headquarter is located in Oslo.

The property portfolio is characterised by solid tenants on long leases with a high occupancy ratio. As of 31 December 2018, Entra owned and managed approximately 1.3 million square metres in 92 properties. At the end of the year the real estate portfolio had a market value of 45.6 billion and the average remaining lease period was 7.4 years. Entra has particular expertise in letting to the public sector, which represented 63 per cent of the customer portfolio. Approximately 65 per cent of the property values in the management portfolio are located in Oslo.

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, and the company normally has 5–10 per

cent of the portfolio is under development. The company has considerable expertise and experience in zoning, planning, building and redevelopment 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.

Entra's values - Responsible, Innovative, Hands-on and One team characterise all activities in the Group. The Group's business strategy has three focus areas: Customer satisfaction, Profitable growth and Environmental leadership. Operating the business in a sustainable manner is fundamental to the business strategy and operations.



## Vision

Entra's vision "The most satisfied people work in Entra buildings" has extended Entra's definition of customers to include all the people working in Entra buildings. Broadening the customer definition from around 625 tenants to more than 40,000 users of Entra buildings has provided new opportunities and extended the strategic positioning and interaction with customers.

## Strategy

### Profitable growth

Entra has a solid track record of portfolio growth and value creation. In 2018, rental income increased by eight per cent to NOK 2,243 million resulting from CPI adjustment of leases, completed property projects and solid letting activities.

Entra signed new and renegotiated leases with annual rent totaling NOK 311 million (138,400 sqm) in 2018, and the occupancy ratio was 96.5 per cent (97 per cent) at year end. As a result of significant top line growth and efficient operations, the net income from property management increased by 14 per cent to NOK 1,434 million. Entra's net asset value increased by NOK 1.9 bn as a result of solid project development, letting activities and strong underlying growth in market rents. At year-end 2018, Entra had total assets worth NOK 47.7 billion vs NOK 43.4 billion as of year-end 2017. Entra has throughout 2018 again demonstrated its ability to attract external debt capital on attractive terms from multiple sources of funding, and Entra's average interest rate was 2.85 per cent (2.90 per cent) at year end.

Cash earnings increased by 14 per cent in 2018. Entra's dividend policy is to distribute approximately 60 per cent of cash earnings to its shareholders. The term Cash Earnings is defined as net income from property management less payable tax. The board of Entra proposes to distribute a semi-annual dividend of NOK 2.30 per share for the second half of 2018.

Entra's total dividend for 2018 will then be NOK 4.50 per share compared to NOK 4.10 per share for 2017.

### Customer satisfaction

One of Entra's goals is to be the best in the industry in terms of customer satisfaction. Entra takes full responsibility for property management in its properties and has a separate 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. The Norwegian Tenant Index is used to measure customer satisfaction. In 2018, Entra again achieved an exceptionally high customer satisfaction score of 84 versus an industry average of 79. On environmental matters, Entra achieved a score of 84 compared with a national average of 76, showing that customers truly value Entra's environmental efforts. Entra's customer centre handling fault reports achieved a score of 83 compared to a national sector average of 76 points. The customer centre contributes to increasing customer satisfaction and forms the foundation for efficient management of properties.

Entra targets early engagement with its existing tenants ahead of their lease maturities and 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. Entra has, amongst other initiatives, launched an app providing services to the office users.

### Environmental leadership

Entra continues to implement and seek new environmental initiatives to meet climate-related challenges, to meet stakeholder expectations and to reduce costs. The Group has a corporate culture with a strong environmental focus throughout the whole company. Entra's environmental awareness and work to combat climate change is built on the precautionary principle.

Entra's strategy is built around the following three focus areas.

Profitable  
growth



Customer  
satisfaction



Environmental  
leadership





The Group's environment strategy includes goals and measures for the group, for its 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 property management
- Entra's projects shall have a high degree of quality and flexibility and a low environmental burden

For many years, Entra has been a leader in the development of environmentally sustainable buildings and has had 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 redevelopment/redevelopment projects. On completion of buildings currently under construction, Entra will have built/refurbished 16 buildings that are environmentally certified in accordance with BREEAM-NOR. In addition, Entra has, or is in the process of certifying seven of its existing buildings under BREEAM In-Use.

For many years, Entra has had a strong focus on reducing energy consumption in its portfolio. Through multiplicity of measures of varying scope, Entra has managed to reduce the energy consumption of its management properties by 25 per cent over the last five years. Energy consumption constitutes some 90 per cent of Entra's CO<sub>2</sub> footprint. By 2030, Entra has an ambition to reduce its CO<sub>2</sub> footprint by 70 per cent.

To provide insight for our stakeholders, Entra submitted a response to the Global Real Estate Sustainability Benchmark (GRESB) for the first time in 2018 and were proud to achieve Green Star status with a total score of 81. Entra also submitted responses to CDP and received a B score.

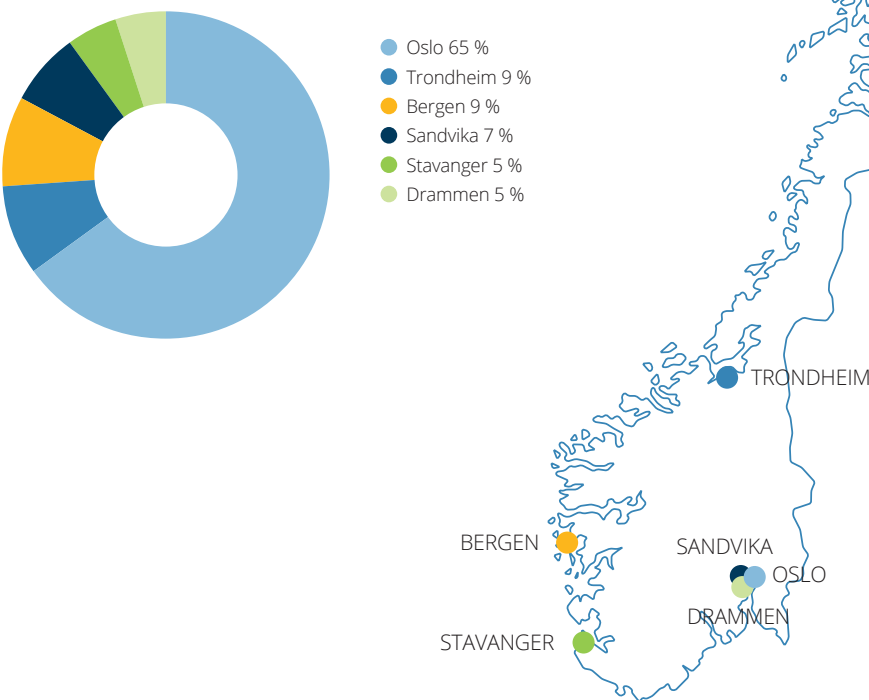
For a further description of Entra's sustainability strategy and achievements, see the Sustainability report which is included in this annual report on pages 34–55.



# The property portfolio

## Geographic exposure

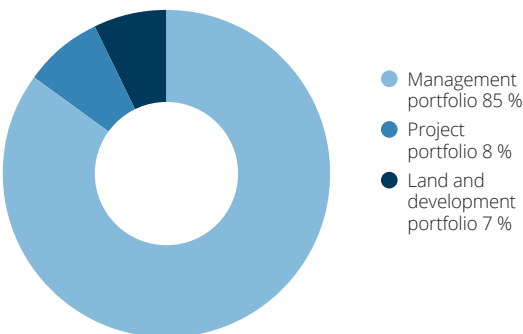
Entra's management properties located in Oslo constitute 65 per cent of the portfolio values whereas the properties located in Trondheim constitute 9 per cent, Bergen 9 per cent, Sandvika 7 per cent, Stavanger 5 per cent and Drammen 5 per cent.



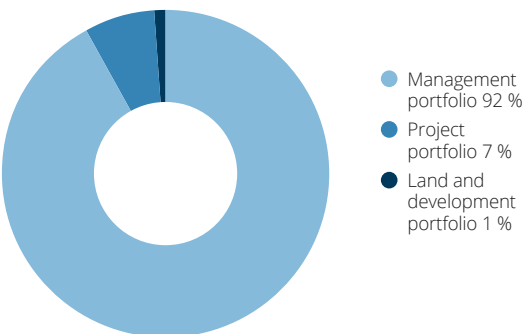
As of 31 December 2018, Entra's property portfolio comprised 92 properties, and the market value of the portfolio was NOK 45.6 billion. A full list of the properties can be found at the back of this report.

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

## Portfolio by area



## Portfolio by value



# The property portfolio

## The management portfolio

Entra's management portfolio consists of 78 buildings with a total area of approximately 1.1 million square metres. As of 31 December 2018, the management portfolio had a market value of NOK 41.9 billion. The occupancy rate was 96.5 per cent (97.0 per cent). The weighted average unexpired terms for the Group's leases were 6.7 years (6.7) for the management portfolio and 7.4 years (7.4) 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'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 appraiser's valuation 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.

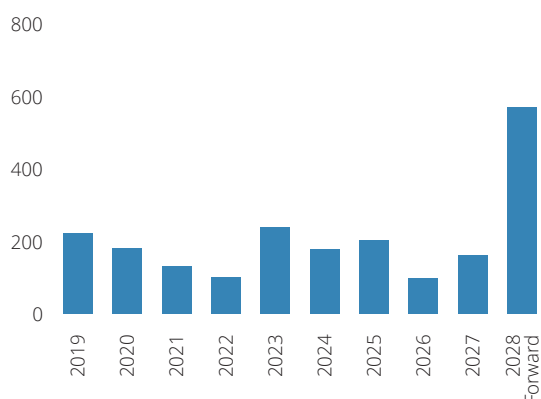
Year-on-year, the portfolio net yield remained flat at 5.1 per cent. 12 months rolling rent has increased from NOK 1,975 to NOK 2,097 per square metre, whereas the market rent has increased from NOK 2,043 to NOK 2,159 per square metre.

	Properties	Area	Occupancy	Wault	Market value		12 months rolling rent		Net yield	Market rent	
	#	sqm	%	year	NOKm	NOK/sqm	NOKm	NOK/sqm	%	NOKm	NOK/sqm
Oslo	40	611 397	96.6	5.9	27 110	44 341	1 427	2 334	4.8	1 521	2 488
Trondheim	9	133 668	97.4	7.7	3 790	28 351	230	1 718	5.5	231	1 729
Bergen	7	104 986	93.2	7.4	3 912	37 258	206	1 966	4.8	233	2 222
Sandvika	9	98 733	99.4	9.2	2 865	29 022	170	1 726	5.5	144	1 459
Stavanger	5	78 612	95.8	8.5	2 175	27 668	140	1 783	6.0	127	1 610
Drammen	8	70 405	98.4	6.9	2 024	28 753	128	1 815	5.9	114	1 621
<b>Management portfolio</b>	<b>78</b>	<b>1 097 801</b>	<b>96.5</b>	<b>6.7</b>	<b>41 876</b>	<b>38 145</b>	<b>2 302</b>	<b>2 097</b>	<b>5.1</b>	<b>2 370</b>	<b>2 159</b>
Project portfolio	7	103 322		17.1	3 065	29 666					
Development sites	7	97 859		0.4	689	7 043					
<b>Property portfolio</b>	<b>92</b>	<b>298 982</b>		<b>7.4</b>	<b>45 630</b>	<b>35 128</b>					

The calculation of net yield is based on the valuers' assumption of ownership costs, which at 31.12 corresponds to 7.8 per cent of market rent.

## Maturity profile of the management portfolio

(NOKm)



# Letting and letting market

## The letting market

According to Entra's Consensus report, office vacancy in the Oslo area dropped to around 6 per cent by the end of 2018 and is expected to go below 6 per cent by the end of 2019. The drop is primarily driven by increasing employment and a moderate net amount of new capacity in the market, stemming from limited construction activity and continued office-to-residential conversion. Vacancy is lowest in the city centre. Consequently, the broad uplift in rent levels is expected to continue. Modern, centrally located office premises are especially attractive and are expected to see the strongest growth.

In Bergen, office vacancy has dropped below 10 per cent due to a low level of construction activity, office-to-residential conversion, slightly increased employment and renewed optimism in the oil and gas industry. Rents in the city centre of Bergen have increased due to low vacancy and a limited supply of modern, centrally located office premises.

The Stavanger area is experiencing increasing employment and optimism due to higher activity in the oil and gas sector. As a result, office vacancy has fallen slightly and is now below 12 per cent. Despite overall office vacancy in Stavanger still being high, there is increasing demand for modern, flexible and centrally located office premises. There is still downward pressure on rents in the areas with a concentration of oil and gas sector tenants, while in the Stavanger city centre vacancy stands at around 7 per cent and rent levels are more stable. Construction activity in the region is still low.

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

## Market data Oslo

	2016	2017	2018e	2019e	2020e	2021e
Vacancy Oslo incl. Fornebu and Lysaker (%)	7.8	7.1	6.1	5.8	6.1	6.4
Rent per sqm, high standard Oslo office	2 950	3 083	3 330	3 535	3 640	3 745
Prime yield (%)	3.8	3.7	3.7	3.8	4.0	4.1

Source: Entra Consensus report

## Letting activity in 2018

For 2018, gross letting including re-negotiated contracts was NOK 311 million and lease contracts with a total value of NOK 129 million were terminated. Net letting, defined as new lease contracts plus lease-up on renegotiated contracts less terminated contracts, came in at NOK 21 million.

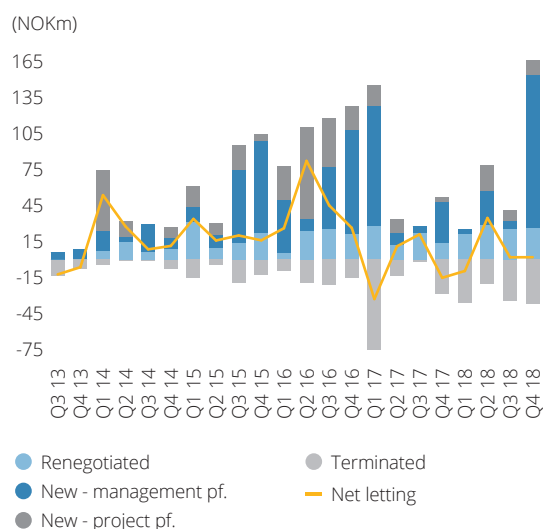
The largest contracts signed in 2018 were:

- New lease contracts for 10 years and 5,000 sqm in Holtermanns veg 1–13 in Trondheim with the Norwegian Tax Authority
- New lease contract for 10 years and a total of 4,300 sqm at Kristian August gate 13 in Oslo with Spaces/IWG
- New lease contract for 12 years and a total of 3,780 sqm at Langkaia 1 in Oslo with a public tenant
- New lease contract for 12 year and a total of 3,500 sqm in Akersgata 51 in Oslo with Codex Advokat Oslo
- Renegotiated lease contract for 6 years and a total of 9,600 sqm at Schweigaards gate 15b in Oslo with The Norwegian Directorate for Education and Training
- Renegotiated lease contract for 5 years and a total of 6,000 sqm at Akersgata 34/36 with Amedia
- Renegotiated lease contract for 6 years and 3,735 sqm (extended by 1,420 sqm) in Langkaia 1 in Oslo with The Norwegian Defence Estates Agency

## Tenants and tenant structure

Entra's tenant base comprises to a large extent public sector tenants on long-term leases and, as of 31 December 2018, public sector tenants accounted for 63 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 2,159 per sqm, while the 12 months rolling rent was 2,097 per sqm as of 31 December 2018.

## Quarterly net letting



Occupancy in Entra's portfolio has remained relatively stable during the year and the Group had an occupancy level of 96.5 per cent as at 31 December 2018 compared to 97 per cent at 31 December 2017. The occupancy level was highest in Sandvika at 99.4 per cent and lowest in Bergen with 93.2 per cent.

As of the same date, the management properties had around 626 tenants with a weighted average unexpired lease term (WAULT) of 6.7 years.

The following table sets out the 20 largest tenants in Entra's management properties as of 31 December 2018, representing 40 per cent of revenues.

Tenant	Proportion of total contractual rent	Public/private sector
Norwegian Tax Administration	5.2 %	Public
The Norwegian National Rail Administration	3.6 %	Public
National Library of Norway	3.2 %	Public
Bane NOR	2.9 %	Public
Oslo Police District	2.2 %	Public
Norconsult	2.0 %	Private
Norway Post	1.9 %	Public
The Immigration Appeals Board	1.8 %	Public
Borgarting Court of Appeal	1.7 %	Public
University College of Southeast Norway	1.7 %	Public
Circle K	1.5 %	Private
County Governor of Oslo and Akershus	1.5 %	Public
Bærum Municipality	1.4 %	Public
Sopra Steria	1.4 %	Private
The Norwegian Public Service Pension Fund	1.4 %	Public
Norwegian Petroleum Directorate	1.4 %	Public
Oslo Municipality Undertaking for Social Services Buildings	1.3 %	Public
Directorate of Norwegian Customs	1.3 %	Public
Norwegian Environment Agency	1.3 %	Public
The National Museum of Art, Architecture and Design	1.2 %	Public
	<b>39.7 %</b>	

# Projects and property development

Entra creates additional value in its portfolio through property and project development, and the company normally has 5–10 per cent of the portfolio in project development. The company has considerable expertise and experience in zoning, planning, building and redevelopment of office properties.

## Projects completed in 2018



### Brattørkaia 16, Trondheim

Entra finished the new-build project Brattørkaia 16 in Trondheim. The property is a 10,500 sqm campus building which is fully let to BI Norwegian Business School. The property aims for a BREEAM-NOR Excellent classification.



### Powerhouse Kjørbo (Block 2), Sandvika

Entra finished the redevelopment of Block 2 at Kjørbo in Sandvika into a new Powerhouse with BREEAM-NOR Excellent standard. The property is 3,950 sqm and is fully let.

## Portfolio of ongoing projects

As of 31 December 2018, Entra had a portfolio of ongoing projects of around 103,000 square metres. A full list of the project properties can be found at the back of this report. The portfolio of ongoing projects with a total investment exceeding NOK 50 million is presented below.

	Ownership	Location	Expected completion	Project area	Occupancy	Estimated total project cost <sup>1)</sup>	Of which accrued <sup>1)</sup>	Yield on cost <sup>2)</sup>
	%			sqm	%	NOKm	NOKm	%
Powerhouse Brattørkaia 17A	100	Trondheim	Mar–19 <sup>3)</sup>	18 200	85	523	470	6.1
Tollbugata 1A	100	Oslo	Oct–19	9 000	100	460	289	5.1
Tullinkvartalet (UIO)	100	Oslo	Dec–19	22 700	82	1 489	1 025	5.5
Brattørkaia 12	100	Trondheim	Jan–20	1 900	100	86	21	5.4
Holtermanns veg 1–13	100	Trondheim	Jan–20	11 700	53	340	116	6.0
Universitetsgaten 7–9	100	Oslo	Sep–21	22 300	25	1 191	324	6.0
<b>Total</b>				<b>85 800</b>		<b>4 089</b>	<b>2 244</b>	

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

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

<sup>3)</sup> Stepwise rental income effect from 1.3.19–1.8.19



#### Brattørkaia 17 A, Trondheim

At Brattørkaia 17 A, Entra is building Powerhouse Brattørkaia. This is an energy positive and environment friendly office building of approximately 18,200 sqm, including a 2,500 sqm parking basement. The property is 85 per cent pre-let. 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 final demolition is included. The project is aiming for the environmental classification BREEAM-NOR Outstanding and Energy class A. The project will be completed in March 2019.



#### Tullinkvartalet, Oslo

In Tullinkvartalet in Oslo, Entra has ongoing construction of a new 22,700 sqm campus building for the Faculty of Law of the University of Oslo. The property is 82 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 is being demolished and re-built. The project will be finished in December 2019. The new-build project aims for a BREEAM-NOR Excellent classification.



#### Tollbugata 1A, Oslo

Entra is refurbishing Tollbugata 1A in Oslo. The property consists of two buildings totalling 9,000 sqm adjacent to Oslo Central station, and the project is expected to be completed in October 2019. Both properties are fully let on a 15-year lease to The Directorate of Norwegian Customs. The property has been forward sold as part of the property swap transaction announced in December 2018. The transaction will close when the project is completed.



#### Holtermanns veg 1–13, Trondheim

In Holtermanns veg 1–13, Entra has ongoing construction of a new office building (the first of three buildings). The approved zoning allows construction of approximately 48,000 sqm, and the first building stage is approximately 11,500 sqm, including a 2,000 sqm basement with parking. The property is approximately 53 per cent pre-let to the Norwegian Tax Administration and will be completed in the first quarter of 2020. The project is aiming for the environmental classification BREEAM-NOR Excellent and Energy class A.





#### Universitetsgata 7-9, Oslo

Entra has started a new-build project in Universitetsgata 7-9 in Tullinkvartalet in Oslo. The office property will be 22,300 sqm and is currently 25 per cent pre-let. The project has high environmental ambitions and aims for a Breeam-NOR Excellent classification. The development will be completed in the third quarter of 2021.



#### Brattørkaia 12, Trondheim

Entra has also started a new-build project at Brattørkaia 12 in Trondheim. Brattørkaia 12 will be 2,000 sqm and is fully let to The Norwegian State Educational Loan Fund ("Lånekassen"). The project will be finished in January 2020 and aims for Energy class A.

### Development sites and project pipeline

Entra's portfolio of development sites contains properties with zoned development potential, but where no investment decision has been made. As of 31 December 2018, Entra had seven development sites with a total area of around 97,800 sqm. A list of the properties with defined land and development potential can be found at the end of this report.

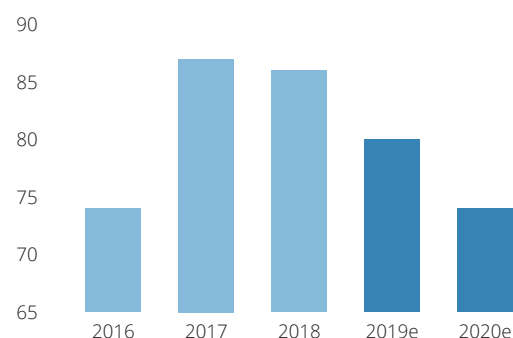
In addition, Entra continuously works with possibilities to develop and extend the area in its existing portfolio. In 2018, Entra acquired a large development project at Bryn in Oslo with a long-term development potential of approximately 60,000 sqm office.

## Transactions and transaction market

### Transaction market

The total commercial real estate transaction volume in Norway was around NOK 86 billion in 2018. The market remains active with strong demand from both national and international investors. The estimated total transaction volume for 2019 is NOK 80 billion, according to Entra's consensus report. The financing market continues to function well, and the outlook for the Norwegian economy is solid. The overall high level of demand for Norwegian real estate has caused the prime yield to remain stable during 2018 at around 3.8 per cent, despite slowly increasing interest rates. Prime yields are expected however to rise slowly over the next few years.

Transaction volume Norway  
NOKm



Source: Entra Consensus report

### Transactions

Entra actively seeks to improve the quality of its property portfolio through a disciplined strategy of acquisitions and divestments. Entra focuses on the acquisition of large properties and projects in specific areas within its four core markets: 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 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.

Entra continues to build its development pipeline and acquired in 2018 a large development project at Bryn in Oslo, a site in Bergen and signed an agreement for the acquisition of St. Olavs plass 5 in Oslo in 2018. In connection with the latter, Entra has agreed to sell the properties Tollbugata 1, Pilestredet 19-21 and Pilestredet 28. Entra has also sold Aasta Hansteensvei 10 at Stovner in Oslo.

## Transactions in 2017 and 2018

### Purchased properties

	Area	Transaction quarter	No of sqm	Transaction value (NOKm)	Closing date
St Olavs plass 5	Oslo	Q4 2018	16 530	850	Q4 2019
Bryn portfolio	Oslo	Q2 2018	57 000	1 400	Q3 2018
Johannes Bruns gt 16/16A, Nygårdsvn 91/93	Bergen	Q2 2018	-	135	Q2/Q4 2018
Nils Hansens vei 20	Oslo	Q1 2018	3 150	50	03.04.2018
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
<b>Sum</b>			<b>111 280</b>	<b>3 385</b>	

### Sold properties

	Area	Transaction quarter	No of sqm	Transaction value	Closing date
Aasta Hansens vei	Oslo	Q4 2018	5 390	80	31.01.2019
Tollbugt 1, Pilestredet 19-23, Pilestredet 28	Oslo	Q4 2018	19 650	1 100	Q1/Q4 2019
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
Lømslands vei 23	Kristiansand	Q2 2017	1 423	11	30.06.2017
Kristiansand portfolio	Kristiansand	Q2 2017	45 000	863	31.05.2017
Moloveien 10	Bodø	Q1 2017	5 531	83	15.02.2017
Kongensgate 85/Erling Skakkesgate 60	Trondheim	Q4 2016	1 769	16	31.03.2017
Kalfarveien 31	Bergen	Q2 2016	8 440	85	01.02.2017
<b>Total</b>			<b>136 076</b>	<b>3 992</b>	

## Partly-owned companies

The vast majority of Entra's assets and development projects are wholly owned. In addition, Entra selectively gains access to properties and development projects through its shareholding in subsidiaries 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. The company owns three office properties totalling 28,000 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.

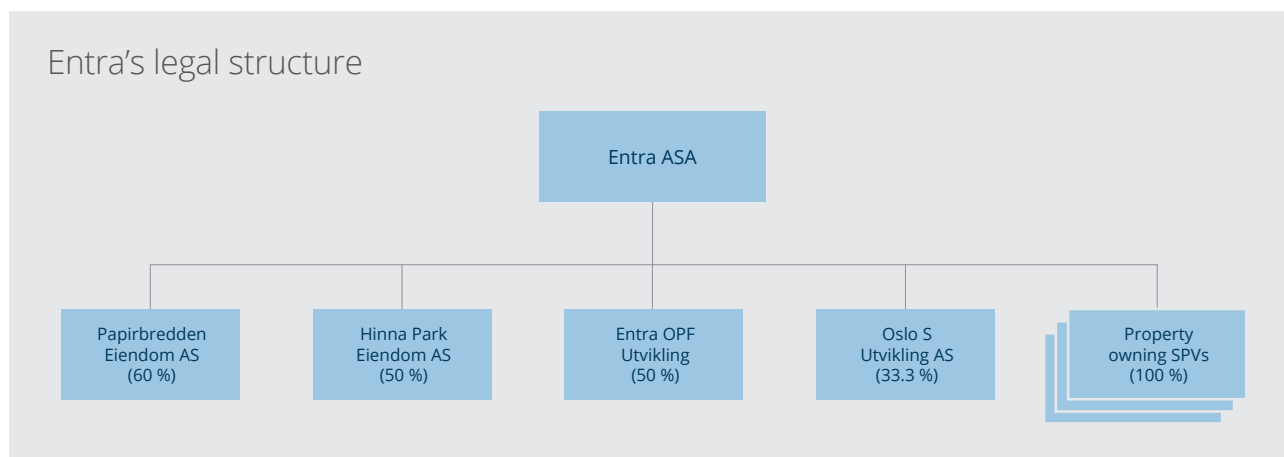
### Entra OPF Utvikling AS (50 per cent)

Entra and Oslo Pensjonsforsikring (OPF) own Entra OPF Utvikling AS. The company owns two properties in Bergen: Lars Hilles gate 30 (Media City Bergen) and Allehelgensgate 6. Following the completion of the Media City Bergen project in 2017, the shareholder agreement was revised, with the effect that Entra from 1 January 2018 has a controlling vote on the Board of Directors. Entra OPF Utvikling was thus consolidated in the Group's financial statements from 1.1.18 (until 31.12.17 treated as a jointly controlled entity).

### 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:



## Financial figures for partly owned entities and JVs (based on 100 % ownership)

All amounts in NOK million	Papirbredden Eiendom AS	Hinna Park Eiendom AS	Entra OPF Utvikling AS	Sum consolidated companies	Oslo S Utvikling AS	Other	Sum associated companies & JVs
Share of ownership (%)	60	50	50		33		
Rental income	106	71	117	294	124	4	128
Net operating income	100	64	106	271	124	1	124
Net income	73	35	103	211	462	9	471
Changes in value of investment properties	39	85	110	234	0	0	0
Changes in value of financial instruments	8	7	0	15	54	0	54
Profit before tax	120	127	213	460	516	9	525
Tax	-18	-21	-2	-42	-58	-1	-60
<b>Profit for the period</b>	<b>101</b>	<b>106</b>	<b>211</b>	<b>418</b>	<b>458</b>	<b>7</b>	<b>465</b>
Non-controlling interests	41	53	105	198			
Entra's share of profit <sup>1)</sup>					153	3	156
Book value					358	9	366
<b>Market value properties</b>	<b>1 778</b>	<b>1 127</b>	<b>2 511</b>	<b>5 416</b>	<b>6 570</b>		<b>6 570</b>
Entra's share:							
Market value of properties	1 067	564	1 255	2 886	2 190		2 190
EPRA NAV	627	186	1 288	2 101	1 338	9	1 347
EPRA NNNNAV	589	168	1 258	2 015	1 196	9	1 205
EPRA Earnings	39	18	42	99	-13	4	-10

<sup>1)</sup> Recognised as Share of profit from associates and JVs

## Financing

The Group's financing is diversified between bank and capital market instruments. The interest bearing debt has a diversified maturity structure, with an average time to maturity of 4.1 years (4.3 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. Entra has strong banking relationships, and currently has significant business activities with five of the top six Nordic banks. Further, Entra has a strong presence in the Norwegian debt capital market as it is among the largest issuers in Norwegian kroner.

During the year, Entra's interest bearing nominal debt increased by NOK 1,129 million to NOK 19,171 million (NOK 18,042 million). The increase in interest bearing debt was mainly due to project investments and acquisition of the Bryn portfolio in Oslo. The change in interest bearing debt comprised an increase in bank financing of NOK 1,755 million and a decrease in bond and commercial paper financing of NOK 126 million and NOK 500 million, respectively. As at 31 December 2018 Entra's net interest bearing nominal debt after deduction of liquid assets of NOK 230 million (NOK 189 million) was NOK 18,941 million (NOK 17,852 million).

The capital markets funding as at 31 December 2018 consisted of bonds and commercial paper outstanding of NOK 10,900 million (NOK 11,026 million) and NOK 2,500 million (NOK 3,000 million), respectively, which accounted for 70 per cent of total interest bearing debt. Bank funding of NOK 5,771 million (NOK 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 NOK 230 million (NOK 189 million) as at 31 December 2018. In addition, the Group had committed, unutilised credit facilities totalling NOK 5,210 million (NOK 5,410 million).

Entra is experiencing an increasing supply of green financing from debt investors, banks and other financial institutions. Entra is well positioned to utilise this conditional and very favourable capital source, as the development and management portfolio consist of many highly environment friendly and BREEAM certified properties. Entra is established as a high-quality Green Bond issuer and has currently issued two Green Bonds with a total outstanding nominal amount of NOK 2,000 million. CICERO (Norway's foremost institute for interdisciplinary climate research) has provided a second opinion and certified Entra's Green Bond Framework. Entra was awarded the rating Dark Green, which is the best rating possible.

## Maturity profile and composition of interest bearing debt

Maturity profile	0-1 yrs	1-2 yrs	2-3 yrs	3-4 yrs	4+ yrs	Total
Commercial paper (NOKm)	2 500	-	-	-	-	2 500
Bonds (NOKm)	1 700	700	1 300	2 500	4 700	10 900
Bank loans (NOKm)	-	76	1 290	3 000	1 405	5 771
<b>Total (NOKm)</b>	<b>4 200</b>	<b>776</b>	<b>2 590</b>	<b>5 500</b>	<b>6 105</b>	<b>19 171</b>
Commercial paper (%)	60	-	-	-	-	13
Bonds (%)	40	90	50	45	77	57
Bank loans (%)	-	10	50	55	23	30
<b>Total (%)</b>						<b>100</b>
<b>Unutilised credit facilities (NOKm)</b>	<b>1 500</b>	<b>530</b>	<b>680</b>	<b>500</b>	<b>2 000</b>	<b>5 210</b>
Unutilised credit facilities (%)	29	10	13	10	38	100

## Interest rates and maturity structure

The average interest rate <sup>1)</sup> of the Group's debt portfolio as at 31 December 2018 was 2.85 per cent (2.90 per cent), and 57 per cent (54 per cent) of the Group's total interest bearing debt was subject to fixed interest rates. At the same time, the average remaining term to maturity of the Group's interest rate hedging instruments was 3.4 years (4.0 years). The decrease in the average interest rate is mainly due to termination of old and expensive interest rate swaps in the first quarter of 2018.

The Group manages interest rate risk through floating-to-fixed interest rate swaps and fixed rate bonds. The table below shows the maturity profile and contribution from these fixed rate instruments, as well as the maturity profile for credit margins on debt.

Fixed rate instruments <sup>2)</sup>			Forward starting swaps <sup>3)</sup>			Average credit margin	
	Amount (NOKm)	Interest rate (%)	Amount	Interest rate (%)	Tenor (years)	Amount (NOKm)	Credit margin (%)
<1 year	450	2.7	2 600	1.97	6.9	8 471	0.89
1-2 years	1 700	4.1	1 650	2.14	6.4	700	1.24
2-3 years	1 050	3.4				1 300	0.96
3-4 years	1 350	1.8				4 000	0.84
4-5 years	1 450	2.2				2 600	1.10
5-6 years	900	2.7				1 000	0.88
6-7 years	1 300	2.3				-	0.00
7-8 years	110	4.4				-	0.00
8-9 years	-	-				-	0.00
9-10 years	-	-				-	0.00
>10 years	400	5.6				1 100	0.39
<b>Total</b>	<b>8 710</b>	<b>2.9</b>	<b>4 250</b>	<b>2.04</b>	<b>6.7</b>	<b>19 171</b>	<b>0.89</b>

<sup>1)</sup> Average reference rate (Nibor) is 1.14 per cent as of the reporting date.

<sup>2)</sup> Excluding forward starting swaps and credit margins on fixed rate bonds (credit margins are displayed in the table to the right).

<sup>3)</sup> The table displays future starting point, notional principal amount, average fixed rate and tenor for forward starting swaps.



## Investment grade

Entra was on 3.10.2018 assigned Moody's investment grade rating Baa1 with Stable Outlook. According to Moody's, Entra's Baa1 long-term issuer rating reflects (1) its position as the largest office property company in Norway, (2) its leadership (81 per cent) position in office properties located in attractive locations on the fringe of the central business district (CBD) in Oslo, (3) its modern, high-quality property portfolio, (4) a clear, well-defined strategy to focus on offices in Norway's four largest cities and government tenants, (5) the large exposure towards

highly creditworthy government and public tenants with very long-dated average lease maturities and consistently high occupancy rates across all cities, and (6) good liquidity and high unencumbered asset ratio.

The Moody's Baa1 rating will contribute to a significant increase in credit availability for Entra in domestic and international debt capital markets and will enable Entra to further extend its debt maturity profile.

## Financing policy and status

The Group has adopted a conservative financial strategy that secures financial flexibility throughout an economic cycle. In this respect, Entra's financial profile is characterised by a moderate loan-to-value ratio, strong interest coverage ratio, diversified debt maturity and an ample liquidity position. Entra targets a loan-to-value ratio which shall be below 50 per cent over time. The Group's loan-to-value ratio as at 31 December 2018 was 41.3 per cent, representing a decrease from 43.3 per cent at year-end 2017. The lower loan-to-value ratio is mainly due to positive value changes from both the project and management

portfolio. The interest coverage ratio increased to 3.6 as of 31 December 2018 from 3.0 at the end of 2017, an increase which mainly stems from a reduced interest cost during 2018.

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 interest rate, financing and liquidity risk. The Group's financial policy has been approved by the Board and is revised at least on an annual basis.

Financial risk	31.12.2018	Financial policy
<b>Financial leverage</b>		
Loan-to-value (LTV)	41.3 %	Below 50 per cent over time
<b>Financing risk</b>		
Back-stop of short-term interest bearing debt <sup>1)</sup>	124 %	Min. 100 %
Average time to maturity (debt)	4.1	Min. 3 years
Debt maturities <12 months	22 %	Max. 30 %
<b>Interest rate risk</b>		
Interest coverage ratio (ICR)	3.6	Min. 1.8x
Average time to maturity (hedges)	3.4	2-6 years
Maturity of hedges <12 months	43 %	Max 50 %
<b>Credit risk / currency exposure</b>		
Counterpart's credit rating	Fulfilled	Min. A-/A3
Share of debt per counterparty	8 %	Max. 40 %
Currency exposure	0	0

<sup>1)</sup> See the section Definitions

# Risk management


Risk factors	Description/definition	How we monitor and minimize the risk	Changes in risk assessment during 2018
<b>Access to and price of financing</b>  Responsible: - CFO	<p>A reduction in access to finance could weaken the company's global credit rating from Moody's, refinancing possibilities and ability to finance new investments.</p> <p>In such a situation, the company could be exposed to an increase in financing costs which would weaken the underlying result, debt service ability and dividend capacity.</p> <p>Greater risk aversion in financial markets could weaken investor interest in the sector and contribute to a weaker value development for the property portfolio.</p>	<p>The development in the company's financing needs, ability and costs is monitored on a continuous basis and reported quarterly in business reviews in order to ensure that the financing operation supports the overall business strategy.</p> <p>We maintain strong relations with all of the top six Nordic banks and participants in the debt capital market.</p> <p>We maintain a diversified financing structure with a balanced maturity profile and financing mix in order to ensure stable and predictable access to capital.</p> <p>Entra established in 2018 an official global credit rating from Moody's. Entra obtained a strong Baa1 rating with stable Outlook, which will provide cheaper financing and increase Entra's access to credit markets.</p> <p>We maintain committed, unutilised revolving credit facilities in order to secure financing of debt maturities due in the next 12 months as well as interesting investment opportunities.</p> <p>We reduce risk by actively entering into appropriate interest rate hedges and by issuing fixed rates bonds.</p> <p>We monitor closely, and act upon, any new regulations in the bank and debt capital market with respect to possible implications for the company's future financing.</p>	<p>➔ The market for commercial real estate financing is open but became slightly more selective during 2018, and credit prices have been on a rising trend.</p> <p>Market interest rates have stabilised but there is still a risk of an increase from current historically low levels.</p> <p>We consider that Entra will be an attractive borrower in the coming period based on the company's predictable cash flow, strong tenant base and solidity, and solid global credit rating.</p>
Risk factors	Description/definition	How we monitor and minimize the risk	Changes in risk assessment during 2018
<b>Development in value of property</b>  Responsible: - CFO	<p>The property portfolio of Entra is valued quarterly by two external appraisers.</p> <p>A substantial negative development in the property value will affect both the profit and loss account through unrealised changes in value and through an increase in key figures like the loan to value ratio (LTV). A higher LTV could potentially have negative effects on Entra's cost of capital, access to capital and shareholders' interest and attention.</p>	<p>We follow up the risk quarterly through active dialogue with the external appraisers and continuous monitor the market.</p> <p>We work continuously on portfolio optimisation and risk mitigation in relation to geography, letting profile, segment, and «strategic fit».</p> <p>We focus on risk reducing measures in the portfolio, including lease lengths, counter party risk, occupancy ratio, and the overall quality of the portfolio.</p> <p>We have an objective to keep LTV below 50 per cent over time, and we regularly simulate different negative scenarios in the market, which could affect the market value of Entra.</p>	<p>➔ Entra's property portfolio has increased in value substantially in recent years, mainly as a result of lower yield requirements but also as a result of ongoing project completion and the signing of new and renegotiated leases, as well as increased market rent levels. During 2018, this trend has moderated, and value increases have stabilised over the year.</p> <p>The risk of an increase in long-term market interest rates, which then could affect investors' yield requirements and the market value of the portfolio, is still present. However, expectations of higher market rents, primarily in Oslo, will most likely offset this risk in the coming period.</p>


Risk factors	Description/definition	How we monitor and minimize the risk	Changes in risk assessment during 2018
<b>Safety</b>  Responsible: - EVP Project Development	<p>There is an inherent risk that Entra does not fulfil Oits statutory and ethical HES responsibilities in its business in connection with the operation of buildings, in building projects and as employer of its own staff.</p> <p>Entra's HES policy is that «it shall be safe to work, visit and move in and around Entra's properties and building projects».</p>	<p>Entra's employees have the necessary HES training and the right expertise:</p> <ul style="list-style-type: none"> <li>- All new employees are given HES training and an introduction to Entra's HES management systems</li> <li>- «The Entra School» covers statutory and Entra policy HES training.</li> </ul> <p>Entra has open, clear and systematic HES-communication, and HES is a topic at all board, top management, and employee meetings.</p> <p>Entra has monitoring systems and control/management on HES status:</p> <ul style="list-style-type: none"> <li>- Entra has an HES management system with targets and working routines/ instructions</li> <li>- Entra's HES management system is accessible by all employees and by external parties as required</li> <li>- Regular reports of HES-status are prepared</li> <li>- Continuous efforts are made to instil the right HES requirements with Entra's contract partners</li> <li>- Audits are made of selected projects</li> </ul> <p>We continuously focus on enhancing the safety culture in the organisation.</p>	<p>➔ We consider that the risk factor is unchanged during 2018. There is on all levels in Entra a strong focus on dangerous situations, near accidents and personal injuries so that Entra by investigating and following them up can learn from incidents.</p>

Risk factors	Description/definition	How we monitor and minimize the risk	Changes in risk assessment during 2018
<b>Occupancy ratio</b>  Responsible: - EVP Market and Commercial Real Estate Development	<p>The occupancy ratio in the management portfolio affects Entra's bottom line through growth in rental income and lower operating costs.</p> <p>The occupancy ratio in the management portfolio relates mainly to lease expiries and to what extent we are able to renegotiate with existing tenants. In addition, projects that are completed with vacant space will affect key figures.</p> <p>In the long term, the occupancy ratio is also affected by how flexible our buildings and lease arrangements are to changes in customer demand.</p> <p>The occupancy ratio in development projects indicates the level of risk Entra takes when we make investment decision.</p>	<p>The occupancy ratio in the management portfolio and in the development project portfolio are important key figures in all external and internal reporting. Vacancies and market opportunities are monitored regularly and reported quarterly through a detailed overview of all forthcoming lease expiries in the next four years.</p> <p>Expiring lease contracts, and the probability of renegotiation, are evaluated continuously. The largest customer accounts are followed up with separate "key account strategies". For all the major leases that expires during the next five years we focus on early involvement and broad contact with the relevant customers to identify future needs. This applies both to the flexibility related to increased/reduced space and different ways of organizing the work place.</p> <p>In all ongoing development projects, dedicated letting teams are established, consisting of letting, property and project managers. The letting teams work to ensure an optimized solution for the relevant building in relation to requirements and expectations from potential new tenants. The occupancy ratio in projects is reported and followed up internally continuously during the project and externally quarterly in connection with external reporting.</p> <p>In the planning of future development projects, a separate early phase strategy is prepared in order, among other things, to secure a high level of letting in the long term. Here, we combine markets and customer knowledge with building and operational expertise.</p>	<p>➔ The occupancy ratio in recent periods has been between 95 and 97 per cent and was at the end of 2018 96.5 per cent in the management portfolio.</p> <p>In addition, the occupancy rate in the project portfolio was high throughout 2018. Expected decrease in overall market vacancy, particular in Oslo, limits the market risk in Entra's total portfolio.</p> <p>There are several major leases expiring in the coming years that could affect the occupancy ratio significantly.</p> <p>The increased focus of public sector tenants on space/cost efficiency and various organisational changes can impact the occupancy ratio negatively on forthcoming renegotiations.</p>

Risk factors	Description/definition	How we monitor and minimize the risk	Changes in risk assessment during 2018
<b>Customer satisfaction</b>  Responsible: - EVP Property Management	<p>Customer satisfaction affects Entra in different ways. A high score on customer satisfaction over time reduces the risk that tenants will move out of our buildings.</p> <p>A high level of customer satisfaction is an important competitive advantage in any negotiating situation, allowing us to focus on other value drivers than price.</p> <p>Customer satisfaction can also be affected by other factors, such as negative comments about Entra in the media, or other situations that affect the reputation of the company negatively.</p>	<p>Customer satisfaction is measured annually through the Norwegian Tenant Index and is recorded and tracked on individual tenant level. This index is used by a large part of the real estate sector and enables us to benchmark ourselves with our competitors.</p> <p>The survey is divided into various topics and is a good tool to evaluate and analyse suitable areas for improvement and to demonstrate areas where we perform better than our competitors.</p> <p>For all large customers, an action plan is made based on feedback and dialogue on how Entra can further improve to meet customer expectations. Our customer strategy forms the basis for the work that we do with the tenants. One of the pillars of the strategy is that we should be "hands on" and close to our customers. This includes, amongst other topics, offering new products and services based on ongoing dialogue with our customers. Such dialogues take place through regular customer meetings, daily dialogue through the operating organisation in the various buildings, as well as at customer events organised by Entra.</p> <p>Our largest customers are followed up through "key account strategies" where we have set out how different parts of Entra work systematically to ensure the best customers experience at all levels of each customer's operations. From 2019, we will also carry out regular «customer journeys» together with our large customers to evaluate our customer offering and identify areas of improvement.</p>	<p>↓ In recent years, the customer satisfaction has increased considerably, and at the end of 2018 it was at a record high level of 83 points (area-weighted) for the second year running. A customer satisfaction score of 80 or higher is considered very satisfactory across all industries. Entra has been above this level for three consecutive years, which supports the view that our systematic work on customer satisfaction is well established in the company's culture. We therefore consider the risk related to customer satisfaction as reduced compared to the previous year.</p> <p>Through a continually strong customer focus in the entire organization and securing solid deliveries in our extended service offering, we regard the risk of customer satisfaction moving below the targets we have set as low.</p>

Risk factors	Description/definition	How we monitor and minimize the risk	Changes in risk assessment during 2018
<b>Build and retain critical competence</b>  Responsible: - HR Director	<p>The risk that Entra does not manage to maintain the expected personnel quality and capacity on critical deliveries within the company's core business.</p>	<p>The development and management of competence is an integral part of the business strategy.</p> <p>We have initiated measures on recruitment to secure relevant talent and applicants with future-oriented competence.</p> <p>We organise internal courses and measures to raise competence through the "Entra School".</p> <p>Our employees participate in professional networks and participate on external courses.</p> <p>We follow up employees with provision for competence and career development.</p> <p>We have implemented a structured system for succession planning.</p> <p>We conduct an annual employee survey and, upon evaluating the results, initiate actions as needed.</p> <p>We benchmark and assess compensation and benefits to ensure that we are competitive.</p>	<p>→ There is continued high level of activity in the property sector and a fierce competition for talent and attractive candidates.</p> <p>Voluntary turnover in Entra has increased from previous years, albeit we are still experiencing a low turnover compared to most other companies.</p> <p>There is tough competition in the labour market for leading edge competence particularly within ICT/ digitalisation, building and environmental technology and technical management.</p>

Risk factors	Description/definition	How we monitor and minimize the risk	Changes in risk assessment during 2018
<b>Information security</b>  Responsible: - EVP Digitalisation and Business Development	<p>Information security risk includes the threats that an external or internal attacker exploits vulnerability in Entra's processes, infrastructure or applications in order to cause harm to the company and/or users of the company's systems.</p> <p>Information security risk deals with the requirement for reliability and security in relation to the transfer and storage of information, including, but not limited to:</p> <ul style="list-style-type: none"> <li>- Cyber security that covers securing information values that are vulnerable via access from ICT-systems (Information and Communications Technology)</li> <li>- ICT security that covers securing information and communications technology in relation to confidentiality, integrity and availability.</li> </ul>	<p>We focus on security and employees' knowledge and attitudes, including training of all of Entra's employees. A new initiative implemented during 2018 is Nanolearning (short, internet-based learning sessions) for all employees to increase focus and to improve understanding of ICT threats.</p> <p>We use suppliers with certifications that focus on security.</p> <p>We have outsourced the operational part of ICT security to one of Norway's top-class companies.</p> <p>We regularly carry out analyses of critical systems related to operation of our buildings and the company, and major systems are connected to the external ICT security company's platform and fire wall.</p> <p>We use a third party to carry out audits and testing of actual security on systems and users. A strategy and action plan for the next three years is being updated.</p>	<p> Industry analyses point to increased risk for corporates overall.</p> <p>In addition, Entra's buildings are becoming more technologically sophisticated, and new technology also constitutes a possible increased security risk.</p>

Risk factors	Description/definition	How we monitor and minimize the risk	Changes in risk assessment during 2018
<b>Project profitability</b>  Responsible: - EVP Project Development	<p>Entra uses net present value as a measurement parameter for profitability in project investments with a yield requirement that reflects the individual project's risk profile.</p> <p>Project profitability is assessed continuously in relation to changes in financial key figures; mainly the direct return («yield on cost») and economic occupancy ratio.</p> <p>Profitability is measured and reported against assumptions made at the time of the investment decision.</p> <p>Project investments are also affected by a number of external factors that are outside the company's control, such as a weak development in the consumer price index, higher interest rate levels, changes in taxes and duties, etc.</p>	<p>A thorough risk assessment is made before each investment decision.</p> <p>Normally, we require that at least 50 per cent of the project is pre-let before we start the projects to reduce income risk.</p> <p>We work with one main contractor on a fixed price contract on each large projects, including extensive use of turnkey construction contracts, which reduce the cost risk.</p> <p>We have internal project managers to secure ownership, good project management and risk management throughout the entire project.</p> <p>We closely monitor and report progress on financial parameters, quality and time schedule on all projects that have been commenced.</p> <p>Plans are established for letting work related to vacant premises at the start and during project implementation.</p>	<p> We consider that the risk of lower project profitability has become higher during 2018. This is mainly caused by the sum of the following factors:</p> <ul style="list-style-type: none"> <li>- Rising project costs as a result of higher pressure in the contracting market, particularly in the Oslo area where Entra has several projects under development</li> <li>- In the next two years, we have a higher degree of refurbish-ments than newbuilds. Redevelopments normally have a higher risk than newbuilds</li> <li>- Generally, there is a high economic occupancy ratio for ongoing projects, but several development projects are considered to have a lower occupancy ratio at the start than what has been the case in recent years. As these mainly are redevelopment projects in Central Oslo, we are nevertheless comfortable with this increased risk</li> <li>- A greater element of new office and cooperation concepts, such as co-working with turnover-based rent and special concepts targeted towards specific industry clusters, might involve a greater risk compared to the traditional letting model. This is mainly as a result of a shorter duration for the end user and increased exposure to vacancy in a possible economic downturn</li> <li>- Several projects are likely to be multi-user buildings and experience indicates that this increases the likelihood of delays, increased costs and lower income in the first year of operation</li> </ul>

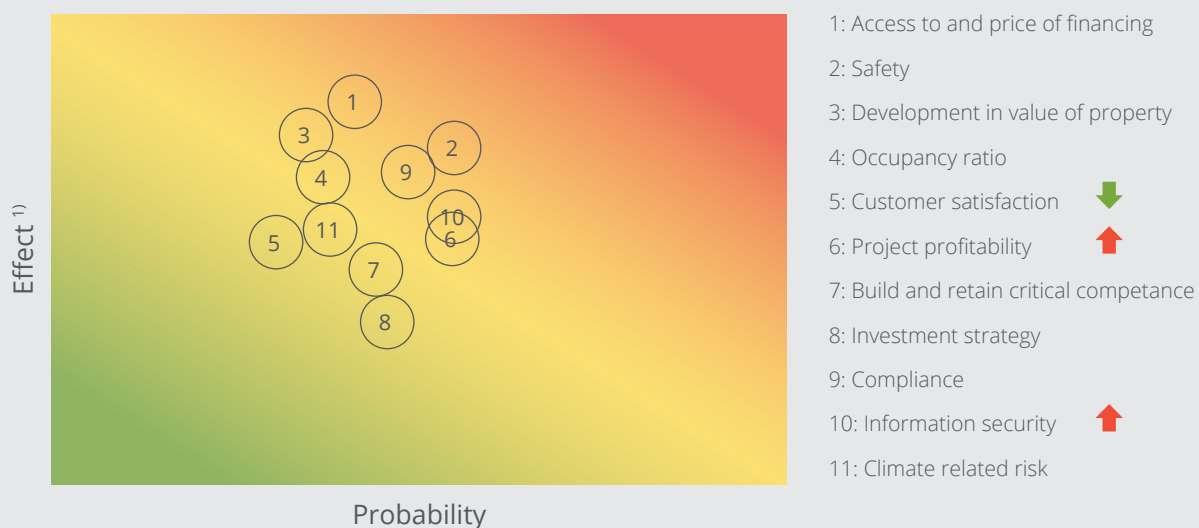
Risk factors	Description/definition	How we monitor and minimize the risk	Changes in risk assessment during 2018
<b>Investment strategy</b>  Responsible: - CFO	<p>Acquisition and divestments of assets, including portfolio rotation, is an important tool to achieve Entra's objectives.</p> <p>Particular risk factors identified include:</p> <ul style="list-style-type: none"> <li>- Diversification, including geographic, sector and type</li> <li>- Timing of transactions in relation to economic cycles and the life-cycle of the individual property</li> <li>- Access to development sites and property for development</li> <li>- Technical errors and incorrect assumption in valuations and investment calculations</li> <li>- Matters that are not revealed or overlooked in due diligence</li> <li>- Poor decision-making processes, including a lack of objectivity, an incorrect agenda/incentives, "group thinking", the degree of risk appetite, and inadequate expertise.</li> </ul>	<p>Our key employees have long experience from M&amp;A combined with commercial real estate market knowledge.</p> <p>We evaluate each investment case by reference to strategy, risk and profitability. This is done at several levels, including the CFO unit, Entra's investment committee, top management, and Board of directors.</p> <p>We review capital return requirement with the board at least annually, but more often if indicated by changes in macro and risk.</p> <p>We thoroughly scrutinize and verify assumptions in the investment model by different external and internal professionals. Financial models are always reviewed by at least two people.</p> <p>All investments exceeding NOK 100 million must be approved by the Board of directors.</p>	<p>➔ The economic cycle appears to be stagnating/levelling out.</p> <p>There is greater competition for sites/ development projects.</p> <p>There is still significant activity in the transaction market, and the buyer interest stemming from both domestic and foreign investors is very strong</p>

Risk factors	Description/definition	How we monitor and minimize the risk	Changes in risk assessment during 2018
<b>Climate related risk</b>  Responsible: - CFO	<p>We consider short, medium and long term time horizons to be 0-3, 3-10 and 10+ years, respectively. Herein, we recognise that climate-related issues tend to manifest themselves over the medium to long term and that our properties have a life-time of many decades.</p> <p>Regulatory changes imposed resulting from climate related risks are highly relevant and are monitored closely by Entra.</p> <p>Increased severity of extreme weather events such as storms and floods is a long term risk. Property values constitutes most of Entra's balance sheet, and potential damage to property values could potentially be severe.</p> <p>Lagging behind with regards to new technology is a risk facing every company today on many levels, also climate related.</p> <p>Failure to comply and adapt to climate related matters is also a significant reputation risk which could result in e.g. lack of tenant interest, higher cost of capital in the financial market, and lack of ability to attract or retain talent. Also, not handling the company's corporate social responsibilities in an informed and good matter is a reputation risk, whereas the opposite is an opportunity.</p>	<p>Entra's buildings are well maintained, and we build and refurbish buildings to higher standards than current regulation demand. All newbuilds and major redevelopment projects are certified according to BREEAM-NOR, and we have started certifying our management portfolio according to BREEAM-In-Use.</p> <p>We observe that green buildings get higher valuations, slightly higher letting price per sqm (believed to be a stronger trend going forward), and green financing is more favourable than traditional financing.</p> <p>We invest in new technology and methods for producing more energy of our own, 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. Entra has a separate digital and technology department seeking to harmonise initiatives and drive the development.</p> <p>We actively work to reduce the CO<sub>2</sub> footprint, waste disposal, and energy consumption in our portfolio.</p> <p>The location of Entra's properties is not seen as particularly exposed to flooding. Damage to property from e.g. heavy rain is an integral part of risk management on individual asset level.</p>	<p>➔ While the gross risk related to climate has increased, Entra has invested significantly in process improvements and technologies to reduce this risk. As such, we find that the overall risk is unchanged during 2018.</p>



Risk factors	Description/definition	How we monitor and minimize the risk	Changes in risk assessment during 2018
<b>Compliance</b>  Responsible: - Chief Compliance Officer	<p>Compliance is a compilation of Entra's specific assessment of risk factors within the compliance area.</p> <p>Entra's key risk factors within compliance are viewed to be the following:</p> <ul style="list-style-type: none"> <li>- Corruption and financial crime</li> <li>- Ethics</li> <li>- Social responsibility</li> <li>- Personal data protection</li> <li>- Insider rules</li> </ul>	<p>Risk assessment, monitoring, and follow-up is an integral part of Entra's operations on all levels, including the Board of directors, that discuss risk on a regular basis.</p> <p>Entra has a structured plan to follow up each key compliance risk, including, but not limited to, the following:</p> <p>Corruption and financial crime:</p> <ul style="list-style-type: none"> <li>- E-training program</li> <li>- Purchase and invoice controls</li> <li>- External and internal whistle blower channel</li> </ul> <p>Ethics:</p> <ul style="list-style-type: none"> <li>- Dilemma training</li> <li>- External and internal whistle blower channel</li> </ul> <p>Social responsibility:</p> <ul style="list-style-type: none"> <li>- Socially responsible purchasing</li> <li>- Procurement policy</li> <li>- Supplier controls</li> </ul> <p>Personal data protection:</p> <ul style="list-style-type: none"> <li>- Data processing agreements</li> <li>- Establishment/ follow-up of internal routines</li> <li>- Focus on GDPR</li> </ul>	<p>➡ The overall compliance risk is perceived to be unchanged during 2018.</p> <p>The introduction of GDPR lead to, as expected, a potentially higher impact on risk through fines on companies that are not compliant with the regulations. Management has, however, worked diligently during 2018 to ensure that the company is compliant regarding GDPR.</p>

## Summary risk-matrix



<sup>1)</sup> Both financial and/or non-financial effects

# Sustainability report

To operate our business in a sustainable manner is of key strategic importance to Entra and is seen as a prerequisite for the company's long-term results and value creation. Entra has a systematic approach towards understanding and managing the company's impact on society, as well as stakeholder requirements and expectations. This report highlights our activities and achievements during 2018 and outlines what we have planned for 2019.

## Reporting standards and responses

To enable our stakeholders to compare and evaluate our reporting, we compile and align the Sustainability report for 2018 with two reporting frameworks: the EPRA Sustainability Best Practices Recommendations on Sustainability Reporting (EPRA BPR) and the Global Reporting Initiative Standards (GRI).

The EPRA BPR Guidelines provide a consistent way of measuring sustainability performance for real estate companies and cover environmental, social and corporate governance impact categories. The GRI Standards, applicable to all industries, include both relevant disclosures for a range of economic, environmental and social topics as well as reporting principles related to the reporting process. This report has been developed in accordance with the GRI Core option. The EPRA tables are included at the back of this Sustainability report, and the GRI tables are included at the back of the annual report.

In this report we have also set out a review of the UN Sustainable Development Goals (SDG) against our sustainability strategy and highlighted where we align.

We have again submitted a response to CDP and, for the first time in 2018, provided a response to the Global Real Estate Sustainability Benchmark (GRESB). We achieved the CDP score B and GRESB Green Star status with a total score of 81.

## Third party verification

Entra has engaged Deloitte to conduct a review and provide a limited level of assurance on Entra's Sustainability report. The review and assurance are carried out in accordance with the assurance standard ISAE 3000 "Assurance Engagements other than Audits or Reviews of Historical Financial Information" established by the International Auditing and Assurance Standards Board. The auditor's conclusion and scope of work is presented in the Auditor's report, included at the back of this Sustainability report.

## Management approach

Sustainability is fundamental to Entra's strategy and has been so for many years. The Board of Directors review and set out the sustainability focus areas and overall risk analysis at least on an



**GRESB Score**  
GRESB Average 68

**Green Star**  
Peer Average 73

annual basis, and various sustainability topics are on the Board agenda regularly, e.g., revision of the environment strategy, corporate governance, ethical guidelines, and risk analysis. The individual business units present business reviews to the Board of Directors at least on an annual basis. These reviews also include sustainability targets and KPIs. Targets are then aggregated into company KPIs and followed up on a regular basis.

The CEO is responsible for following up the implementation of the sustainability strategy in Entra. Implementation and evaluation of risks and opportunities is mostly handled by the individual business units and is reported to the CEO/CFO through quarterly business reviews and in corporate management meetings. Entra has also set up a Sustainability Committee that has a separate responsibility to evaluate, follow-up and implement new initiatives. This Committee reports to corporate management on a regular basis.

## Supporting the UN Sustainable Development Goals

As a major participant in the Norwegian property market, Entra has an important role to play in supporting Norway's response to the 17 Sustainable Development Goals (SDGs). To do this, we have reviewed our sustainability strategy and programme against the SDGs to highlight where we align.

We see the following goals as particularly significant to our business and how we operate: SDG 9 Industry, Innovation and Infrastructure, SDG 11 Sustainable cities and communities, SDG 12 Responsible consumption and SDG 13 Climate action.



### Goal 9: Industry, innovation and infrastructure

Entra focuses on innovation and actively seeks innovative environmental solutions for its properties and building projects. Entra focuses 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 seeks solutions for increased production, storage and exchange of renewable energy.



### Goal 11: Sustainable cities and communities

Entra seeks to contribute to urban districts that are sustainable, attractive, inclusive and accessible for residents and others that work or visit the area. We take an active role in developing

the areas and public spaces around our buildings, and we ensure they are accessible to those with disabilities. We seek to use environment friendly materials and solutions when developing and operating our buildings. We seek solutions for

re-use of furniture and materials, and we focus on making and maintaining our buildings climate resilient.



### Goal 12: Responsible consumption and production

Entra sets performance requirements in its development projects which focus on the efficient use of natural resources, lifecycle

efficiency and high levels of waste reduction and recycling. This is reflected in our management of our buildings where we set targets for waste sorting and place focus on re-use of materials in our projects.



### Goal 13: Climate action

We have set science-based targets which are set towards a two degrees reduction scenario. We are committed to reduce our carbon emissions and make sure that our portfolio is climate-

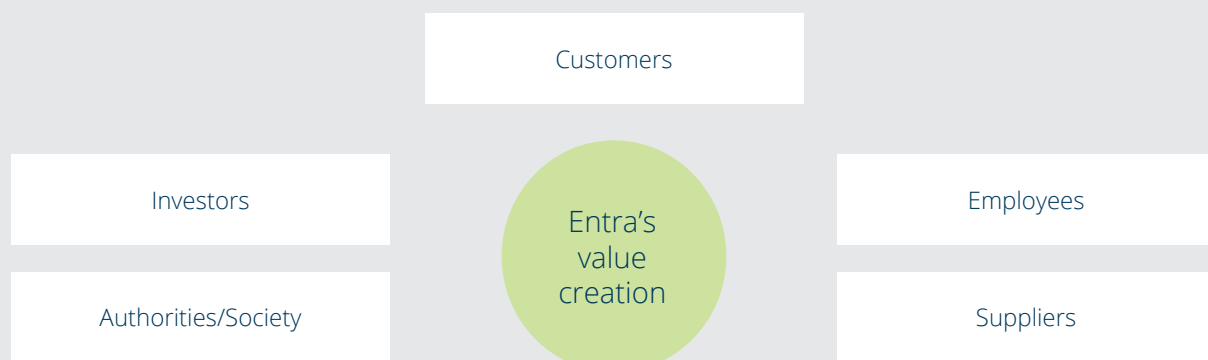
resilient. For a more comprehensive description of our work on taking climate action, please see the section below.

## Stakeholder dialogue

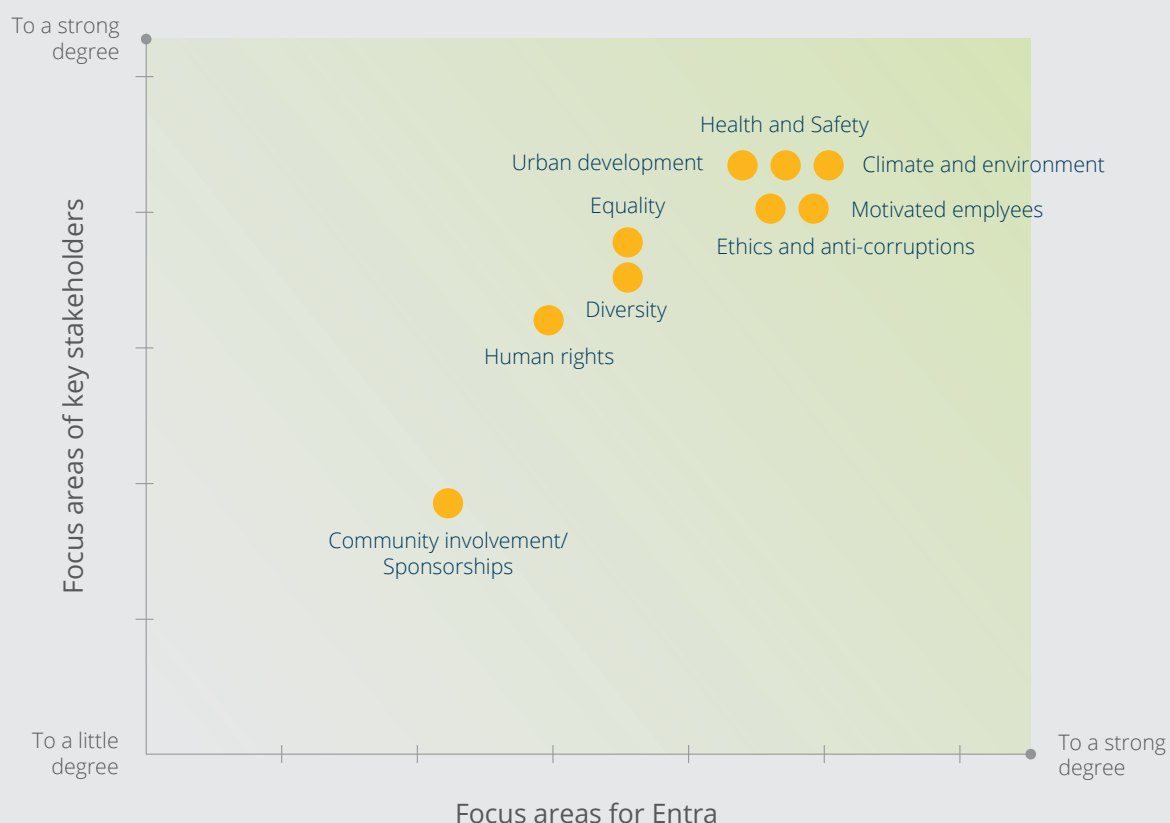
It is important for Entra to maintain an open and honest dialogue with its main stakeholders. Such dialogue provides valuable feedback and enables Entra to continue to improve, to build trust and to enhance its reputation.

A structured process towards selecting the report's content and confirming its validity is undertaken on an annual basis. The focus areas of this report have been revisited and confirmed by Entra's Board and management. Entra engages with various groups and individuals to understand specific opportunities and

## Entra's main stakeholders



## Materiality analysis



## Focus areas



Climate and the environment



Urban development



Motivated employees



Ethics and anti-corruption measures



Health and safety

concerns about our business and its impact. Such engagement is, amongst others, based on dialogue, meetings and feedback from business partners, shareholders, customers, investors, authorities and employees. Other sources of information include an assessment of media and industry reports. In 2018, the materiality analysis and focus areas have been revisited and their validity confirmed by Entra's management and Board.

Entra's stakeholders are particularly concerned about how we handle environmental matters, governance, ethics and

anti-corruption measures, our corporate culture and employee satisfaction and our role as a major owner and developer of properties in the largest cities in Norway.

### Materiality analysis and focus areas

A systematic approach towards understanding and managing the company's external factors is a prerequisite for future value creation. The main steps in selecting the focus areas involve 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. The topics are believed to be important for future progress and long-term value creation. The materiality analysis was re-visited and reviewed by Entra's Board and management in December 2018. The outcome of the analysis is in all material aspects similar to the previous year and is illustrated on the next page.

Based on the materiality analysis the five areas set out in the illustration on the previous page continue to be seen as core to 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 three strategic pillars and an important part of Entra's corporate social responsibility. Entra has developed a corporate culture with a strong environmental focus throughout the entire company. Entra's environmental awareness and work to prevent climate change is built on the precautionary principle. Entra's environmental leadership has become well-known among its stakeholders, and the environmental commitment contributes to its ability to attract the best and most competent resources.

### Background and CO<sub>2</sub> targets

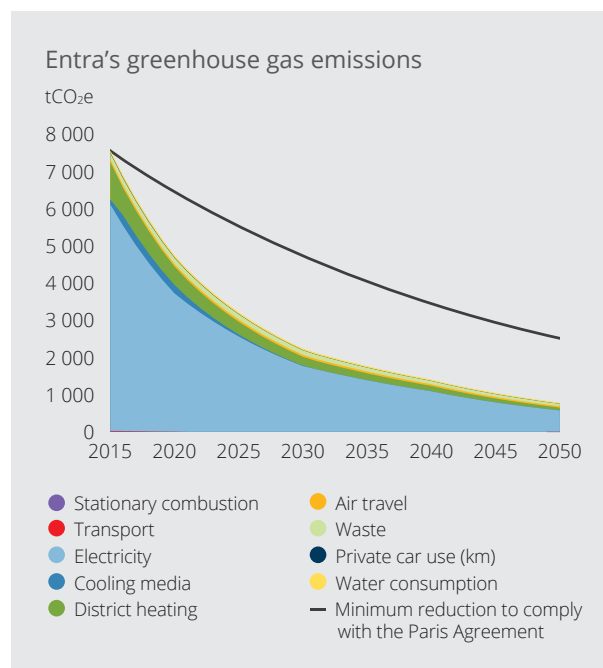
According to the Paris Agreement, global warming is to be limited to 2° Celsius and efforts should be made to achieve 1.5°. Norway is one of 196 UN countries that have signed the agreement, and the nation is committed to cutting CO<sub>2</sub> emissions by 40 per cent by 2030. The City of Oslo has chosen a more aggressive ambition and has a goal to cut the city's CO<sub>2</sub> emissions by 50 per cent by 2020 and 95 per cent by 2030<sup>1)</sup>. Against this background, Entra's environmental strategy is built on how Entra can contribute to cutting its own CO<sub>2</sub> emissions as well as influence others to cut theirs.

The figure above to the right illustrates a projection of Entra's direct CO<sub>2</sub> emissions and the factors that are included in the calculation. The calculation and projection have been made by CEMAsys.com and Entra, and the CO<sub>2</sub> factor used in the calculation is based on Electricity Nordic mix.

As can be seen from the graph, it is estimated that Entra's emissions of greenhouse gases 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 a year. Given that Entra expects an increased degree of occupation and extended working hours in the buildings, this may, however, be ambitious. The emission reduction needed to be compliant with the 2° target is based on IPCC AR5 methodology.

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<sub>2</sub> footprint.

We have also increased our focus on influencing and setting requirements for our counterparties. In Oslo, it is estimated that 61 per cent of emissions come from the transport sector,



19 per cent from waste and 17 per cent from buildings<sup>1)</sup>. We thus believe that influencing and setting requirements on suppliers, customers and other stakeholders with a significant environmental impact would contribute significantly to the overall carbon account.

### Entra's environment strategy 2018–2020

In order to maintain and strengthen Entra's position as an environmental leader, Entra has outlined a short-term strategy and targets for 2018–2020. The strategy has the following overall objectives:

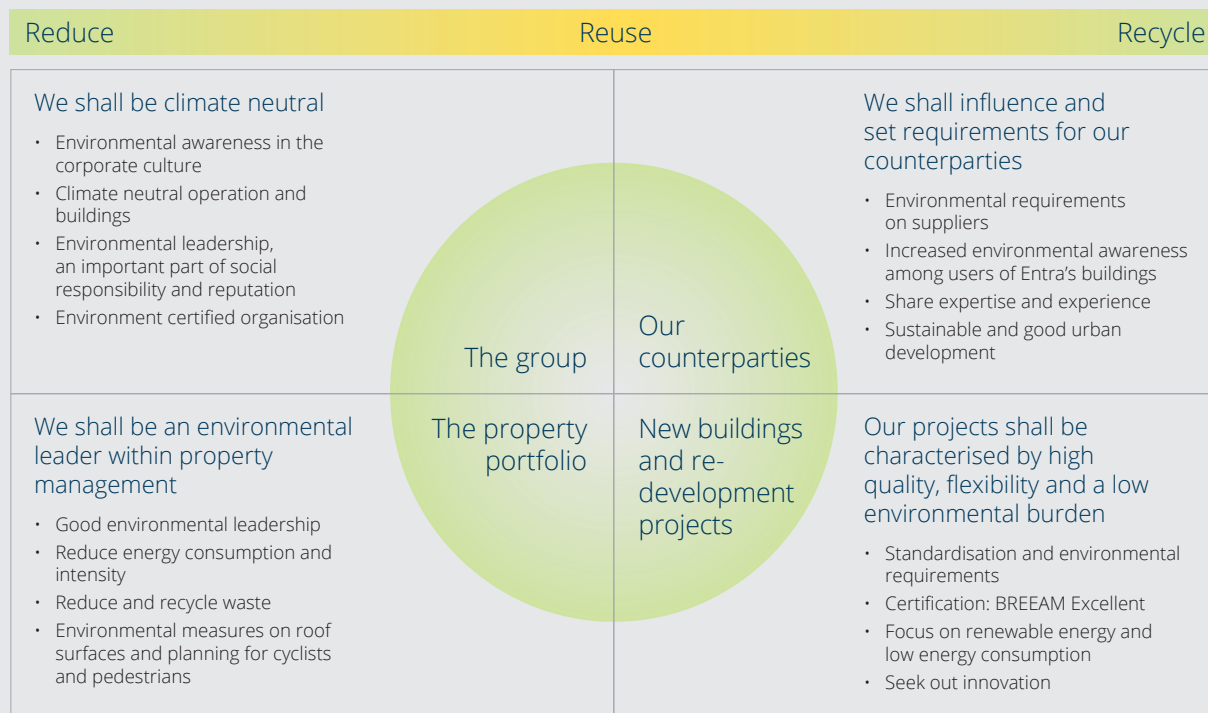
- Entra shall be an environmental leader within property management
- Entra's property portfolio shall be climate neutral
- Entra shall influence and set requirements for our counterparties
- Entra's newbuild and redevelopment projects shall have a high degree of quality and flexibility and a low environmental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

### Entra's business shall be climate neutral

Entra has a corporate culture where environmental awareness is strongly embedded at all levels in the organization. This is something that Entra wishes to maintain and further enhance and use as a lever in implementing an even broader environmental focus. Entra strives for a culture in which all 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.

<sup>1)</sup> Source: Oslo Kommune (2016) Climate and energy strategy for Oslo, Adopted by the City Council in Oslo 22.06.2016 (Proposition 195/16). pg. 10.

## Our refined environment strategy



Entra has an ambition to act as an example in relation to a lessee's environmental focus. As a consequence, Entra's head office in Oslo was in 2017 environmentally certified in accordance with the requirements set out in "Miljøfyrtårn" (Environment Lighthouse).

As an extension of this, Entra will work on influencing attitudes and seek to lift everyone's awareness so that the company also is an environmental leader as an office user.

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<sub>2</sub> consumption and is thus the most important single source in impacting our carbon footprint. From 2017 to 2018, Entra reduced its CO<sub>2</sub> emissions by 11 per cent, from 6.455 tonnes to 6.383 tonnes. In 2018 Entra also purchased electricity certificates for near all the electricity used in its buildings. Entra has a goal to reduce its current CO<sub>2</sub> footprint by 70 per cent from 2015–2030. This will be achieved through, among other things, replacing energy bought with green energy we have produced ourselves, phasing out environmentally harmful cooling media, reducing the quantity of waste, and focusing on green transport. The rapid developments taking place within solar and battery technology contribute to our optimism in this regard.

In order to compensate for its own emissions and make Entra's business close to climate neutral, Entra buys guarantees of origin ("green power") corresponding to the electricity consumption of its buildings. Entra will also gradually produce more and more renewable energy through new development and redevelopment projects.

Entra has also carried out a number of green measures in its buildings, and this has been an important contributor to succeeding in reducing energy consumption. These measures have, amongst others, 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 by using roof and wall surfaces for producing solar power. This type of investment usually has a long payback period, and Entra will therefore consider whether to adopt a slightly lower return requirement in relation to environment investments and innovation that protects 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 interested parties to contribute to the "green shift". Specifically, this means that Entra prefers



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

Focus areas	Targets and measures
Environmental awareness is part of our corporate culture	<ul style="list-style-type: none"> <li>• We will work to improve expertise, with concepts for increased environmental awareness and responsibility among the employees</li> <li>• We will encourage employees to choose environmentally friendly transport</li> </ul>
Our operations and buildings shall be climate neutral	<ul style="list-style-type: none"> <li>• We are working actively to reduce our CO<sub>2</sub> footprint and have an objective to reduce this by 70 per cent from 2015-2030</li> <li>• We will gradually replace energy bought with renewable energy produced by ourselves</li> <li>• Until our business is CO<sub>2</sub> neutral, we will climate compensate for our CO<sub>2</sub> emissions by: <ul style="list-style-type: none"> <li>– Buying guarantees of origin for all electricity used in our buildings</li> <li>– Buying climate quotas related to other CO<sub>2</sub> emissions</li> </ul> </li> <li>• We plan for phasing out all cooling media that are not climate-friendly</li> <li>• We focus on the environment and innovation and will consider to have a lower return requirement for environmental investments</li> </ul>
Environmental leadership is an important part of our social responsibility and reputation	<ul style="list-style-type: none"> <li>• Attract the most competent and innovative people and partners</li> <li>• Make our environmental commitment known to our counterparties</li> <li>• Continue to issue green bonds and secure green bank financing where applicable</li> </ul>
Environmental certification and reporting targets	<ul style="list-style-type: none"> <li>• Organisation and head office certified in accordance with "Environmental Lighthouse" process</li> <li>• GRESB "Green Star"</li> <li>• Retain CICERO rating "Dark shade of Green"</li> <li>• Ownership and follow-up of environmental targets in the regions and project development</li> </ul>

partners that also have a clear environmental profile and will put the environment on the agenda in meetings with their counterparties. Entra sets environmental requirements on its suppliers and partners through conditions on purchasing and social responsibility, sets requirements for fossil-free construction sites and imposes 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 its customers, the tenants of the buildings, but also their employees and visitors are included in this definition. Entra will seek to implement environmental measures that are visible and inspiring for the people that work in our buildings. We will also create conditions for our tenants to be able to implement environmental measures, both on their own and in cooperation with Entra through, amongst other initiatives, Green Benefit Agreements. Entra's role is to identify the potential together with customers and then implement and finance the measures. Customers refund the cost through an increased rent for a set period of time on the basis that the customer's share of operating costs is reduced by more than the increase in rent. Once the initial investment has been paid down, the customer receives the benefit through lower common costs. Since 2011, Entra has signed more than 100 Green Benefit Agreements with its tenants.

In addition, Entra will continue to 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.

#### Membership of associations

Entra participates actively in various technical bodies, industry cooperation and industry organisations such as Powerhousealliansen, Grønn Byggallianse, Zero, NGBC and Norsk Eiendom. Entra also participates in R&D projects such as "Svalent" together with Sintef and in a cooperation project with Obos, Norsk Gjenvinning and CSR Consulting regarding industrial solutions for upcycling of materials.

#### Entra shall be an environmental leader within 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 has another four certifications ongoing. In addition, Entra plans to start the BREEAM In-Use certification process for four more buildings in 2019.

Over time Entra has built a culture in which energy management is an integrated part of its operating organisation. Entra has

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

Focus areas	Targets and measures
Set environmental requirements for our suppliers	<ul style="list-style-type: none"> <li>• Environmental requirements in Entra's conditions for purchasing and social responsibility</li> <li>• Requirements for reduced waste quantities, reuse and recycling</li> <li>• Require a prohibition on the use of materials hazardous to health and environment</li> <li>• Put the environment on the agenda in meetings and contracts with suppliers</li> </ul>
Increased environmental awareness among users of Entra's buildings	<ul style="list-style-type: none"> <li>• Carry out environmental measures that are visible and inspiring for people that work in and visit our buildings</li> <li>• Facilitate the carrying out of environmental measures by customers</li> <li>• Enter into "green benefit agreements" with our customers</li> </ul>
Share our expertise and experience	<ul style="list-style-type: none"> <li>• Hold lectures, contribute to technical bodies, industry cooperation, industry organisations etc.</li> </ul>
Contribute to sustainable and good urban development	<ul style="list-style-type: none"> <li>• Contribute to relevant environmental solutions in property and urban development, with good transport and energy solutions, climate adaptation and greater biological diversity</li> </ul>

worked systematically over time to reduce energy consumption in its portfolio (from 202 kWh/sqm in 2011 to 142 kWh/sqm in 2018). An important reason why Entra has succeeded in this work is the systematic work over time, supported by an energy management system which has made it possible to measure, compare and follow up various initiatives. 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.

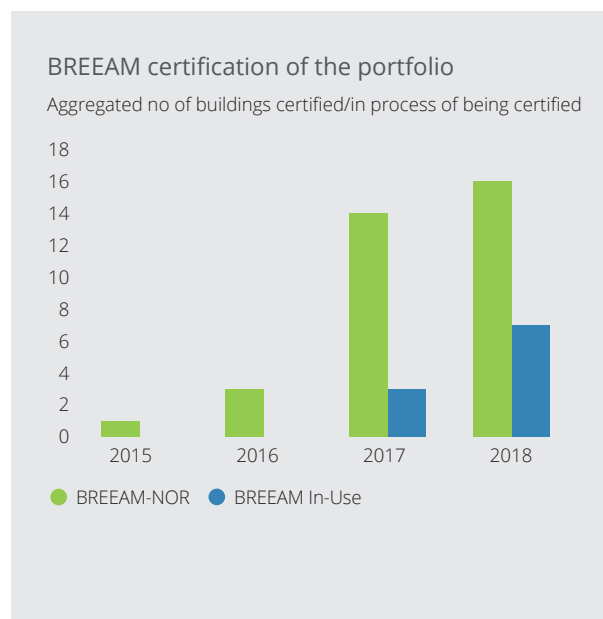
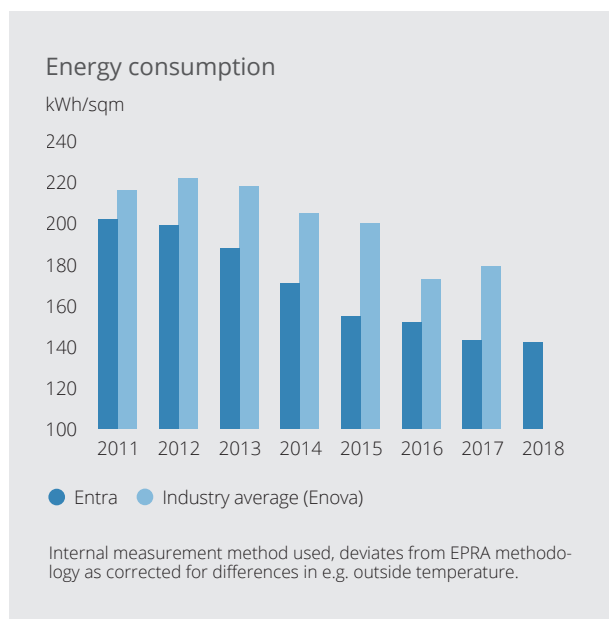
Entra will maintain its focus on reducing energy consumption in its management portfolio and has a target to get below 135kWh per sqm in 2020. Entra can contribute to a reduced load on the energy grid and lower costs in relation to energy intensity in the portfolio, by introducing this as a parameter in the same way as consumption.

Entra also want to broaden its environmental focus by using the coming years to implement a culture where all Entra employees work 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 on a continuous basis.

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

Focus areas	Targets and measures
Good environmental leadership	<ul style="list-style-type: none"> <li>• Use environment leadership system for control, comparison and follow-up of individual buildings (Optima)</li> <li>• Breeam In-Use certify four more buildings in 2019</li> <li>• Breeam In-Use certify HQ offices</li> </ul>
Reduced energy consumption and intensity	<ul style="list-style-type: none"> <li>• Target 145 kWh/sqm in 2018, 140 kWh/sqm in 2019 and 135 kWh/sqm in 2020</li> <li>• Increase proportion of self-produced green energy</li> </ul>
Reduce peak load	<ul style="list-style-type: none"> <li>• Focus on load control in order to reduce energy demand during peak usage times in 2018</li> </ul>
Reduce and recycle waste	<ul style="list-style-type: none"> <li>• Target 75 per cent waste sorting in 2019 in both projects and property management.</li> <li>• Reduce water consumption</li> </ul>
Environmental measures	<ul style="list-style-type: none"> <li>• Strategy for roof surfaces and facades</li> <li>• Make provision for cycle transport</li> <li>• Actively seek innovative and environmentally friendly solutions</li> </ul>



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

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

Entra has been a leader in the development of environmentally sustainable buildings and has for many years had high

environmental ambitions on all its projects. In cooperation with the Powerhouse alliance, Entra has refurbished five older buildings to "Plus buildings/Powerhouses" at Kjørbo in Sandvika and 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 local power stations that deliver environmentally-friendly energy. Entra has thus contributed to persuading the industry to consider "virtually zero use of energy" on both new buildings and redevelopment projects.

#### ENTRA'S NEW-BUILD AND REDEVELOPMENT 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	<ul style="list-style-type: none"> <li>• Further develop the standard specification for projects (the "Entra building")</li> <li>• Develop a standard specification for tenant requirements</li> <li>• Set requirements for fossil-free construction sites and request fossil-free transport</li> <li>• Establish a strategy for all development projects in Entra with the following objectives: <ul style="list-style-type: none"> <li>– request and facilitate flexible solutions and multi-use premises</li> <li>– requirements for reuse of materials, reduction of waste quantities and degree of sorting</li> <li>– more materials with low CO<sub>2</sub> emissions (documented through EPD)</li> <li>– choice of building products with low life cycle costs (LCC)</li> </ul> </li> <li>• The environment strategy for the project is to be presented as part of the investment decision and reported in BR</li> </ul>
Certification	<ul style="list-style-type: none"> <li>• Objective of a minimum of BREEAM-NOR Excellent on all new development projects</li> <li>• Objective of a minimum of BREEAM-NOR Very good on major redevelopments</li> </ul>
Focus on renewable energy and low energy consumption	<ul style="list-style-type: none"> <li>• Objective of close to zero energy buildings (energy consumption less than 40 kWh/sqm)</li> <li>• Plan solutions for increased production, storage and exchange of renewable energy</li> </ul>
Innovation	<ul style="list-style-type: none"> <li>• Actively seek innovative and environmentally friendly solutions</li> </ul>

## 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 listed below:

Measure	Status
Certify the organization	Entra's headquarters were certified as Miljøfyrtårn in 2017
Remove fossil heating in buildings	Completed on all Entra's properties except two buildings which were acquired in 2018. A plan for phasing out will be established
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	Seven properties certified or in process of being BREEAM In Use certified. Planning additional four certifications in 2019
Conduct a study of what the roofs can and should be used for	Study ongoing
Demand and reward innovative environmental solutions	Request and demand innovative solutions in new-build development projects.
Require architects to make plans for re-use of materials and minimize waste	Implemented in several of our projects. Possibilities investigated on a project by project basis
Order energy budgets to calculate real energy use	Implemented in Entra's standard technical requirements
Demand and prioritize building products with low CO <sub>2</sub> emissions	To be implemented in Entra's standard technical requirements
Demand fossil free construction sites	To be implemented in Entra's standard technical requirements

Entra's new buildings are BREEAM-NOR certified, with a goal of obtaining, as a minimum, BREEAM-NOR Excellent, while for redevelopment projects the objective is a minimum of BREEAM-NOR Very Good. This requires, among other things, analysis of life-cycle costs, low energy consumption, a good internal climate and innovative measures. On completion of buildings currently under construction and ongoing certification processes Entra will have BREEAM-NOR built/refurbished 16 buildings and BREEAM In-Use certified seven buildings.

Entra's new buildings and redevelopment 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<sub>2</sub> 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 also plans to develop a standard delivery description for tenants where these factors are taken into account.

Entra actively seeks innovative environmental solutions for its properties and building projects. We focus on renewable energy and low energy consumption in all of our 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 applies for and receives financial support from Enova for individual environmental measures taken in its development projects. Entra received approximately NOK 20 million in five of its development projects in 2018.

### Green Bonds

During 2016 and 2017, Entra has issued two Green Bonds, capitalizing 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.

The rating Dark Green is given to projects and solutions that realise the long-term vision of a low-carbon and

“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

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 characterized 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.

At the end of 2018, the Group had 164 employees, of which 162 work full time and two are temporary employees. 138 of the employees work in Oslo (including Sandvika and Drammen), 10 in Bergen, 13 in Trondheim and 3 in Stavanger.

### 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 and key talent 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 2018, Entra used the survey from Ennova for this purpose. The survey is standardized and gives a score both for the level of motivation and satisfaction of employees and the factors that drives their experience. Entra's results are compared against a representative national benchmark (GELx) and a benchmark “top in class” of the 25 per cent best in Ennova's client database. In 2018, Entra had an employee motivation and satisfaction score of 83, an improvement of 4 points from 2017's score of 79. The score is also significantly above the national benchmark GELx score of 70 and also well above the “top in class” score of 76. The result of this survey confirms the positive development from the employee job satisfaction score measured in prior years.

### Health and working environment

Entra carries out a number of measures to contribute to the health of its employees. As an example, all employees are offered annual health checks. 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 2018 was 4.2 per cent. This is low compared to a country average of 6.2<sup>2)</sup> per cent. The objective is a continued low level of sick leave.

### Workers' rights

Entra complies with established standards and employment legislation. Entra is a member of the Confederation of Norwegian Enterprise, and tariff agreements have been established with employee organisations. Entra is covered by collective bargaining, and the agreements are made applicable to all employees. Negotiations and follow-up in the event of operational changes or restructurings follow Norwegian law.

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

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

The safety officer's main function is to take care of employee's interests in matters that relate to the working environment. The safety officer is elected for two years at a time 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' work lives.

### Equality and diversity

Equal opportunities and diversity are an integral part of the company's personnel policy. Entra believes in the benefits of diversity, and this goal is incorporated into Entra's recruitment procedures and is reflected in the composition of senior management. Entra strives for diversity on a broad basis, including gender, age, background, education and nationality. 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.

### Targets and status

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

## 3. Ethics and anti-corruption

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, including an e-learning programme, 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 anonymously to an independent, experienced law firm with a duty of confidentiality in order to lower the threshold for an employee compared with having to contact a member of staff in Entra. A direct point of contact to the law firm is available on [entra.no](mailto: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 covering 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 suppliers within its supplier base to ensure that the company only does business with serious counterparties.

### Entra's supply chain

Entra spends NOK 2–2.5 bn per year on external suppliers. The main suppliers are the largest construction companies in Norway and their sub-suppliers such as carpenters, electricians, plumbers etc. In property management, the largest suppliers are facility management suppliers such as canteen operations, cleaning etc. Entra has signed framework agreements with its largest suppliers which mainly consist of large Norwegian companies.

### Corporate Social Responsibility in the supply chain

The construction industry in which Entra operates faces challenges related to business crime and social dumping. Entra has established procedures to ensure that Entra only uses 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.

There is considered to be limited risk associated with rights to e.g. exercise freedom of association and collective bargaining, child labour or forced and compulsory labour in Entra's direct supply chain. There may, however, be more risk further down in the supply chain with sub-suppliers, although none has been identified in recent years. Entra has set "Socially Responsible Purchasing Guidelines" that must be followed by both suppliers and their sub-suppliers in its supplier qualification requirements.

### Supplier qualification requirements

In order to enter into an agreement with Entra, all suppliers must accept and follow Entra's "Socially Responsible Purchasing guidelines for suppliers".

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

<sup>2)</sup> Source: Statistics Norway: Sickness absence Q3 2018





- HSE on construction sites
- Well-functioning work conditions and labour rights
- Economy and solidity
- Business ethics and relations

The guidelines are set to ensure that there are good working conditions in the suppliers' and in their sub-suppliers' businesses. Suppliers and sub-suppliers are to be registered in the Registry of Business Enterprises and are at all times obliged to provide an organisation number. Entra is against all forms of discrimination. All employees and hired staff who are engaged in working on contracts must have salary and working conditions that fulfil the statutory requirements in accordance with the applicable collective agreements at the relevant time. Entra may require a supplier to produce documentation that shows the salary terms and working conditions for employees and hired staff at the supplier and their sub-suppliers.

#### Supplier audits

Entra performs audits of its operations. The audits seek to assure that all operations follow Norwegian legislation and that principles stated in Entra's Socially Responsible Procurement Guidelines are followed. Risk factors in the supply chain as well as HSE risks are the main focus issues for the audits. An annual audit plan for Entra's operations and especially the property portfolio is prepared based on:

- The risk picture of the project/property/supplier
- The project/property/supplier size and complexity
- Contract conditions, contract model and vendor selection
- The results of changes, previously conducted audits and controls
- Project organisation
- Start and life-time of the project

There are no set criteria for the number of audits to be performed each year, although there is typically a correlation with the number of projects in the portfolio.

During 2018, one Health, Safety and Environment (HSE) audit and five supplier audits were carried out. The audits were undertaken by an external audit company, and the reports were thoroughly evaluated together with the handling of deviations, observations and suggestions for improvement. In addition, audits focusing on the fire regulations applicable to two management properties were carried out. The status of the audit work is reported to Entra's Board of Directors and top management on at least a quarterly basis.

#### Supplier reviews

In addition to supplier audits, Entra performs bi-annual reviews of selected suppliers, with annual sales to Entra exceeding NOK 0.2 million. The review emphasizes supplier adherence to Entra's supplier qualification requirements and 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

Selected suppliers with annual sales to Entra exceeding NOK 0.2 million must also respond to a survey covering sustainability topics. In 2018, 108 suppliers were asked to respond to the survey.



### Supplier Management Programme

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).

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.

In 2018, 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.

### Targets and status

During 2018, Entra revised the content in the "Socially Responsible Procurement Guidelines" for suppliers. The new version has strengthened environmental requirements for purchasing materials, and there are stronger restrictions on the use of hazardous materials and wood from protected rain-forests. Further, vendors need to have an established return scheme for packaging products and waste.

Entra continues to review its suppliers' quality systems, focusing on sustainability topics. An annual self-assessment questionnaire is sent to suppliers in the 4th quarter every year. The report output is evaluated and aims to establish a priority list of suppliers which need further review on their adherence to the general principles of "Socially Responsible Purchasing".

As part of its ongoing business Entra carried out supplier audits and other reviews as described above and will continue to do so in 2019.

In 2017, Entra implemented dilemma training in ethics for its employees. The dilemma training is part of the introduction course for new employees and there is an annual target that 95 per cent of employees should complete such online training each year. Close to 100 per cent of the employees as well as the Board of Directors completed such online training course in 2018.

## 4. Health, Safety and Environment (HSE)

HSE is central to Entra in all parts of the value chain. Entra has a high and continuous focus on keeping its assets safe and in good condition. Furthermore, it shall be safe to visit and work in our properties and 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 and is a personal responsibility of all employees. Entra's HSE strategy involves systematic work with:

- HSE in the daily operation of the buildings
- HSE in development projects
- HSE for our employees

The internal HSE policy in Entra has the following targets:

- It should be safe to work, visit and travel in and around Entra's properties and construction projects
- For our own employees, we will have 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.

Members of the senior management are involved in practical HSE work and are expected to take the lead through behaviour and leadership. As part of this, a review of the latest HSE report is regularly on the agenda at management meetings and Board Meetings. HSE status is also an important item on the agenda at all employee meetings.

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 employees, suppliers and customers.

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

### Targets and status

HSE targets are also aggregated into group KPI's with a main focus on avoiding serious accidents. The HSE targets for 2018 were:

- There shall be no injuries involving sick leave absence that are due to Entra in and around our buildings
- There shall be no injuries in our construction projects involving more than 16 days' sick leave

During 2018, there had been one injury involving sick leave absence that was due to Entra in and around our buildings, and there had been five injuries involving sick leave absence in our construction projects, of which two involved more than 16 days sick leave.

Entra performs regular HSE audits of both development projects and the properties under management. In 2018, Entra performed an external HSE audit of one development project and external audits of fire safety in two management properties.

## 5. Urban development

Entra's strategic core areas are the four main cities Oslo and the surrounding area, Bergen, Stavanger and Trondheim. Entra's goal in its core areas is to contribute to urban districts that are attractive, inclusive and accessible for residents and other relevant parties. A part of Entra's environment strategy is to be located close to major 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 its buildings for the benefit of tenants, visitors and others who pass through the area. Entra ensure 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 applicable, 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 redevelopments. Involvement may constitute meetings and correspondence with neighbours, open meetings, information to the local press and a one-on-one dialogue with 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 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 include, amongst others, a requirement to include women in the final interview round for key positions, talent development giving deliberate priority to women and leadership development and coaching to promote female talent.

### 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 compliance, human rights are included in guidelines and management tools, including those dealing with fundamental values, ethical guidelines, socially responsible procurement, the focus on HSE and the working environment.

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 take into account requirements for personal data protection through secure IT and HR systems.

### Community engagement

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

Entra has been a sponsor of the Church City Mission (Kirkens Bymisjon) in Norway since 2014. Entra's financial support to, and dialogue with, the Church City Mission strengthens the constructive measures that the Church City Mission is carrying out in connection with social challenges in the cities covered by the agreement. In Oslo, Entra is involved, among other things, in the "Neighbour cooperation" project, which involves several companies located in the Oslo city centre working to create a safer and better local environment for all those passing through the area. Entra is actively involved in Christmas campaigns to collect money to provide Christmas dinners for the homeless and Entra employees have been knitting scarves for the campaign "Support someone who dreads Christmas".

For 18 consecutive years, Entra has also been a key sponsor of Ridderrennet, a full week of skiing activities and competitions for all classes of visually and mobility disabled persons. In 2018, around 500 disabled skiers from different countries participated in various competitions at Beitostølen. In addition to monetary support, Entra also contributes with volunteers from 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 (SBPR). To give our stakeholders greater confidence, this report has been independently assured by Deloitte based on the international standard ISAE 3000 "Assurance Engagements other than Audits or Reviews of Historical Financial Information".

### Organizational Boundary

Entra reports on asset-level sustainability impacts for assets within the management portfolio over which it has full operational control. This boundary coincides with the Group organizational

structure as determined for financial reporting purposes and excludes assets under construction or in redevelopment. We do not report data for our single-let properties as we have no management control of these properties and are unable to collect utilities data. The environmental reporting period corresponds to the period from 1 January to 31 December.

#### 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. Entra does not presently have data collection on each asset-level performance measure for every asset within the organizational 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 redevelopments 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 per disposal 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 our waste management supplier.

As 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 obtained third party assurance of its sustainability data for this reporting period. Statement from our auditors can be found on page 55.

#### Landlord/Tenant Boundary

Entra is responsible, as landlord, for obtaining a portion of the overall utilities consumed at the assets 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 utilized 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.

#### Segment analysis

Segment 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 our managed assets

The following provides a short commentary on the asset-level performance indicators for Entra's management portfolio and headquarters. For an outline on our plans for managing future performance please refer to the sustainability report, page 37–43.

#### Management Portfolio

##### Energy

Entra's focus on improving energy efficiency has given results over the past years, 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 optimizing the management of its properties. In 2018, absolute electricity consumption across the 64 managed assets

with available data, totaled 92,383 MWh, a 6 per cent increase from 2017. Measured as like-for-like, the increase was 8 per cent. 2018 has been a very challenging year managing energy efficiency due to climate. Winter was very long and summer exceptional warm and dry. These factors are difficult to influence. Landlord-obtained consumption amounted to 59,381 MWh, of which 0.3 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 50 managed assets totaled 46,069 MWh, a like-for-like rise of 4 per cent compared with 2017. This increase is a direct consequence of the long winter and warm summer in 2018. Landlord-obtained consumption amounted to 37,131 MWh.

Total direct fuel consumption was 23 MWh in 2018, up from 9 MWh in 2017. Increased fuel consumption from the two properties with oil and bio-oil furnaces corresponds directly with the longer winter season in 2018, as 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 58 management properties in our portfolio with like-for-like performance data was 142 kWh per square meter in 2018, up by 3 per cent in comparison with 2017. Greenhouse gas intensity from building energy across the same assets fell to 5.86 kg CO<sub>2</sub>e per square meter, a drop of 4 per cent compared with 2017. This decrease, despite of an increase in energy consumption is mainly explained by a 7 per cent reduction in the Nordic mix electricity emission factor.

GHG missions presented in the EPRA table are based on local-based emission factors for electricity. If calculated using a market-based emission factor for electricity, the GHG emission from electricity is about 3,546 tonnes CO<sub>2</sub>e in 2018, down from about 25,046 tonnes CO<sub>2</sub>e for 2017. This considerable decrease is due to the purchase of guarantees of origin for all electricity purchased by Entra (landlord-obtained electricity consumption).

#### Water

Absolute water consumption across the 59 managed assets with available data in 2018 was 241,246 m<sup>3</sup> compared with 213,483 m<sup>3</sup> in 2017. On a like-for-like basis, total water consumption increased by 27 per cent due to various reasons, such as some properties in the like-for-like analysis has become fully let, shifts in tenant consumption etc. Examples is properties with training and shower facilities, possibilities for bike wash, very dry summer (watering of lawns) and one tenant using more water in combination with research. Building water intensity across the 53 assets with like-for-like performance data was 0.26 m<sup>3</sup> per square meter in 2018, same level as in 2017.

#### Waste

In 2018, absolute waste creation across the 53 managed assets with available data increased to 3,368 tons from 2,785 tons in 2017, a like-for-like increase of 22 per cent. This is mainly explained by Entra's increased registration of waste data and

fully let properties. 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 103,563 kWh in 2018, an 8 per cent rise compared to 96,004 kWh in 2017. This increase is explained by a larger number of active users over longer periods time with a direct effect on the amount of lighting and ventilation needed.

Entra's pro-rated share of district heating and cooling increased by 28 per cent from 68,717 kWh in 2017 to 87,857 kWh in 2018. A cold and long winter combined with unusual hot summer resulted in a uniquely high consumption level of both heating and cooling energy for the entire property in 2018.

Entra's headquarter does not have fuels as an energy source.

Energy intensity for Entra's headquarters was 68 kWh per square meter in 2018, up by 16 per cent in comparison with 2017. Greenhouse gas intensity from energy was on the same level as 2017, 2.12 kg CO<sub>2</sub>e per square meter. This is mainly explained by a reduction of the Nordic mix factor from IEA energy statistics for 2018.

Entra's proportionate share of water consumption in 2018 was 984 m<sup>3</sup> compared with 991 m<sup>3</sup> in 2017. This 1 per cent decrease 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<sup>3</sup> per square meter in 2018, same level as in 2017.

Entra's proportionate share of total waste created decreased by 9 per cent from 14.5 tonnes in 2017 to 13.2 tons in 2018. Most of this decrease directly reflects the inclusion of an additional tenant in the waste data collected for the property, but also less redevelopments/reconstructions in the building which created less wood waste in 2018.

#### 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 for the EPRA performance indicators as we consider all the sustainability performance measures in the EPRA table to be material.









# EPRA Sustainability Performance Measures

## ENVIRONMENT

Impact area	EPRA Code	Units of measure	Indicator	Total portfolio				Headquarter (s)	
				Absolute performance (Abs)		Like-for-like performance (LfL)		Absolute performance (Abs)	
				2017	2018	2017	2018	2017	2018
Energy	Elec-Abs, Elec-LfL	annual kWh	Electricity	57 275 355	59 380 667	46 487 147	48 514 539	96 004	103 563
			Proportion of landlord-obtained electricity from renewable resources	0.4 %	0.3 %	0.5 %	0.4 %	0 %	0 %
			Total tenant-obtained electricity	30 053 634	33 002 301	27 388 706	31 520 871	-	-
			<b>Total landlord- and tenant-obtained electricity consumption</b>	<b>87 328 989</b>	<b>92 382 968</b>	<b>73 875 853</b>	<b>80 035 410</b>	<b>96 004</b>	<b>103 563</b>
		<i>No. of applicable properties</i>	<i>Electricity disclosure coverage</i>	<i>75 out of 87</i>	<i>64 out of 81</i>	<i>57 out of 65</i>	<i>58 out og 67</i>	<i>1 out of 1</i>	<i>1 out of 1</i>
		%	<i>Proportion of electricity estimated</i>	0 %	0 %	0 %	0 %	0 %	0 %
	DH&C-Abs, DH&C-LfL	annual kWh	District heating and cooling	33 893 755	37 130 714	29 752 516	30 010 283	68 717	87 857
			Proportion of landlord-obtained heating and cooling from renewable resources	0 %	0 %	0 %	0 %	0 %	0 %
			Total tenant-obtained heating and cooling	7 338 115	8 938 120	6 307 700	7 599 056	-	-
			<b>Total landlord- and tenant-obtained heating and cooling</b>	<b>41 231 870</b>	<b>46 068 834</b>	<b>36 060 216</b>	<b>37 609 339</b>	<b>68 717</b>	<b>87 857</b>
		<i>No. of applicable properties</i>	<i>District heating and cooling disclosure coverage</i>	<i>54 out of 73</i>	<i>50 out of 81</i>	<i>43 out of 54</i>	<i>45 out of 67</i>	<i>1 out of 1</i>	<i>1 out of 1</i>
		%	<i>Proportion of district heating and cooling estimated</i>	1 %	0 %	1 %	0 %	0 %	0 %
	Fuels-Abs, Fuels-LfL	annual kWh	Fuels	-	-	-	-	-	-
Greenhouse gas emissions			Total direct landlord-obtained fuels	0 %	0 %	0 %	0 %	0 %	0 %
			Proportion of landlord obtained fuels from renewable resources	9 335	22 952	9 335	22 952	-	-
			Total tenant-obtained fuels	9 335	22 952	9 335	22 952	-	-
			<b>Total landlord- and tenant-obtained fuels</b>	<b>9 335</b>	<b>22 952</b>	<b>9 335</b>	<b>22 952</b>	<b>-</b>	<b>-</b>
		<i>No. of applicable properties</i>	<i>Fuels disclosure coverage</i>	<i>2 out of 2</i>	<i>2 out of 2</i>	<i>2 out of 2</i>	<i>2 out of 2</i>	<i>NA</i>	<i>NA</i>
		%	<i>Proportion of fuels estimated</i>	0 %	0 %	0 %	0 %	0 %	0.0 %
	Energy-Int	annual kWh / sqm	<b>Energy intensity</b>	<b>134</b>	<b>145</b>	<b>138</b>	<b>142</b>	<b>58</b>	<b>68</b>
	GHG-Dir-Abs	annual tonnes CO <sub>2</sub> e	Direct	232	298	232	298	-	-
	GHG-Indir-Abs	annual tonnes CO <sub>2</sub> e	Indirect/location based	5 432	5 113	4 661	4 543	6	6
		annual tonnes CO <sub>2</sub> e	Indirect/market based	25 046	3 536	25 046	3 536	NA	NA
			Indirect	791	972	653	836	3	5
	GHG-Int	kg CO <sub>2</sub> e / sqm / year	<b>GHG emissions intensity</b>	<b>5.90</b>	<b>5.65</b>	<b>6.12</b>	<b>5.86</b>	<b>2.12</b>	<b>2.12</b>
		<i>No. of applicable properties</i>	<i>GHG Scope 1 and 2 intensity from building energy</i>	<i>75 out of 87</i>	<i>64 out of 81</i>	<i>57 out of 65</i>	<i>58 out og 67</i>	<i>1 out of 1</i>	<i>1 out of 1</i>
		%	<i>Energy and associated GHG disclosure coverage</i>	0 %	0 %	0.3 %	0.0 %	0 %	0 %
			<i>Proportion of energy and associated GHG estimated</i>						



Continued

Water	Water-Abs, Water-LfL	annual cubic metres (m³)	Water	Total water consumption	213 483	241 246	162 216	205 822	991	984
	Water-Int	annual m³ / sqm	Water Intensity	Building water intensity	0.26	0.29	0.26	0.26	0.35	0.35
	No. of applicable properties		Water disclosure coverage		62 out of 87	59 out of 81	43 out of 65	53 out of 67	1 out of 1	1 out of 1
	%		Proportion of water estimated		0.6 %	0.0 %	0.8 %	0.0 %	0 %	0 %
Waste	Waste-Abs, Waste-LfL	annual tonnes	Waste type	Hazardous waste	10	18	7	14	0.00	0.22
				Non-Hazardous waste	2 775	3 350	2 267	2 759	14.5	13.0
				Total waste created	2 785	3 368	2 274	2 773	14.5	13.2
		proportion by disposal route (%)	Disposal routes, hazardous	Reuse	1 %	4 %	2 %	0 %	0 %	0 %
				Recycling	22 %	13 %	19 %	14 %	19 %	2 %
				Incineration (with or without energy recovery)	56 %	75 %	61 %	75 %	0 %	95 %
				Landfill (with of without energy recovery)	21 %	9 %	18 %	10 %	81 %	3 %
			Disposal routes, non-hazardous	Reuse	0.2 %	0 %	0 %	0 %	0 %	0 %
				Recycling	48 %	47 %	49 %	48 %	38 %	41 %
				Incineration (with or without energy recovery)	35 %	34 %	35 %	33 %	51 %	43 %
				Landfill (with of without energy recovery)	1 %	0 %	1 %	1 %	1 %	1 %
				Biodiesel production	16 %	18 %	15 %	19 %	11 %	16 %
No. of applicable properties				Waste disclosure coverage	59 out of 87	53 out of 81	41 out of 65	31 out of 67	1 out of 1	1 out of 1
%				Proportion of waste estimated	0 %	0 %	0 %	0 %	0 %	0 %

Certification	Cert-Tot	% total floor area	Level of certification	BREEAM-NOR	Outstanding	1 %	1 %	1 %	1 %
					Excellent	5 %	5 %	6 %	6 %
					Very Good	7 %	11 %	9 %	14 %
	No. of applicable properties		Level of certification		8 out of 87	10 out of 81	8 out of 65	10 out of 67	
	Cert-Tot	% total floor area	Level of certification	BREEAM In-use: Asset Performance	Excellent	5 %	5 %	6 %	6 %
					Very Good	6 %	5 %	7 %	7 %
	No. of applicable properties		Level of certification		3 out of 87	3 out of 81	3 out of 65	3 out of 67	
	Cert-Tot	% total floor area	Level of certification	BREEAM In-use: Building Management	Excellent	5 %	5 %	6 %	6 %
					Very Good	2 %	2 %	3 %	3 %
					Good	3 %	3 %	4 %	4 %
	No. of applicable properties		Level of certification		3 out of 87	3 out of 81	3 out of 65	3 out of 67	

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 2 alternative Electricity emission - Market based method (RECs, GoO)
- 5: GHG Scope 3 emissions from travel, waste and water consumption are calculated using a location based approach and DEFRA and Ecoinvent 2.2 factors.
- 6: Entra's headquarters data is also included in the total portfolio at that Entra is a tenant at one of its own properties.

# EPRA Sustainability Performance Measures

## SOCIAL

	EPRA Code	Units of measure	Indicator	Corporate performance	
				2017	2018
<b>Diversity</b>	Diversity-Emp	% of employees	Gender diversity	Board of directors Top Management	57 % 38 %
				Managerial positions	40 %
	Diversity-Pay	Ratio average basic salary	Gender pay ratio	Board of directors	33 %
				Top Management	126 %
				Managerial positions	72 %
				Board of directors	90 %
		Ratio average bonus	Direct employees bonus within significant employee categories as identified in diversity-emp	Top Management	NA
				Board of directors	66 %
				Managerial positions	50 %
					84 %

<b>Employee Training and Development</b>	Emp-training	Average hours	Training and development		52	35
	Emp-dev	% of employees	Performance appraisals	Direct employees training hours (vocational, paid educational leave, external courses, specific topics, etc.)	100 %	100 %
	Emp-Turnover	Total number	New hires	Direct employees who receive regular performance and career development review		
		Rate	New hires	Direct employees	14	28
		Total number	Turnover	Direct employees	9.0 %	17.4 %
		Rate	Turnover	Direct employees	16	15
				Direct employees	10.3 %	9.3 %

<b>Health and safety</b>	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 %	4.2 %
	H&S-Asset	Total number	Fatalities	Direct employees	-	-
		%	% of assets	Assets for which H&S 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	1 208	1 372

<b>Community Engagement</b>	Comty-Erg	Narrative	Community engagement, impact assessments and/or development programs	See narrative in sustainability report on page 47		
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## SUSTAINABILITY PERFORMANCE MEASURES (GOVERNANCE)

	EPRA Code	Units of measure	Indicator	Corporate performance	
				2017	2018
<b>Governance</b>	Gov-Board	Total number	Executive board members	-	-
		Total number	Non-executive board members	7	7
		Total number	Non-executive board members with competence within environmental topics	5	5
		Average tenure (years)	Board members	2.3	3.4
	Gov-Selec	Narrative on process	Process for nominating and selecting the highest governance body	See corporate governance report page 56-63	
<b>Social data note</b>	Gov-Col	Narrative on process	Process for managing conflicts of interest	See corporate governance report page 56-63	

1: NA = "Not applicable"

2: Employees training, 4 out of 164 attending educational training over a longer period in 2018



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To the management of Entra ASA

### Independent Auditor's Report on the Entra – Sustainability Report 2018

We have reviewed certain aspects of Entra – Sustainability Report 2018 (“the Report”). The Report is presented in the Entra – Annual Report 2018, pages 34 – 55, as well as issued as a separate report. The Report is the responsibility of and has been approved by the management of the Company. Our responsibility is to draw a conclusion based on our review.

We have based our work on the international standard ISAE 3000 “Assurance Engagements other than Audits and Reviews of Historical Financial Information”, issued by the International Auditing and Assurance Standards Board. The objective and scope of the engagement were agreed with the management of the Company and included those subject matters on which we have concluded below.

Based on an assessment of materiality and risks, our work included analytical procedures and interviews as well as a review on a sample basis of evidence supporting the subject matters. We have performed interviews and meetings with management and individual resources responsible for sustainability aspects and reporting at Entra.

We believe that our work provides an appropriate basis for us to provide a conclusion with a limited level of assurance on the subject matters. In such an engagement, less assurance is obtained than would be the case had an audit-level engagement been performed.

### Conclusions

Based on our review, nothing has come to our attention causing us not to believe that:

- Entra has applied procedures to collect, compile and validate sustainability information for 2018 to be included in the Report, as described in the Report.
- Sustainability information presented for 2018 in the Report is consistent with data accumulated as a result of these procedures and appropriately presented in the Report.
- Entra applies a reporting practice for its sustainability reporting aligned with the Global Reporting Initiative (GRI) Standards’ reporting principles and the reporting fulfils the in accordance level Core according to the GRI Standards. Entra’s GRI table presented in the Entra – Annual report 2018 appropriately reflects where information on each of the reported disclosures of the GRI Standards is to be found within the Report and the Entra – Annual Report 2018.

Oslo, 4 March 2019  
Deloitte AS

**Eivind Skaug**  
State Authorized Public Accountant

**Frank Dahl**  
Deloitte Sustainability

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Medlemmer av Den norske Revisorforening  
Organisasjonsnummer: 980 211 282

# 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.

### 1. Corporate Governance statement

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 October 2018, issued by the Norwegian Corporate Governance Board (NUES), ("the Code"). The code is available at [www.nues.no](http://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.

This Report will be addressed at Entra's Annual General Meeting on 26 April 2019. 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

#### 1.1 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 3–3 b of the Accounting Act and the Code. This is done by ensuring that 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.

## 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 work with 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. See [www.entra.no](http://www.entra.no) for a more detailed description of the Group's business and property portfolio.

The Board is responsible for establishing the strategy, relevant targets and an appropriate risk profile for the Group that aims to create shareholder value. The strategy, targets and risk profiles are evaluated and amended on an annual basis.

A more detailed description of the Group's targets, main strategies, and risk profile, as well as the full set of Articles of Association, are set out in Entra's annual report and on [www.entra.no](http://www.entra.no)

## 3. Equity and dividends

### 3.1 Equity

At 31 December 2018, the Group's equity was NOK 22,269 million (NOK 18,938 million), representing an equity ratio of 47 per cent (44 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 objective 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](http://www.entra.no).

### 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 735 million. The minimum and maximum amount that may be paid per share is respectively NOK 10 and NOK 200. 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 2019, but no longer than until 30 June 2019. As at 31 December 2018 Entra had repurchased 1,059,874 of its own shares under the buy-back programme.

## CORPORATE GOVERNANCE IN ENTRA

	Compliance with the Code	Non-compliance with the Code
1. The Board of Directors' Corporate Governance statement	●	
2. Business	●	
3. Equity and dividends	●	
4. Equal treatment of shareholders and transactions with related parties	●	
5. Free transferability	●	
6. General meeting	<sup>1)</sup> ●	
7. Nomination Committee	●	
8. Board composition and independence	●	
9. The work of the Board	●	
10. Risk management and internal controls	●	
11. Remuneration of the Board	●	
12. Remuneration of Senior Executives	●	
13. Information and communication	●	
14. Takeover bids	●	
15. Auditor	●	

<sup>1)</sup> Minor deviation, cf. section 6.

The shares have been acquired in the market at the current market price. Entra will seek approval from the Annual General Meeting in April 2019 for cancellation of the total number of shares repurchased under the buy-back program as well as corresponding redemption of the proportionate number of shares acquired from the Ministry of Trade, Industry and Fisheries.

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 such own shares does not at any time exceed 0.3 per cent of the outstanding shares. Own shares so acquired are to be used for the purpose 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 2019, but no longer than until 30 June 2019.

## 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.

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 2018 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 33.3 per cent of Entra. 63 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 listed company and its shareholders on a quarterly basis. 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.

## 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 voting, ownership or negotiability in the shares.

## 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:

- 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 set as close to the meeting as practically possible and in accordance with the provisions in the Articles of Association;
- the Board and chair of the Nomination Committee attend the general meeting
- routines are in place to ensure that the general meeting can elect an independent person to chair the general meeting; and
- the Board and the person chairing the meeting shall ensure that the general meeting is able to vote on each item, hereunder for individual candidates for appointment to the Group's governing bodies.

### 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.

The entire Board has not usually attended the General Meeting as, thus far, the items on the agenda of the General Meeting have not required this. The Chair of the Board is always present, and 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.

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](http://www.entra.no) for more information on the members of the Group's Nomination Committee and the Nomination Committee's contact details.

## 8. Board composition and independence

The shareholders elect between five and seven shareholder-elected members to the Board, including the Chair, for a period of two years. Entra has established a group scheme for the election of employees to the Board of Entra.

Emphasis is placed on the combined Board being able to safeguard the interests of the shareholders as a whole and the Group's need for expertise within the Group's main business and board work. In addition, the Board shall have the capacity to carry out its tasks. Consideration shall be given to the Board being able to function well in a collegiate manner. Participants in the Group management shall not be members of the Board.

The Board is composed so that it can act independently of special interests. All the shareholder-elected members are independent of senior management, the Group's main shareholders, and significant business connections.

Information regarding the Board members' expertise is provided in the annual report. In addition, information is given about those Board members who are considered to be independent. Board members are encouraged to own shares in the Group.

## 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 for 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 about 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.

### *Conflicts of interest and incapacity*

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.

### 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 Salbuviik, Katarina Staaf, Linnea Scharning and Erling Nedkvitne.

The Board schedules regular board meetings. Ordinarily, 7–8 meetings are held each year. Additional meetings are held on an ad hoc basis. 10 (12) Board meetings were held in 2018.



Siri Hatlen, Kjell Bjordal, Widar Salbuviik, Katarina Staaf and Ingrid Dahl Hovland were re-elected at the general meeting on 20 April 2018 for a two-year period.

Linnea Scharning <sup>1)</sup> and Erling Nedkvitne <sup>2)</sup> were elected by the employees in May 2018 for a two-year period and are up for election in 2020.

The Chair of the Audit Committee is Widar Salbuviik 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 has 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 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 are called in on an ad hoc basis. The Board decides on matters of material importance to the Group. These include, but are not limited to, 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 for 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 further 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 Committee, 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 acts as a preparatory body and supports the Board in the exercise of its responsibility relating to financial reporting, auditing, internal controls, compliance with ethical

## PARTICIPATION IN BOARD MEETINGS AND BOARD COMMITTEES IN 2018

	Board meetings	Audit committee	Remuneration committee
Siri Hatlen (Chair)	10		4
Kjell Bjordal (Deputy Chair)	9		4
Ingrid Dahl Hovland	10		
Widar Salbuviik	10	7	
Katarina Staaf	10	7	
<sup>1)</sup> Linnea Scharning	7		
<sup>2)</sup> Erling Nedkvitne	7		

guidelines and overall risk management. The CFO, the Group's VP Finance & Accounting and the Group Controller attend as representatives of the management. The Group's auditor also participates in all meetings. The CEO and other members of management attend as required. The Audit Committee has an established calendar of meetings. 7 (8) meetings were held in 2018.

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 discusses the handling of individual conditions of Senior Executives with the Remuneration Committee. The Remuneration Committee furthermore discusses and presents proposals to the Board on guidelines for the remuneration of Senior Executives, prepares 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 deals with other statutory reporting requirements.

The Remuneration Committee is composed of the Chair of the Board and one or two shareholder-elected members 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 Chief Legal Officer acts as the committee's secretary. 4 (4) meetings were held in 2018.

#### 9.6 The Board members' shareholdings

At 31 December 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 Salbuviik holds 10,000 shares
- Katarina Staaf holds 500 shares
- Linnea Scharning holds no shares
- Erling Nedkvitne holds 9,384 shares

## 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 is to 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. This is further elaborated in the section on Risk Management in the Annual Report.

### 10.2 Reporting

As part of the management's follow-up of the business, quarterly reports and reviews are prepared for all business areas. The Board undertakes a semi-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 if applicable. 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 quarterly in accordance with the management guidelines for the financial operations, and to the Board through the quarterly 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. This is further elaborated in the Sustainability report which is included in the Annual Report.

#### 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 is to be informed. Fees for such assignments are to be approved by the Board. If remuneration has been paid above the normal Board fee, this is to be specified in the annual report.

#### 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"). See note 15 for a more detailed description of the Group's performance-related pay scheme for Senior Executives.

## 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 fulfils statutory requirements and provides sufficient information to allow Entra's stakeholders to form as accurate a picture of the business as possible. Entra reports 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 provides its shareholders, the Oslo Stock Exchange and the financial market in general with timely, consistent and precise information. Such information is 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.

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 it important to inform shareholders about the Group's development and economic and financial status. Management members (CEO, CFO and Investor Relations Manager) are 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 ensures that shareholders' viewpoints are communicated to the whole Board.

Information to the Group's shareholders is 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.

## 14. Takeover bids

The Board has an approved set of guidelines for takeover 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 takeover 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 received, the Board will issue a statement making a recommendation as to whether shareholders should or should not accept the offer.

## 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 goes 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 are 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.









# Board of Directors



**Siri Hatlen**



**Kjell Bjordal**



**Widar Salbuviik**

Board position	<i>Chair</i>	<i>Vice Chair</i>	<i>Board member</i>
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 an MBA degree from INSEAD	MSc in Business from the Norwegian School of Economics (NHH), AMP Wharton Business School	Graduate Programme in Economics and Business Administration from the Norwegian School of Economics (NHH).
Executive and non executive positions	Hatlen has previous held positions such as EVP in Statkraft and CEO of Oslo University Hospital. She currently serves as the chair of the board of Bane NOR, Norwegian University of Life Sciences, the Norwegian Board of Technology, Lovisenberg Hospital, Omsorgsbolig Holding and DNT Oslo og omegn. She is also vice chair at Anti-doping Norway and board member at Fjord 1, Export Credit Norway, Nobel Peace Centre, DNT and the Norwegian Glacier Museum.	Bjordal is an independent business advisor and has previously held positions as CEO and CFO of Glamox Group, CEO in NorAqua and EWOS Norway/ EWOS Group. He also serves as the chair of the board of directors of Sparebank1 SMN, Axxess Group, Nordlaks Group and Norsk Landbrukskjemi.	Salbuviik is an independent business advisor and investor and was previously CEO of Pareto. He also serves as chair of the board of, amongst others, Breianger, Asset Buyout Partners, HR-Gruppen, Nysnø Klimainvesteringer, Sabar and Havfønn and as vice chair in Bjørnøen and Kings Bay. He is also a board member of HitecVision, Skolt Holding, View Software, Storstein, Zeiner Gruppen and Parks.
Previous experience			
CEO	●	●	●
Property industry			●
Project management	●		
Technology management	●	●	●
Environment and CSR	●	●	●
Financing and stock market	●	●	●
Transactions and M&A		●	●
Accounting			●




**Ingrid Dahl Hovland**
*Board member*

1959

Norwegian

Female

2017

-

MSc degree from the Norwegian University of Science and Technology (NTNU)

Hovland currently serves as CEO of Nye Veier and has previously held management positions in Spenncon, Selvaagbygg, Veidekke, and the Public Road Administration. She also serves as chair of Undervisningsbygg Oslo.


**Katarina Staaf**
*Board member*

1967

Swedish

Female

2016

500

Bsc Economics degree from the School of Economics at the University of Gothenburg

Staaf is an independent business advisor and has previously held 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, Sensys Gatso Group, Sjötte AP-fonden and Staaf&Partners and as an executive search consultant with Poolia Executive Search.


**Linnea Scharning**
*Board member,  
employee representative*

1988

Norwegian

Female

2018

-

Studies in Ecology and Natural Resources, University of South-Eastern Norway

Scharning is a Property Manager in Entra and has previous work experience from, amongst others, Addeco and Rica Hotel.


**Erling Nedkvitne**
*Board member,  
employee representative*

1962

Norwegian

Male

2018

9,384

Msc degree from University of Glasgow, Business Administration Candidate from BI Norwegian Business school

Nedkvitne is a Category Manager in Entra and has previously held positions as Procurement Manager in Caverion, Segment Manager in Onninen, European Product Marketing Manager in Omron Europe, Technical Manager in Omron Norway, and Project Manager in Siemens.



# Report of the Board of Directors 2018

In 2018 rental income grew by eight per cent and net income from property management by 14 per cent. Net asset value grew by 11 per cent mainly as a result of solid letting and project development and growth in market rents. Strong top-line development combined with efficient operational performance increased Entra's cash earnings by 14 per cent year-on-year. The Board proposes to pay a semi-annual dividend of NOK 2.30 per share for the second half of 2018 and thus NOK 4.50 per share for the full year, up from NOK 4.10 per share in 2017.

Entra is one of Norway's leading real estate companies and #1 in the office segment, focusing on large, high quality, flexible and environment friendly office properties with central locations in the largest cities in Norway. Entra has its head office in Oslo.

In 2018 Entra had rental income of 2,243 million (2,075 million). Net operating income was 2,058 million (1,913 million) and net income from property management was 1,434 million (1,259 million). Net positive value changes were 1,486 million (3,547 million) and profit before tax was 3,073 million (5,030 million).

Entra signed new and renegotiated leases with an annual rent totalling 311 million. Net letting for the year was NOK 21 million.

The most important lever for securing profitable growth for Entra is through project development, and we have normally 5–10 per cent of the portfolio in project development. Entra finished the new-build project at Brattørkaia 16 in Trondheim and the redevelopment of Powerhouse Kjørbo, Block 2 in Sandvika in 2018. Entra also started a 11,000 sqm new-build project in Holtermanns veg 1–13 in Trondheim as well as the redevelopment of 9,000 sqm in Tollbugata 1A in Oslo.

Entra continues to build its development pipeline and has acquired a large development project at Bryn in Oslo, a site in Bergen and signed an agreement for the acquisition of St. Olavs plass 5 in Oslo. In connection with the latter, Entra has agreed to sell the properties Tollbugata 1A, Pilestredet 19–21 and Pilestredet 28. Entra has also sold Aasta Hansteens vei 10 at Stovner in Oslo.

To operate its business in a sustainable manner is of key strategic importance to Entra. Entra's sustainability report can be found on pages 34–54. The outputs are compiled and aligned

using two reporting frameworks: The EPRA Best Practices Recommendations on Sustainability Reporting and GRI (core requirements). Entra has also reviewed the UN Sustainable Development Goals for its business. Entra's corporate governance report can be found on pages 56–63.

It should be safe to work, visit and live in and around Entra's properties and development 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. HSE is an important focus area for the Board. The Board is satisfied with the dedicated HSE work in the organisation and the initiatives taken to prevent serious incidents.

In 2018, Entra has had three injuries with long-term absence from work among employees, tenants or contractors in ongoing projects. HSE work in Entra focuses on both on-going projects and the operations, and we continually strive 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 6.9 at the end of the fourth quarter 2018 vs 2.2 at the end of the fourth quarter 2017.

At the end of 2018, the Group had 164 employees. Sickness absence in Entra was 4.2 per cent in 2018 vs 2.0 per cent in 2017. The increase from 2017 is driven by long term sick leave. This is nevertheless low compared to a country average of 6.2. At 31 December 2018, 35 per cent (31 per cent) of the Group's employees were women, two out of six of the Senior Executives were women and four of seven of the Board members were women, including the Chair. Cooperation with the employee organisations is good and constructive and yields a positive contribution to the operation of the Group.

The Board has supervised management and monitored the Group's business in accordance with good corporate governance. In 2018, the Board has focused on the business strategy, hereunder new and ongoing development projects, active portfolio management (acquisitions and divestments), HSE, business and technology development, sustainability, compliance and further development of the organisation.

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

### Income

Rental income was up by 8 per cent from 2,075 million in 2017 to 2,243 million in 2018. The increased rental income is explained in the table below.

All amounts in NOK millions	2017 to 2018
Rental income previous period	2 075
Development projects	36
Acquisitions	79
Divestments	-107
Other	116
Like-for-like growth	43
<b>Rental income</b>	<b>2 243</b>

On a like-for-like basis the rental growth was 2.4 per cent compared to 2017. The annual indexation of the lease contracts constituted 1.1 per cent. The remaining growth is mainly driven by changes in occupancy and increased market rent.

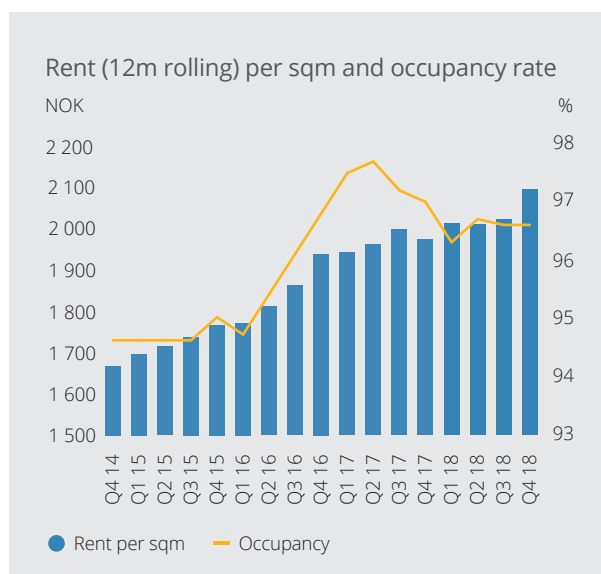
Average 12 months rolling rent per square metre was 2,097 (1,975) as of 31 December 2018. The increase is related to market rental growth and continued portfolio rotation towards more central, high quality assets.

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 was 96.5 per cent (97.0 per cent) as of 31 December 2018. The rental value of vacant space was approximately 82 million (64 million) on an annualised basis.

Total property costs amounted to 184 million (162 million) and are split as follows:

All amounts in NOK millions	2018	2017
<b>Maintenance</b>	<b>35</b>	<b>40</b>
Tax, leasehold, insurance	72	48
Letting and prop. adm.	43	42
Direct property costs	34	32
<b>Total property costs</b>	<b>184</b>	<b>162</b>



As a consequence of the effects explained above, net operating income came in at 2,058 million (1,913 million) for the financial year 2018.

Other revenues totalled 521 million (285 million) and Other costs amounted to 500 million (246 million) in 2018. Due to the property swap transaction in December 2018, where Entra as a part of the transaction sold the property Tollbugata 1A in Oslo, which is currently under redevelopment, the property was reclassified from investment property to construction contracts. As a result of the reclassification, Other revenues and Other costs in 2018 both increased by 429 million. For the remaining period, until the completion of the redevelopment and the property is delivered to the buyer, the Group will recognise the remaining revenue and cost based on the completion level of the project.

All of the income and costs related to assets in the Bryn portfolio which was acquired in September 2018, and subsequently will be taken over by a third party and developed to residential buildings, is recognised under Other revenues and Other costs. The net effect of this is 3 million for the total period since the acquisition.

In addition to the effects explained above, Other revenues mainly consist of income from services provided to tenants. Other costs consist of other property costs mainly related to depreciation and rental expenses, in addition to the corresponding cost from service provided to tenants.

Administrative expenses amounted to 157 million (163 million) in 2018.

Entra's share of profit from associates and JVs was 156 million (244 million) in 2018. Due to the consolidation of Entra OPF as of 1.1.2018, the result in 2018 only relates to the ongoing business in Oslo S Utvikling. Entra's share of profit from associates and JVs is composed as follows:

All amounts in NOK million	2018	2017
Income from property management	4	21
Changes in market value	-	260
Tax	-1	-57
Other income and costs	153	20
<b>Results from associates and JVs</b>	<b>156</b>	<b>244</b>

Net realised financials amounted to -491 million (-550 million) and are composed as follows:

All amounts in NOK million	2018	2017
Interest and other finance income	17	22
Interest and other finance expense	-509	-572
<b>Net realised financials</b>	<b>-491</b>	<b>-550</b>

Net income came in at 1,587 million (1,483 million). When including only the income from property management in the results from JVs, the net income from property management was 1,434 million (1,259 million) for 2018, representing a year-on-year increase of 14 per cent. The difference between net income and net income from property management is explained below:

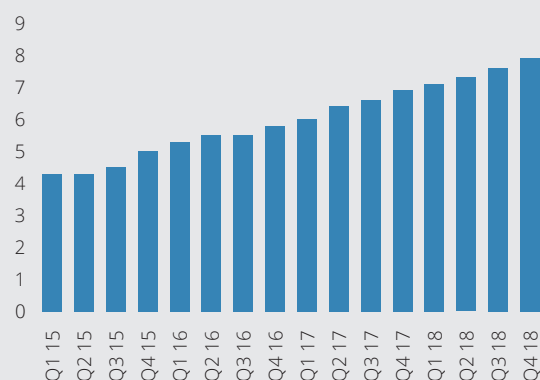
All amounts in NOK million	2018	2017
Net income	1 587	1 483
<b>Less:</b>		
Value changes in associates and JVs	-	260
Tax from associates and JVs	-1	-57
Other income and costs	153	20
<b>Net income from property management</b>	<b>1 434</b>	<b>1 259</b>

Net value changes amounted to 1,486 million (3,547 million) for 2018. The valuation of the property portfolio resulted in a net positive value change of 1,387 million (3,460 million) for the financial year 2018.

During 2018, about 804 million in value change is attributable to increased market rent, primarily in the Oslo market, 244 million is related to the net effect from letting activities in the portfolio and 241 million is due to yield compression in most of the largest cities. In addition, about 224 million of value changes stems from development in the project portfolio as each project moves towards completion with a corresponding risk reduction. The remaining is a result of realised value changes from the divestment of several properties above book value throughout the year and negative effects from other property related changes.

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

Per share



Net changes in the value of financial instruments totalled 99 million (87 million) for 2018. 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 49 million for terminated swap contracts with a notional amount of 1,100 million during 2018.

Tax payable of 13 million (8 million) for 2018 is mainly related to the partly owned entity Papirbredden in Drammen. The change in deferred tax was -325 million (-507 million) in 2018. The change in deferred tax in 2018 was positively impacted by 221 million as a result of the change in the corporate income tax (CIT) rate from 23 per cent in 2018 to 22 per cent from 1 January 2019. The effective tax rate during 2018 is less than the CIT mainly due to sales of properties without tax effect.

The Group, except for certain partly owned companies with marginal tax effect, is currently not in a tax payable position due to the tax loss carry forward. At year-end 2018, the tax loss carry forward for the Group's wholly-owned subsidiaries was 321 million (810 million).

Profit before tax was 3,073 million (5,030 million) whereas profit after tax was 2,735 million (4,514 million). Total comprehensive income for the period was 2,729 million (4,514 million).

#### Balance sheet

The Group's assets amounted to 47,709 million (43,410 million) as at 31 December 2018. Of this, investment properties amounted to 44,714 million (39,875 million) and investment properties held for sale to 565 million (180 million). 3 (1) properties were classified as held for sale as at 31 December 2018. Intangible assets totalled 127 million (125 million) at the end of 2018 of which 109 million (109 million) is goodwill related to Hinna Park in Stavanger.

Investments in associates and jointly controlled entities were 367 million (1,487 million). The decrease is mainly attributable to the consolidation of Entra OPF from 1 January 2018 (until 31 December 2017 treated as a jointly controlled entity).

Long-term receivables amounted to 236 million (244 million) at year-end.

Housing-units for sale of 407 million at the end of the year (nil) relates to the properties in the Bryn portfolio expected to be zoned for residential development and subsequently sold to a third party.

Other receivables were 671 million (847 million) at the end of 2018. The reduction is mainly due to capitalised construction costs related to the property Youngskvartalet being included in the 2017 amount which was sold in March 2018. The 2018 amount includes capitalised construction costs related to Tollbugata 1A, which was reclassified from an investment property to a construction contract in December 2018.

The Group held 230 million (189 million) in cash and cash equivalents at 31.12.18.

The Group had interest bearing debt of 19,171 million (18,449 million) as of 31 December 2018.

Book equity totalled 22,269 million (18,938 million), representing an equity ratio of 47 per cent (44 per cent). Book equity per outstanding share was 122 (103). Equity per share was 141 (127) based on the EPRA NAV standard and 131 (118) based on EPRA NNNNAV. Outstanding shares at 31.12.18 totalled 182,669,987 (183,732,461) as Entra held 1,062,474 (2,960) treasury shares.

### Cash flow statement

Net cash flow from operating activities came to 1,389 million (1,222 million) in 2018. The change is mainly related to higher net income from property management.

The net cash flow from investments was -1,645 million (-65 million) for 2018.

Proceeds from property transactions was 618 million (2,351 million) in 2018 due to the disposal of Tungasletta 2 and Youngskvartalet. Purchase of investment properties was -925 million (-482 million) due to the acquisition of Nils Hansens vei 20 and the Bryn portfolio in Oslo and Johannes Bruns gate 16, Nygårdsgaten 91 and 93 in Bergen.

The cash effect from investment in and upgrades of investment properties amounted -1,201 million (-1,571 million) in 2018. Investment in property and housing-units for sale of -362 million (-207 million) in 2018 relates to the residential part of the Bryn portfolio.

Dividends from associates and JVs of 231 million (201 million) in 2018 are mainly related to dividends from Oslo S Utvikling AS.

Net cash flow from financing activities was 297 million (-1,211 million) in 2018.

Net proceeds of interest bearing debt was 1,211 million (-511 million) in 2018. During 2018, Entra had a net increase of bank loans of 1,755 million and a decrease in commercial paper and bond loans of 500 million and 126 million, respectively.

In 2018, Entra repurchased shares for 116 million (nil) under the share buy-back program initiated in July 2018.

Dividends paid amount to 798 million (698 million) in 2018. For 2018, Entra paid out a total of NOK 2.20 per share to the shareholders for the first six months and has proposed a total of NOK 2.30 per share for the second half year. For the financial year 2017 Entra paid out dividends of NOK 4.10 per share.

The net change in cash and cash equivalents was 41 million (-53 million) for 2018.

### 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.

### Financial structure and exposure

The Group has a well-diversified financial structure comprising both bank credit facilities and capital markets instruments. Maintaining strong banking relationships is a key focus for Entra, and currently the Group has significant business activities with five of the top six Nordic banks. Entra has a strong presence in the Norwegian debt capital market as it is among the largest issuers in Norwegian kroner. During 2018, Entra further strengthened its position in the debt markets by obtaining a public credit rating. Entra was assigned Moody's investment grade rating Baa1 with Stable Outlook in October 2018. The Moody's Baa1 rating will contribute to an increase in credit availability for Entra in domestic and international debt capital markets and will enable Entra to further extend its debt maturity profile.

The Group has adopted a conservative financial strategy that secures financial flexibility throughout an economic cycle. This is reflected in the financial policy through a set of financial risk parameters limiting risks related to financial leverage, interest rates, financing and liquidity. Consequently, Entra's financial profile is characterised by a moderate loan-to-value ratio, strong interest coverage ratio, diversified debt maturity and an ample liquidity position. 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.

"Green financing" has become a global trend within real estate finance. The real estate sector is responsible for about 40 per cent of global greenhouse gas emissions. This fact has spurred increasing awareness among investors and financial

<sup>1)</sup> Source: Statistics Norway: Sickness absence Q3 2018

institutions that a conditional capital supply represents a key factor in accelerating the green shift within the sector. Entra, with its highly environment friendly development projects and BREEAM-NOR certified investment properties, is well positioned for capitalizing on this favourable supply of green financing.

The debt capital markets funding accounted for 70 per cent of the total interest bearing debt, with bank funding representing the remaining part of the financing mix. The Group's liquid assets amounted to 230 million (189 million) as at 31 December 2018. In addition, the Group had committed, unutilised credit facilities totalling 5,210 million (5,410 million). The Group's average interest cost as at 31 December 2018 was 2.85 per cent (2.90 per cent), and 57 per cent (54 per cent) of the Group's total interest bearing debt was subject to fixed interest rates.

Entra's credit quality was further strengthened during 2018, with a decrease in the loan-to-value ratio to 41.3 per cent (43.3 per cent) and an increase in the interest coverage ratio to 3.6 (3.0) at year-end 2018.

### 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 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.

### Risks associated with the business

Entra assesses risk on an ongoing basis, primarily through a semi-annually comprehensive review of the groups risk maps, which includes assessments of all risk factors in collaboration with all levels of the organization. Each risk factor is described and presented with the possible negative outcome given an increased probability of a situation to occur. The risk assessment also includes a broad description on how we monitor and work to minimize the risks, as well as a statement on how we assess the changes in the last period on each risk factor.

Entra's main risk factors consist of both financial and non-financial risk and are described on pages 28-33.

### 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. As of 31 December 2018, Entra held 1,062,474 treasury shares of which 1,059,874 shares had been bought in the market under the share buy-back program initiated in July 2018.

As of 31 December 2018, Entra had 5,267 shareholders. Norwegian investors held 55 per cent of the share capital. The 10 largest shareholders as of 31 December 2018 were as follows:

Shareholder	% holding
Norwegian Ministry of Trade, Industry and Fisheries	33.4 %
Folketrygdfondet	6.1 %
State Street Bank (Nominee)	3.5 %
DNB Markets	2.6 %
State Street Bank (Nominee)	2.4 %
Länsförsäkringar Fastighetsfond	2.3 %
The Bank of New York (Nominee)	1.4 %
Danske Invest Norge	1.4 %
State Street Bank (Nominee)	1.3 %
BNP Paribas Securities (Nominee)	1.2 %
<b>Sum 10 largest shareholders</b>	<b>55.5 %</b>

### Profit for the year and allocations

In 2018, the parent company Entra ASA made a profit after tax of 604 million (1,752 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 of paying out approximately 60 per cent of Cash Earnings, defined as net income from property management less tax payable, the Board proposes that Entra ASA distributes a dividend of 420 million (386 million) corresponding to 2.30 per share (2.10 per share) for the last six months of 2018. The remainder of the result after tax of 184 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 new-builds and redevelopments is an important source of profitable growth. Emerging trends like co-working, employee wellbeing and increased flexibility demands from tenants, will impact Entra's priorities, making technology development and being close to tenants even more important. Entra has in recent years had the most satisfied customers amongst the major Norwegian real estate companies, and a priority is to further develop end-user focus with product and service offerings to realize the vision of owning buildings where the most satisfied people work.

Environmental leadership and sustainability has been a key priority for Entra during the last decade and is an integral part of all business operations in the company. There is a continued and growing interest from all stakeholders in this topic, and the financial benefits are also materialising through increasing focus from tenants, a lower cost of funding through green financing, and higher valuations of environmentally friendly properties.

The Norwegian economy is seeing a moderate upturn with GDP growth and increasing employment. Nevertheless, there is still general uncertainty about the future stemming primarily from geopolitical and financial macro factors that could impact the Norwegian economy.

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 65 per cent of the market value of the management portfolio, and the Oslo office market is expected to remain favourable in the coming years with low 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 one expects a moderate recovery in the coming years.

Interest rates bottomed out at historically low levels during 2018 and have recently trended upwards. This could potentially lead to increases in both 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.

Yield compression has levelled out, and one expects a flat to moderate increase over the coming years. However, Entra's portfolio with a healthy mix of attractive yielding properties and value enhancing development projects combined with a positive rental market outlook should provide a continued positive portfolio value development, albeit at a significantly slower pace than in recent years.

With Entra's 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 the company is well positioned for the future.

Oslo, 4 March 2019  
The Board of Entra ASA

  
Siri Hatlen  
Chair of the Board

  
Kjell Bjordal  
Deputy Chair

  
Widar Salbu  
Board member

  
Ingrid Dahl Hovland  
Board member

  
Katarina Staaf  
Board member

  
Linnea Scharning  
Board member

  
Erling Nedkvitne  
Board member

  
Arve Røed  
CEO



# Consolidated financial statements Entra ASA

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# Statement of comprehensive income

## 1 January to 31 December

All amounts in NOK million

	Note	2018	2017
Rental income	5, 6	2 243	2 075
Repairs & maintenance	10	-35	-40
Operating costs	10	-149	-121
<b>Net operating income</b>		<b>2 058</b>	<b>1 913</b>
Other revenue	9, 11	521	285
Other costs	9, 12	-500	-246
Administrative costs	13	-157	-163
Share of profit from associates and JVs	20	156	244
Net realised financials	16	-491	-550
<b>Net income</b>		<b>1 587</b>	<b>1 483</b>
<b>- of which net income from property management</b>		<b>1 434</b>	<b>1 259</b>
Changes in value of investment properties	19	1 387	3 460
Changes in value of financial instruments		99	87
<b>Profit before tax</b>		<b>3 073</b>	<b>5 030</b>
Tax payable	28	-13	-8
Change in deferred tax	28	-325	-507
<b>Profit for the year</b>		<b>2 735</b>	<b>4 514</b>
Actuarial gains and losses	29	-7	-
Change in deferred tax on comprehensive income	28	2	-
<b>Total comprehensive income for the year</b>		<b>2 729</b>	<b>4 514</b>
<b>Profit attributable to:</b>			
Equity holders of the Company		2 537	4 464
Non-controlling interest		198	50
<b>Total comprehensive income attributable to:</b>			
Equity holders of the Company		2 532	4 464
Non-controlling interest		198	50
<b>Earnings per share</b>			
Continuing operations			
Basic=Diluted (NOK)	35	14	24

Notes 1 through to 37 form an integral part of the consolidated financial statements.

# Balance sheet

## – assets

All amounts in NOK million

	Note	31.12.2018	31.12.2017
<b>NON-CURRENT ASSETS</b>			
Intangible assets	17, 18	127	125
Investment properties	19	44 714	39 875
Other operating assets	18	23	23
Investments in associates and JVs	20	367	1 487
Financial derivatives	7	321	405
Long-term receivables	21	236	244
<b>TOTAL NON-CURRENT ASSETS</b>		<b>45 788</b>	<b>42 159</b>
<b>CURRENT ASSETS</b>			
Housing-units for sale	22	407	-
Investment properties held for sale	19	565	180
Trade receivables	23	47	34
Other receivables and other current assets	9, 24	671	847
Cash and bank deposits	25	230	189
<b>TOTAL CURRENT ASSETS</b>		<b>1 921</b>	<b>1 251</b>
<b>TOTAL ASSETS</b>		<b>47 709</b>	<b>43 410</b>

Notes 1 through to 37 form an integral part of the consolidated financial statements.

# Balance sheet

## – equity and liabilities

All amounts in NOK million

	Note	31.12.2018	31.12.2017
<b>EQUITY</b>			
Shareholders equity	26, 36	20 524	18 505
Non-controlling interests		1 746	433
<b>TOTAL EQUITY</b>		<b>22 269</b>	<b>18 938</b>
<b>LIABILITIES</b>			
Interest bearing debt	27	14 931	13 786
Deferred tax liability	28	4 861	4 356
Financial derivatives	7	481	712
Other non-current liabilities	29, 30	456	355
<b>Total non-current liabilities</b>		<b>20 730</b>	<b>19 209</b>
Interest bearing debt	27	4 239	4 663
Trade payables		190	306
Other current liabilities	31	281	294
<b>Total current liabilities</b>		<b>4 710</b>	<b>5 263</b>
<b>TOTAL LIABILITIES</b>		<b>25 439</b>	<b>24 472</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>47 709</b>	<b>43 410</b>

Notes 1 through to 37 form an integral part of the consolidated financial statements.

Oslo, 4 March 2019  
The Board of Entra ASA

  
Siri Hatlen  
Chair of the Board

  
Kjell Bjordal  
Deputy Chair

  
Widar Salbuviik  
Board member

  
Ingrid Dahl Hovland  
Board member

  
Katarina Staaf  
Board member

  
Linnea Scharning  
Board member

  
Erling Nedkvitne  
Board member

  
Arve Regland  
CEO

# Statement of changes in equity

All amounts in NOK million

	Share capital	Treasury shares	Other paid-in capital	Retained earnings	Non-controlling interest	Total equity
<b>Equity 31.12.2016</b>	<b>184</b>	<b>-</b>	<b>3 556</b>	<b>10 992</b>	<b>392</b>	<b>15 124</b>
Profit for period				4 464	50	4 514
Other comprehensive income				-		-
Dividend				-689	-9	-698
Net equity effect of LTI share program & employee share saving scheme				-2		-2
<b>Equity 31.12.2017</b>	<b>184</b>	<b>-</b>	<b>3 556</b>	<b>14 765</b>	<b>433</b>	<b>18 938</b>
Change in accounting principle IFRS 9 (Note 2)				314		314
Change in accounting principle IFRS 15 (Note 2)				80		80
<b>Equity 01.01.2018</b>	<b>184</b>	<b>-</b>	<b>3 556</b>	<b>15 159</b>	<b>433</b>	<b>19 331</b>
Profit for period				2 537	198	2 735
Other comprehensive income				-6		-6
Dividend				-790	-8	-798
Consolidation effect Entra OPF change of control (Note 3)					1 123	1 123
Net equity effect of LTI share program & employee share saving scheme (Note 26)				-1		-1
Repurchase of shares under share buy-back program (Note 26)		-1	-20	-94		-115
<b>Equity 31.12.2018</b>	<b>184</b>	<b>-1</b>	<b>3 535</b>	<b>16 806</b>	<b>1 746</b>	<b>22 269</b>

Notes 1 through to 37 form an integral part of the consolidated financial statements.

# Statement of cash flows

## 1 January to 31 December

All amounts in NOK million

	Note	2018	2017
Profit before tax		3 073	5 030
Income tax paid	28	-9	-4
Net expensed interest and fees on loans	16	491	550
Net interest and fees paid on loans		-504	-564
Share of profit from associates and jointly controlled entities	20	-156	-244
Depreciation and amortisation	18	15	7
Changes in value of investment properties	19	-1 387	-3 460
Changes in value of financial instruments	7, 27	-99	-87
Change in working capital		-35	-7
<b>Net cash flow from operating activities</b>		<b>1 389</b>	<b>1 222</b>
Proceeds from property transactions		618	2 351
Purchase of investment properties	19	-925	-482
Upgrades of investment properties	19	-1 201	-1 571
Investment in property and housing-units for sale	9	-362	-207
Purchase of intangible and other operating assets	18	-15	-23
Net payment financial assets		9	-81
Net payment of loans to associates and JVs		-	-40
Net payments in associates and JVs	20	-	-213
Dividends from associates and JVs	20	231	201
<b>Net cash flow from investment activities</b>		<b>-1 645</b>	<b>-65</b>
Proceeds interest bearing debt	27	13 209	12 734
Repayment interest bearing debt	27	-11 998	-13 245
Proceeds from issue of shares/repurchase of shares	26	-116	-2
Dividends paid	36	-798	-698
<b>Net cash flow from financing activities</b>		<b>297</b>	<b>-1 211</b>
Change in cash and cash equivalents		41	-53
Cash and cash equivalents at beginning of period		189	243
<b>Cash and cash equivalents at end of period</b>		<b>230</b>	<b>189</b>

Notes 1 through to 37 form an integral part of the consolidated financial statements.

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# 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 92 (84) buildings with a total area of approximately 1.3 million (1.2 million) square metres. As of 31.12.18 the real estate portfolio had a market value of around 46 billion

(40 billion). The public sector represents approximately 63 per cent (67 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 4 March 2019.

## 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 2018

#### New and amended standards adopted by the Group:

The Group applied IFRS 9 and IFRS 15 for the first time in 2018. The nature and effect of the changes as a result of adoption of these new accounting standards are described below.

Several other amendments and interpretations apply for the first time in 2018, but do not have an impact on the consolidated financial statements of the Group. The Group has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

#### IFRS 9 Financial instruments

The standard addresses the classification, measurement and recognition of financial assets and financial liabilities, impairment of financial assets and general hedge accounting. 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 standard was effective for accounting periods beginning on or after 1 January 2018.

In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model as opposed to an incurred credit loss model under IAS 39. The change of principle had no impact on the Group's financial statements.

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 previously applied 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. However, 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.

IFRS 9 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 decided to measure fixed rate bonds at amortised cost. The Group applies the new rules retrospectively from 1 January 2018, with the practical expedients permitted under the standard. Comparatives for the 2018 financial reporting was consequently not restated. 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 is as following:

	2017		Change
	Reported	If restated	
<b>Net Income</b>	<b>1 483</b>	<b>1 483</b>	<b>-</b>
Changes in value of investment properties	3 460	3 460	-
Changes in value of financial instruments	87	79	-8
<b>Profit before tax</b>	<b>5 030</b>	<b>5 022</b>	<b>-8</b>
Tax expense	-516	-514	2
<b>Profit for the year</b>	<b>4 514</b>	<b>4 508</b>	<b>-6</b>
<b>Total comprehensive income for the year</b>	<b>4 514</b>	<b>4 508</b>	<b>-6</b>
	31.12.2017	01.01.2018	
<b>Total equity</b>	<b>18 938</b>	<b>19 252</b>	<b>314</b>
Interest bearing debt	13 786	13 378	-407
Deferred tax liability	4 356	4 450	94
Financial derivatives	712	712	-
Other non-current liabilities	355	355	-
<b>Total non-current liabilities</b>	<b>19 209</b>	<b>18 895</b>	<b>-314</b>
<b>Total current liabilities</b>	<b>5 263</b>	<b>5 263</b>	<b>-</b>
<b>Total equity and liabilities</b>	<b>43 410</b>	<b>43 410</b>	<b>-</b>

Financial instruments are classified in different categories under IFRS 9 than under IAS 39. In summary, upon the adoption of IFRS 9, the Group had the following required or elected reclassifications as at 1 January 2018:

	Measurement category		Carrying amount	
	IAS 39	IFRS 9	IAS 39	IFRS 9
Trade receivables	Loans and receivables	Amortised cost	34	34
Other current receivables	Loans and receivables	Amortised cost	847	847
Cash and cash equivalents	Loans and receivables	Amortised cost	189	189
Financial investments - other financial assets	Loans and receivables	Amortised cost	116	116
Financial investments - shares	Financial assets available for sale	Fair value through profit or loss	4	4
Financial derivatives	Financial assets at fair value through profit or loss (held for trading)	Fair value through profit or loss	405	405
<b>Total financial assets</b>			<b>1 596</b>	<b>1 596</b>
Interest bearing debt	Financial liabilities at fair value through profit or loss (fair value option)	Amortised cost	8 507	8 100
<b>Total financial liabilities</b>			<b>8 507</b>	<b>8 100</b>

#### IFRS 15 Revenue from Contracts with Customers

IFRS 15 supersedes IAS 11 Construction Contracts, IAS 18 Revenue and related Interpretations and it applies, with limited exceptions, to all revenue arising from contracts with its customers. 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 sets out 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 new standard does not apply to rental income, which is in the scope of IAS 17 Leases, but does apply to development of real estate for sale.

#### Development of real estate for sale

IFRS 15 specifies when 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.

When an entity enters into a binding contract with a customer for 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 cannot 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 residential projects for sale through the housing development in the joint venture Oslo S Utvikling (OSU). As OSU does not have an enforceable right

to collect payment for the benefits performed to date, it is 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 the previous practice for revenue recognition.

Entra also develops commercial buildings that may be sold on forward contracts, where the property is handed over to the buyer upon completion. If a buyer does not have the right to cancel a contract, and the seller can require a buyer to pay the consideration agreed in the contract even if the buyer acts to terminate a contract, IFRS 15 states that the seller must recognise the revenue from the project over time.

Entra delivers construction work on development properties owned by customers. 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. A project's stage of completion is measured by reference to the contract costs incurred up to the end of the reporting period as percentage of total estimated costs.

IFRS 15 should be applied in an entity's IFRS financial statements for annual reporting periods beginning on or after 1 January 2018. In accordance with the transition guidance, Entra has chosen to recognise the cumulative effect of applying IFRS 15 as an adjustment to the opening balance of equity as at the date of initial application (1 January 2018).

The table below shows the transition effects on the financial statements of the joint venture Oslo S Utvikling due reclassification of the accounting of the Eufemia building, an office building under construction that is forward sold and will be handed over to the buyer upon completion. IFRS 15 did not affect the accounting for revenues from any other contracts.

	2017		Change
	Reported	If restated	
Other revenue	116	781	665
Other costs	-56	-482	-426
Result/equity effect	925	1 164	239
Entra's share result/equity effect <sup>1)</sup>			80

<sup>1)</sup> Increase in investments in associates and JVs and shareholders equity

#### 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 2019, 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 16 Leases

IFRS 16 was issued in January 2016 and is effective for accounting periods beginning on or after 1 January 2019. The standard will replace IAS 17 Leases. The distinction between operational and financial leases under IAS 17 is removed for lessees and replaced by a model which is to be used for all leases.

IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to

account for all leases under a single on-balance sheet model similar to the accounting for finance leases under IAS 17. The standard 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. For leases with at lease term of 12 months or less and leases of low-value assets, the Group will recognise a lease expense on a straight-line basis as permitted by IFRS 16.

The Group will adopt IFRS 16 on 1 January 2019, applying the modified retrospective transition method. Under the modified retrospective transition method, the cumulative effect of initially applying the standard is recognised at the date of initial application.

The effect of the implementation of IFRS 16 on the opening balance sheet as of 1 January 2019 will be as following:

	Effect 01.01.2019
Investment properties	231
<b>Total assets</b>	<b>231</b>
Total equity	-10
Deferred tax liability	-3
Other non-current liabilities	235
Other current liabilities	9
<b>Total equity and liabilities</b>	<b>231</b>

The main expected impacts, including impacts in the statement of comprehensive income, are detailed below.

#### Property lease contracts

The Group has analysed all its lease contracts for the lease of ground, parking lots and buildings to evaluate if they fulfil the criteria to qualify as leases according to IFRS 16. Only fixed payments are included in the initial measurement of the lease liability, excluding the Group's turnover based lease contracts. Based on this analysis, the Group has identified a limited number of lease contracts according to the standard concerning leased ground, parking lots and buildings.

The lease term corresponds to the non-terminable period. The discount rate used to calculate the lease liability is determined, for each asset, based on the Group's incremental borrowing rate for leases with under 15 years until maturity. For leases with over 15 years until maturity, the discount rate is based on the properties' net yields, adjusted for company-specific features that affect Entra's incremental borrowing rate, such as tenant-specific factors and the length of the lease.

Entra applies the fair value model in IAS 40 to its investment properties, where the rental expenses under the property lease contracts until the implementation of IFRS 16 were included in the individual property's assumed future cash flows. The leased properties meet the definition of investment properties in IAS 40 and Entra also applies the fair value model to right-of-use assets associated with the property lease contracts. By separating the rental expenses from the other cash flows of the property, the discounted cash flows of the property increase by an amount equal to the value of the right-of-use asset. The discount rate used to calculate the right-of-use asset in accordance with IAS 40 is different from the discount rate used to calculate the lease liability. Further, the value of the right-of-use asset include expected CPI adjustments, while expected CPI adjustments cannot be factored in when determining the lease liability. The value of the right-of-use assets is consequently different from the value of the lease liability.

The impacts on the statement of comprehensive income will be as follows:

- Reduction of the rents included in Operating costs involving an increase in Net operating income;
- Financial costs on the lease debt is included in Net realised financials; and
- Changes in the value of the right-of-use assets is included in Changes in value of investment properties.

If the Group had early implemented IFRS 16 from 1 January 2018, Net income would increase by 9 million compared to reported numbers for the full year 2018.

#### Other leased assets

The Group has made an analysis of all the lease contracts on other assets to evaluate if they fulfill the criteria to qualify and to account a lease according to IFRS 16. No other material lease contracts were identified in this analysis.

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 properties are 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 properties are recognised at fair value, based on market values identified by independent valuers. Gains or losses as a result of changes in the market value of investment properties are recognised in profit or loss as they arise, and are presented on a separate line after net income from property management.

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

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

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

The required rate of return for each property is defined as being a long-term risk-free interest rate plus a property-specific risk

supplement. The latter is defined on the basis of the property segment to which the property belongs, its location, standard, occupancy rate, tenants' financial reliability and remaining lease term. Known market transactions with similar properties in the same geographical area are also taken into consideration.

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

## 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.

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.

## Construction contracts and housing projects

Construction contracts are development of commercial buildings for a customer. Housing projects involve the zoning, development and construction of residential housing. Where the Group constructs the housing projects, the individual units are handed over to the purchaser when they are completed. Properties under zoning for residential purposes may be handed over to residential developers. Construction contracts and housing projects are classified as current assets.

**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. The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them.

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss. In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are "solely payments of principal and interest (SPPI)" on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Further, the financial assets shall be held within a business model whose objective is to hold the financial assets in order to collect contractual cash flows. The majority of the Group's financial assets are classified as measured at amortised cost.

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired. The Group's financial assets at amortised cost includes trade and other current receivables, cash and cash equivalents and other financial assets.

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, and financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss. The Group's financial assets at fair value through profit or loss includes financial derivatives and shares held for trading.

The Group recognises an allowance for expected credit losses on all debt instruments not held at fair value through profit or loss. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument. For trade receivables and contract assets, the Group applies the "simplified approach" by utilising a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Before 1 January 2018, the Group applied IAS 39 on presentation of financial instruments. Financial assets were under IAS 39 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 were assets held for trading purposes, and included derivatives. Loans and receivables were unquoted non-derivative financial assets with fixed or determinable payments. Available-for-sale financial assets were 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 upon initial recognition 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 and derivatives. Financial liabilities at amortised cost consist of liabilities that do not fall under the category at fair value through profit or loss.

#### **Trade receivables and other financial assets**

Trade receivables and other financial assets are classified as financial assets measured at amortised cost. Before 1 January 2018, trade receivables and other financial assets were classified as loans and receivables and measured at fair value upon initial recognition, and thereafter at amortised cost. Interest is ignored if it is insignificant. A provision for bad debt are determined by estimating expected credit losses with reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date. There has been no change in the estimation techniques or significant assumptions made during the current reporting period. 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 or non-current, 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 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. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included as net realised financials in the statement of profit or loss. The liabilities are measured at their nominal value when the effect of discounting is immaterial.

Before 1 January 2018, Entra classified interest bearing liabilities that satisfy the criteria for using the fair value option under IAS 39 in the category at fair value through profit or loss. Entra used the fair value option for interest bearing liabilities at fixed interest rates incurred to finance the acquisition of investment properties. Interest bearing liabilities were recognised at fair value when the loan was received. Subsequently loans were measured at fair value through the income statement and were presented under net financial items. Ordinary interest expenses were presented on the income statement under net financial items.

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 Black & Scholes based on the market price. The fair value of the shares allocated through the LTI is calculated on the basis of the share price at grant date, taking into account the likelihood of the employee still being employed after three years. The amount is recognised as payroll expenses at grant date and accrued for the vesting period from grant date to the reception of shares without any restrictions.

#### TAX

The tax expense consists of tax payable and deferred tax. Tax is charged to the income statement, except where it relates to items that are recognised in comprehensive income or 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 22 per cent from 31 December 2018. For investment properties acquired through the purchase of shares in property companies or not acquired through a business combination, in the event of an adjustment in value, deferred tax is calculated on the property's fiscal value.

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

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

#### PROVISIONS

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

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

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

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

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. Payments relating to the termination of contracts are recognised in the period from the contract being entered into until the date of its termination.

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. Rental income from letting of properties under zoning or development for housing is presented as Other revenue. Shared costs are charged to tenants and recognised in the balance sheet together with payments on account of tenants, and therefore does not affect the result beyond an administrative premium recognised as rental income. Shared costs are settled after the balance sheet date.

Revenue from development of commercial buildings are recognised over time according to the stage of completion if the buyer does not have the right to cancel a contract, and the Group as a seller can require a buyer to pay the consideration agreed in the contract even if the buyer acts to terminate a contract. A project's stage of completion is measured by reference to the contract costs incurred up to the end of the reporting period as percentage of total estimated costs. Revenue from development of residential projects for sale is recognised when the property is handed over to the customer as the Group does not have an enforceable right to collect payment for the benefits performed to date.

Gains on the sale of investment property are presented as part of the change in value.

#### 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 costs 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

Entra pays semi-annual dividends. Dividend payments to the company's shareholders for the first half year are classified as debt from the date on which a resolution regarding the dividend is passed by the Board of Directors. Dividend payments to the company's shareholders for the second half year are classified as debt from the date on which a resolution regarding the dividend is passed by the Annual General Meeting.

## NOTE 3 CRITICAL ACCOUNTING ESTIMATES AND SUBJECTIVE JUDGEMENTS

### Fair value of investment properties

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

Each quarter, all the properties are valued by two independent, external valuers. The valuations at 31 December 2018 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) <sup>1)</sup>
Inflation	+ 1,00	486
Market rent	+ 10,00	3 985
Discount rates	+ 0,25	-1 162
Exit yield	+ 0,25	-1 388

<sup>1)</sup> Estimates by Cushman & Wakefield Realkapital in conjunction with valuations at 31 December 2018.

### Consolidation of entities in which the Group holds less than a majority of shares

Entra considers that it controls Entra OPF Utvikling AS and Hinna Park Eiendom AS even though it owns 50 per cent of the shares in the companies. In this assessment, Entra has considered all relevant facts and circumstances in assessing whether or not the voting rights are sufficient to give Entra power over the two companies. A key consideration is whether or not Entra has the practical ability to unilaterally direct the relevant activities that affect the amount of Entra's return. The relevant activities, including property management, ongoing maintenance and minor redevelopment projects, are directed by the Board of Directors in the two companies. The shareholder agreements include certain provisions that restricts Entra from making significant changes to the business of the two companies. These provisions are not considered to give the co-investors power over the companies, and are only considered to be protective rights. As Entra shall appoint the Chairman of the two companies and the Chairman has a double vote in the Board of Directors of the companies, Entra has concluded it controls these companies.

The controlling vote on the Board of Directors of Entra OPF Utvikling AS was agreed in a revised shareholder agreement with effect from 1 January 2018. Until this revision, Entra did not have a controlling vote on the Board of Directors and consequently treated Entra OPF Utvikling AS as a jointly controlled entity.

### Fair value of financial derivatives

The Group uses interest rate derivatives and fixed rate loans to manage the interest rate risk. The financial derivatives are valued at fair value in the Group's balance sheet. See note 8 for further information on the valuation of the Group's financial derivatives.



## NOTE 4 FINANCIAL RISK MANAGEMENT

*All amounts in NOK million*

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 rate risk
- Credit/counterparty risk
- Currency risk

### Financing risk

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

The 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 rate.
- 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. The fair value of all financial derivative assets was 321 million (405 million).

Trade receivables at 31 December 2018 was 47 million (34 million) and contract assets was 439 million (572 million). The concentration of credit risk with respect to trade debtors is assessed to be low, as the majority of Entra's customers are paying their rent in advance. The creditworthiness of counterparties in construction contracts that give rise to contract assets are thoroughly evaluated before entering into the contracts.

Cash and bank deposits at 31 December 2018 amounted to 230 million (189 million). The deposits were placed with financial institutions with A-/A3 or better credit ratings.

**Currency risk**

The Group shall not incur any currency risk. The Group did not have any currency exposure at 31 December 2018.

interest cover ratio (ICR) and the loan-to-value of property (LTV). At 31 December 2018, the Group was not in breach of any covenants.

**Financial covenants**

There are covenants in the Group's bank loan agreements relating to

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

**MATURITY PROFILE OF ALL FINANCIAL INSTRUMENTS**

31.12.2018	REMAINING TERM								Total
	Under 3 months	4-12 months	1-2 years	2-4 years	4-6 years	6-8 years	8-10 years	Over 10 years	
Interest bearing bank loans – principal	-	-	69	4 228	970	339	-	-	5 606
Interest bearing bank loans – amortising	10	30	39	38	24	24	-	-	165
Interest bearing bank loans – estimated interest	34	103	136	191	41	18	-	-	523
Bonds – principal	-	1 700	700	3 800	3 600	-	-	1 100	10 900
Bonds – estimated interest	88	210	252	405	213	102	102	102	1 472
Commercial paper – principal	1 900	600	-	-	-	-	-	-	2 500
Commercial paper – estimated interest	14	4	-	-	-	-	-	-	18
Financial instruments	-	-	-	-	-	-	-	-	-
- interest rate derivatives	25	44	61	50	12	-13	-31	-49	100
Trade payables	190	-	-	-	-	-	-	-	190
Other financial liabilities	49	-	-	-	-	-	-	-	49
<b>Total</b>	<b>2 309</b>	<b>2 690</b>	<b>1 257</b>	<b>8 712</b>	<b>4 860</b>	<b>470</b>	<b>71</b>	<b>1 153</b>	<b>21 522</b>

31.12.2017	REMAINING TERM								Total
	Under 3 months	4-12 months	1-2 years	2-4 years	4-6 years	6-8 years	8-10 years	Over 10 years	
Interest bearing bank loans – principal	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
<b>Total</b>	<b>1 688</b>	<b>3 865</b>	<b>2 978</b>	<b>4 443</b>	<b>4 733</b>	<b>1 142</b>	<b>429</b>	<b>1 181</b>	<b>20 460</b>

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

**UNUSED CREDIT FACILITIES**

31.12.2018	TERM TO MATURITY								Total
	Under 3 months	4-12 months	1-2 years	2-4 years	4-6 years	6-8 years	8-10 years	Over 10 years	
Unused credit facilities Entra ASA	-	1 500	-	1 180	2 530	-	-	-	5 210
<b>Total unused credit facilities</b>	<b>-</b>	<b>1 500</b>	<b>-</b>	<b>1 180</b>	<b>2 530</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5 210</b>

## UNUSED CREDIT FACILITIES

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

At 31 December 2018, the Group had 197 (156) million of available liquid assets. See Note 25.

## Interest rate risk

The Group's liabilities are subject to fixed interest rates (57 per cent of liabilities at 31 December 2018 compared to 54 per cent at 31 December 2017). 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 2018, the weighted average remaining term to maturity was 3.4 years (4.0 years). The average interest rate was 2.85 per cent (2.90 per cent) at 31 December 2018.

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 31.12.2018	31.12.2019 Up to 1 year	31.12.2020 1-2 years	31.12.2022 2-4 years	31.12.2024 4-6 years	31.12.2026 6-8 years	31.12.2028 8-10 years	31.12.2028+ Over 10 years	Total
Term to maturity								
Percentage	43.4	0.3	12.5	14.3	21.4	5.5	2.6	100
Amount	8 311	50	2 400	2 749	4 110	1 051	500	19 171

As at 31.12.2017	31.12.2018 Up to 1 year	31.12.2019 1-2 years	31.12.2021 2-4 years	31.12.2023 4-6 years	31.12.2025 6-8 years	31.12.2027 8-10 years	31.12.2027+ Over 10 years	Total
Term to maturity								
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

## KEY FIGURES FOR THE GROUP'S FINANCIAL INSTRUMENTS

	2018	2017
Nominal value of interest rate derivatives on the balance sheet date <sup>1)</sup>	14 260	14 400
of which		
- Fixed-to-variable swaps <sup>1)</sup>	3 200	3 200
- Variable-to-Fixed swaps	11 060	11 200
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	2.93 %	3.38 %
Average fixed rate incl. forward starting swaps	2.00 %	1.99 %
Fair value of derivatives on the balance sheet date (NOKm)	159	307
Change in fair value of bonds over the year <sup>2)</sup>		8
Change in fair value of interest rate derivatives over the year	99	79
<b>Total change in fair value of financial instruments</b>	<b>99</b>	<b>87</b>

<sup>1)</sup> 3,200 million (3,200 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 11,060 million (11,200 million). At 31 December 2018 the Group has no interest rate options or option-related products.

<sup>2)</sup> From 1 January 2018, Entra measure fixed rate bonds to amortised cost. Refer to note 2 for further information.

## 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.

	2018	2017
≤ 1 year	2 302	2 230
1 year < 5 years	8 856	7 937
≥ 5 years	6 425	6 580
<b>Total <sup>1)</sup></b>	<b>17 583</b>	<b>16 748</b>

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

Remaining term	2018			2017		
	No. of contracts	Contract rent	Contract rent, %	No. of contracts	Contract rent	Contract rent, %
≤ 1 year	243	227	9.5	163	272	12.1
1 year < 5 years	243	880	36.9	312	852	38.0
5 years < 10 years	112	844	35.4	158	691	30.8
≥ 10 years	28	433	18.2	35	428	19.1
<b>Total</b>	<b>626</b>	<b>2 385</b>	<b>100.0</b>	<b>668</b>	<b>2 243</b>	<b>100.0</b>

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

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

### OTHER PARAMETERS RELATING TO THE GROUP'S LEASE PORTFOLIO

	2018				2017			
	Area (sqm)	Occupancy (%)	Wault (yrs)	Share of public sector tenants (%)	Area (sqm)	Occupancy (%)	Wault (yrs)	Share of public sector tenants (%)
Oslo	611 397	96.6	6.0	62	622 416	96.9	6.1	65
Trondheim	133 668	97.4	7.7	75	136 568	96.5	6.3	83
Bergen	104 986	93.2	7.4	56	45 262	96.5	4.9	80
Sandvika	98 733	99.4	9.2	61	94 903	99.1	10.2	57
Stavanger	78 612	95.8	8.5	51	78 673	97.2	8.8	48
Drammen	70 405	98.4	6.9	84	70 504	96.3	8.1	81
<b>Total management portfolio</b>	<b>1 097 801</b>	<b>96.5</b>	<b>6.7</b>	<b>63</b>	<b>1 048 327</b>	<b>97.0</b>	<b>6.7</b>	<b>66</b>
Project portfolio	103 322		17.1	76	70 247		21.5	70
Regulated development sites	97 859		0.4	-	95 969		-	-
<b>Total property portfolio</b>	<b>1 298 982</b>		<b>7.4</b>	<b>64</b>	<b>1 214 543</b>		<b>7.4</b>	<b>67</b>

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

## NOTE 6 SEGMENT INFORMATION

All amounts in NOK million

The Group has one main operational unit, led by the EVP property management. The property portfolio 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 units 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"). These 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.

31.12.2018	No. of properties (#)	Area (sqm)	Occupancy (%)	Wault (yrs)	Market value		12 month rolling rent		Net yield (%)	Market rent	
					(NOKm)	(NOK/sqm)	(NOKm)	(NOK/sqm)		(NOKm)	(NOK/sqm)
Oslo	40	611 397	96.6	6.0	27 110	44 341	1 427	2 334	4.8	1 521	2 488
Trondheim	9	133 668	97.4	7.7	3 790	28 351	230	1 718	5.5	231	1 729
Bergen	7	104 986	93.2	7.4	3 912	37 258	206	1 966	4.8	233	2 222
Sandvika	9	98 733	99.4	9.2	2 865	29 022	170	1 726	5.5	144	1 459
Stavanger	5	78 612	95.8	8.5	2 175	27 668	140	1 783	6.0	127	1 610
Drammen	8	70 405	98.4	6.9	2 024	28 753	128	1 815	5.9	114	1 621
<b>Total management portfolio</b>	<b>78</b>	<b>1 097 801</b>	<b>96.5</b>	<b>6.7</b>	<b>41 876</b>	<b>38 145</b>	<b>2 302</b>	<b>2 097</b>	<b>5.1</b>	<b>2 370</b>	<b>2 159</b>
Project portfolio	7	103 322		17.1	3 065	29 666					
Regulated development sites	7	97 859		0.4	689	7 043					
<b>Total property portfolio</b>	<b>92</b>	<b>1 298 982</b>		<b>7.4</b>	<b>45 630</b>	<b>35 128</b>					

The calculation of net yield is based on the valuers' assumption of ownership costs, which at 31.12.18 corresponds to 7.8 per cent of market rent.

The Groups 20 largest tenants accounts for approximately 40 per cent of the Group's total rental income.

31.12.2017	No. of properties (#)	Area (sqm)	Occupancy (%)	Wault (yrs)	Market value		12 month rolling rent		Net yield (%)	Market rent	
					(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
<b>Total management portfolio</b>	<b>75</b>	<b>1 048 327</b>	<b>97.0</b>	<b>6.7</b>	<b>37 439</b>	<b>35 713</b>	<b>2 070</b>	<b>1 975</b>	<b>5.1</b>	<b>2 142</b>	<b>2 043</b>
Project portfolio	5	70 247		21.5	2 122	30 202					
Regulated development sites	4	95 969		-	476	4 959					
<b>Total property portfolio</b>	<b>84</b>	<b>1 214 543</b>		<b>7.4</b>	<b>40 036</b>	<b>32 964</b>					

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 31.12.17 corresponds to 8.2 per cent of market rent.

## NOTE 7 CATEGORIES OF FINANCIAL INSTRUMENTS

*All amounts in NOK million*

	Financial assets at mortised cost	Financial assets at fair value through profit or loss		Financial liabilities at fair value through profit or loss	Financial liabilities at amortised cost	
31.12.2018			Total			Total
				Held for trading		
<b>Assets</b>				<b>Liabilities</b>		
Financial investments						
- shares		5	<b>5</b>	Interest bearing non-current liabilities	14 931	<b>14 931</b>
- other financial assets	106		<b>106</b>	Interest bearing current liabilities	4 239	<b>4 239</b>
Financial derivatives		321	<b>321</b>	Financial derivatives	481	<b>481</b>
Trade receivables	47		<b>47</b>	Other non-current liabilities	79	<b>79</b>
Other current receivables	671		<b>671</b>	Trade payables	190	<b>190</b>
Cash and cash equivalents	230		<b>230</b>	Other current liabilities	49	<b>49</b>
<b>Total financial assets</b>	<b>1 054</b>	<b>326</b>	<b>1 381</b>	<b>Total financial liabilities</b>	<b>481</b>	<b>19 968</b>

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



## NOTE 8 INFORMATION ABOUT FAIR VALUE

All amounts in NOK million

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

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

From 1 January 2018, bond loans with fixed interest rates and commercial paper are valued at amortised cost. Before 1 January 2018, bond loans with fixed interest rates and commercial papers were valued at fair value. The fair value of both listed and unlisted bonds with fixed interest rates was set at the tax value (as determined by a committee appointed by the Norwegian Securities Dealers' Association, [www.vpff.no](http://www.vpff.no)).

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

	31.12.2018	Level 1	Level 2	Level 3
Assets at fair value through profit or loss				
- Investment properties	44 714			44 714
- Derivatives	321		321	
- Investment properties held for sale	565			565
- Equity instruments	5			5
<b>Total</b>	<b>45 605</b>	<b>-</b>	<b>321</b>	<b>45 283</b>

### LIABILITIES MEASURED AT FAIR VALUE

	31.12.2018	Level 1	Level 2	Level 3
Liabilities at fair value through profit or loss				
- Derivatives	481		481	
<b>Total</b>	<b>481</b>	<b>-</b>	<b>481</b>	<b>-</b>

<sup>1)</sup> From 1 January 2018, Entra measure fixed rate bonds to amortised cost. Refer to note 2 for further information.

### 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
<b>Total</b>	<b>40 464</b>		<b>405</b>	<b>40 059</b>

## 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	
<b>Total</b>	<b>9 219</b>		<b>9 219</b>	

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

	2018		2017	
	Fair value	Carrying amount	Fair value	Carrying amount
Loans to associates and jointly controlled entities	1	1	1	1
Loans to external	106	106	116	116
Trade receivables	47	47	34	34
<b>Total</b>	<b>154</b>	<b>154</b>	<b>151</b>	<b>151</b>

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

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

	2018		2017	
	Fair value	Carrying amount	Fair value	Carrying amount
Seller's credit and withheld purchase price	150	150	71	71
<b>Total</b>	<b>150</b>	<b>150</b>	<b>71</b>	<b>71</b>

The difference between the fair value and the amortised cost of interest bearing liabilities is described in note 27. 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 December 2018, the Group entered into a property swap transaction with Aberdeen Eiendomsfond Norge I regarding certain properties in Oslo, including Tollbugata 1A, which is currently under redevelopment. The delivery of the property and settlement of the transaction is expected in October 2019. The property was reclassified from investment properties to construction contracts. Revenue from the contract and related costs are recognised over time according to the stage of completion. As a result of the reclassification, other revenues and other cost in 2018 both increased by 429 million. Until the completion of the redevelopment and the delivery of the property to the buyer, expected in October 2019, the Group will recognise the remaining revenue and cost based on the stage of completion of the project.

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 took place when the project was completed. The project gain was recognised over time based on the stage of completion of the project. The project was completed in June 2018, and a project gain of 14 million (7 million) is recognised in 2018.

In 2015, Entra started a project in Youngskvartalet in Oslo. The project was completed in late October 2017 and the first tenants moved into the properties at the beginning of November 2017. The project was handed over to the buyer in March 2018.

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

	2018	2017
Contract assets	439	572
<b>Total</b>	<b>439</b>	<b>572</b>
<b>The contract assets relates to:</b>		
Amounts due from reclassification from investment properties	429	60
Amounts due from pre-phase work on the property	-	30
Aggregate costs incurred	10	482
<b>Total</b>	<b>439</b>	<b>572</b>

As at 31 December 2018, Entra does not have any material contract liabilities.

## NOTE 10 TOTAL PROPERTY COSTS

All amounts in NOK million

	2018	2017
<b>Property Costs</b>		
Maintenance	35	40
Tax, leasehold, insurance	72	48
Letting and property administration	43	42
Direct property costs	34	32
<b>Total property costs</b>	<b>184</b>	<b>162</b>

## NOTE 11 OTHER REVENUE

All amounts in NOK million

	2018	2017
<b>Other Revenue</b>		
Sales of services provided to tenants	51	35
Construction contract revenue	451	238
Rental income from housing-units for sale	6	-
Other revenue	14	11
<b>Total other revenue</b>	<b>521</b>	<b>285</b>

## NOTE 12 OTHER COSTS

All amounts in NOK million

	2018	2017
<b>Other costs</b>		
Rental costs	13	12
Costs related to housing-units for sale	2	-
Construction contract costs	433	220
Depreciation and write-downs	15	7
Other costs	37	7
<b>Total other costs</b>	<b>500</b>	<b>246</b>

## NOTE 13 ADMINISTRATIVE COSTS

All amounts in NOK million

	2018	2017
<b>Administrative costs</b>		
Payroll and personnel expenses	101	104
Office expenses, furnishings and equipment	22	24
Consultancy fees	20	22
Other administrative owner costs	15	14
<b>Total administrative costs</b>	<b>157</b>	<b>163</b>

## NOTE 14 PERSONNEL COSTS

All amounts in NOK million

### PERSONNEL COSTS

	2018	2017
Salaries, performance-related pay and other taxable benefits <sup>1)</sup>	161	164
Employers' National Insurance contributions	25	23
Pension expenses	12	13
Other personnel costs	13	8
<b>Total personnel costs</b>	<b>210</b>	<b>208</b>
Of which capitalised as projects under development	-35	-29
Of which shared costs to be distributed amongst tenants	-37	-33
Of which related to the ongoing operation of properties	-11	-10
<b>Total salary and personnel costs</b>	<b>128</b>	<b>135</b>
Number of full-time equivalents	153	152
Number of employees at 31.12.	164	155

<sup>1)</sup> Salaries, performance-related pay and other taxable benefits includes a 13 million (16 million) provision for performance-related pay for all employees in 2018, 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 2019

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 2019 and up until the annual shareholders' meeting in 2020.

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 2019 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 2019, as well as predefined personal targets. The scorecard for 2019 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 before 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 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 2019**

	Target scale 2019 (%)			Maximum LTI result CEO (%) <sup>1)</sup>	Maximum LTI result Senior Executives (%) <sup>1)</sup>
	80	100	120		
RoE	4.5	<b>5.6</b>	6.7	15	10
TSR	80 % of index	<b>100 % of index</b>	120 % of index	15	10
Result LTI	-	<b>50</b>	100	30	20

<sup>1)</sup> Calculated as actual achieved RoE / TSR divided by target RoE / TSR ("Result"). This Result is compared to the target scale for 2019 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 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 2018**

Determination of remuneration of Senior Executives for 2018 has been carried out in accordance with the guidelines determined by the Board in 2018. The base salary of the Senior Executives increased by on average 4.0 per cent (4.3 per cent) in 2018. Performance-related pay for 2017 was determined and paid in 2018 on the basis of the principles determined in 2017. Performance-related pay for 2018 will be determined and paid in 2019 on the basis of the principles determined in 2018.

# OVERVIEW OF TOTAL REMUNERATION TO SENIOR EXECUTIVES IN 2018

## PAYMENTS TO SENIOR EXECUTIVES

All amounts in NOK thousand	Salary	Performance related pay (STI) <sup>1)</sup>	LTI <sup>2)</sup>	Benefits in kind	Pension costs	Total remuneration 2018
Arve Regland, CEO	3 692	1 521	823	157	104	6 298
Anders Olstad, CFO	2 657	672	396	162	104	3 990
Sonja Horn, EVP Digital & Business Development to 31.03.18, EVP Property Management from 01.04.18	2 285	580	320	162	104	3 451
Åse Lunde, EVP Digital & Business Development from 01.04.18	1 220	289	55	128	79	1 770
Per Ola Ulseth, EVP Project Development from 01.09.18	709	152	29	45	35	970
Anders Solaas, EVP Letting and Property Development to 30.09.18	1 481	-	370	101	78	2 030
Geir Graff-Kallevåg, Acting EVP Oslo to 31.03.18 <sup>3)</sup>	403	-	51	4	26	483
Ove Ågedal, Acting EVP Project Development from 01.01.18 to 31.08.18 <sup>4)</sup>	1 219	327	67	24	69	1 706
Kristin Haug Lund, EVP Project Development to 31.12.17 <sup>5)</sup>	1 423	-	-	45	34	1 502
<b>Total</b>	<b>15 090</b>	<b>3 541</b>	<b>2 110</b>	<b>828</b>	<b>632</b>	<b>22 201</b>

<sup>1)</sup> Performance-related pay is based on a provision based on targets met in 2018, which will be paid out in 2019.

<sup>2)</sup> The LTI scheme has a lock-up period of one year and a vesting period of three years. As such the earned LTI for 2018 represents one third of the LTI earned in the 2016, 2017 and 2018 scheme.

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

<sup>4)</sup> The remuneration is for the eight months period Ove Ågedal has been acting EVP Project Development.

<sup>5)</sup> Kristin Haug Lund resigned at year end 2017. The remuneration is for the 3 months notice period and subsequent severance pay period.

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

Total loans given by Entra to senior executives were 56 (225) at 31 December 2018.

# OVERVIEW OF TOTAL REMUNERATION TO SENIOR EXECUTIVES IN 2017

## PAYMENTS TO SENIOR EXECUTIVES

All amounts in NOK thousand	Salary	Performance related pay (STI) <sup>1)</sup>	LTI <sup>2)</sup>	Benefits in kind	Pension costs	Total remuneration 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 <sup>3)</sup>	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 <sup>4)</sup>	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
<b>Total</b>	<b>15 587</b>	<b>4 589</b>	<b>1 567</b>	<b>1 085</b>	<b>736</b>	<b>23 564</b>

<sup>1)</sup> Performance-related pay is based on a provision based on targets met in 2017, which was paid out in 2018.

<sup>2)</sup> The LTI scheme has a lock-up period of one year and a vesting 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.

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

<sup>4)</sup> 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.

All amounts in NOK thousand	Board fees	Committee fees	Total remuneration 2018 <sup>1)</sup>	Total remuneration 2017 <sup>1)</sup>
<b>Board</b>				
Siri Hatlen, Chair	449	48	497	486
Kjell Bjordal, Deputy Chair	225	27	253	247
Widar Salbuviik	225	68	294	281
Katarina Staaf	225	48	273	267
Ingrid Dahl Hovland from 27 April 2017	225	-	225	151
Erling Nedkvitne, employee representative from 22 May 2018 <sup>2)</sup>	159	-	159	-
Linnea Tviberg Scharning, employee representative from 22 May 2018 <sup>2)</sup>	159	-	159	-
Cathrine Vaar Austheim, employee representative until 22 May 2018 <sup>2)</sup>	67	-	67	221
Hans Petter Skogstad, employee representative from 22 May 2018 <sup>2)</sup>	67	-	67	221
Arthur Sletteberg until 27 April 2017	-	-	-	91
<b>Total <sup>1)</sup></b>	<b>1 802</b>	<b>191</b>	<b>1 993</b>	<b>1 965</b>

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

<sup>2)</sup> Does not include ordinary salary.

The Board and committee members received no other compensation than what is set out in the table. The above amounts are subject to National Insurance contributions of 14.1 per cent.

## NOTE 16 NET REALISED FINANCIALS

All amounts in NOK million

	2018	2017
Interest income	17	10
Other finance income	-	12
Interest expenses	-517	-589
- of which capitalised borrowing costs	35	39
Other finance expenses	-27	-22
<b>Total interest and other finance expense</b>	<b>-491</b>	<b>-550</b>
Average interest on capitalised borrowing costs	2.9 %	3.3 %

## NOTE 17 GOODWILL

All amounts in NOK million

### MOVEMENT IN CARRYING AMOUNT OF GOODWILL

	2018	2017
Opening balance at 01.01	109	109
Amortisation from impairment	-	-
<b>Closing balance at 31.12</b>	<b>109</b>	<b>109</b>

The goodwill relates to the acquisition of 50 per cent of the shares of the business in Hinna Park Eiendom AS. The Group performs an annual impairment test of the goodwill at year-end. No impairment indicators were identified in December 2018.

## NOTE 18 INTANGIBLE ASSETS AND OTHER OPERATING ASSETS

All amounts in NOK million

	2018			2017		
	Intangible assets <sup>1)</sup>	Property used by owner	Other property, plant and equipment	Intangible assets <sup>1)</sup>	Property used by owner	Other property, plant and equipment
Acquisition cost at 01.01.	41	3	38	36	8	34
Acquisitions	13	-	4	6	-	5
Reclassified to investment property	-	-	-1	-	-	-
Disposals	-	-	-0	-	-5	-1
<b>Acquisition cost at 31.12.</b>	<b>55</b>	<b>3</b>	<b>42</b>	<b>41</b>	<b>3</b>	<b>38</b>
Accumulated depreciation and write-downs at 01.01.	25	-	18	21	1	14
Depreciation and write-downs	11	-	4	5	-	4
Disposals	-	-	-0	-	-1	-
<b>Accumulated depreciation and write-downs at 31.12.</b>	<b>37</b>	<b>-</b>	<b>22</b>	<b>25</b>	<b>-</b>	<b>18</b>
<b>Carrying amount at 31.12.</b>	<b>18</b>	<b>3</b>	<b>20</b>	<b>16</b>	<b>3</b>	<b>20</b>

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

## NOTE 19 INVESTMENT PROPERTIES

All amounts in NOK million

### VALUE OF INVESTMENT PROPERTIES

	2018	2017
<b>Opening balance at 01.01</b>	<b>40 055</b>	<b>35 798</b>
<b>Other movements</b>		
Purchase of investment properties	914	1 745
Investment in the property portfolio	1 161	1 381
Reclassified due to change of control	2 326	-
Capitalised borrowing costs	35	30
Sale of investment properties	-171	-2 362
Reclassified to construction contracts	-429	-
Reclassified from properties for use of the group	-	4
Change in value from operational lease	-5	9
Change in value from investment properties	1 392	3 451
<b>Closing balance at 31.12</b>	<b>45 279</b>	<b>40 055</b>
Of which investment properties held for sale	565	180
<b>Investment properties</b>	<b>44 714</b>	<b>39 875</b>

Investment properties held for sale comprise 3 (1) investment properties for which the sales process had started, but not been completed, on the balance sheet date. The properties are expected to be sold within 12 months.

At 31 December 2018, investment properties held for sale include the properties Aasta Hansteens vei 10, Pilestredet 19-21 and Pilestredet 28 in Oslo. In December 2018, Tollbugata 1A was reclassified to construction contracts.

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 refurbished building, the "Magazine" and the office building "Halvbroren"). The tenant has the right to acquire the refurbished 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 2018, 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 1,915 million (1,874 million) as of 31 December 2018.

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 106 million (112 million) as of 31 december 2018.

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 703 million (688 million) as of 31 December 2018.

Pursuant to the lease agreement entered into between Entra and University of Oslo ("UiO") (norsk: Universitetet i Oslo) on 16 June 2016, the tenant has an option to acquire the property Kristian augusts gate 15-21 (building and land) after 15 years and 25 years after the lease agreements commences. The lease agreement would most likely commence in fourth quarter 2019, and according to this the options to acquire will be in year 2034 and 2044. The purchase price shall be based on a gross market yield (market value) at time of calling the option and valued at a remaining vault of fifteen years of the lease agreement. The gross yield has a cap at 5.25 percent (gross yield < 5.25 %). 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 (today's 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 Brattørkaia 16, 5, 10, 15 and 20 years after the lease agreements commences. The lease agreement commenced in 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 added tax (vat) compensation. The option to acquire must be called twelve months ahead of the four points in time at the latest.

Pursuant to the lease agreements entered into between Entra and the National Museum on 31 August 2004, the tenant has an option to acquire the property Kristian Augusts gate 23. The purchase price shall be determined in accordance with market terms with a public tenant of 15 years lease on same terms as in the current lease contract. The option can be exercised with 6 months notice.

The Group has entered into certain operating leases of ground, parking lots and buildings classified as investment properties, with remaining lease terms between 10 and 70 years. Future minimum lease payments under non-cancellable operating leases as at 31 December are as follows:

	2018	2017
≤ 1 year	21	21
1 year < 5 years	85	84
≥ 5 years	504	519
<b>Total</b>	<b>610</b>	<b>625</b>

## NOTE 20 ASSOCIATES AND JOINTLY CONTROLLED ENTITIES

All amounts in NOK million

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

31.12.2018	Acquisition date	Business office	Shareholding/ voting rights (%)
<b>Associated companies</b>			
Ullandhaug Energi AS	07.07.2009	Stavanger	44.00
<b>Jointly controlled entities</b>			
Oslo S Utvikling AS	01.07.2004	Oslo	33.33
Hinna Park Facility Management AS	18.11.2016	Stavanger	50.00

31.12.2017	Acquisition date	Business office	Shareholding/ voting rights (%)
<b>Associated companies</b>			
Ullandhaug Energi AS	07.07.2009	Stavanger	44.00
<b>Jointly controlled entities</b>			
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

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

	Carrying amount 31.12.2017	Share of profit for 2018	Capital injection/ reduction/ reclassification	Change in accounting principles	Carrying amount 31.12.2018	Change in value in share of profit <sup>1)</sup>
<b>Associated companies</b>	<b>6</b>	<b>2</b>	<b>-1</b>	<b>-</b>	<b>7</b>	<b>-</b>
<b>Jointly controlled entities</b>						
Entra OPF Utvikling AS <sup>2)</sup>	1 125	-	-1 125	-	-	42
Oslo S Utvikling AS	355	153	-230	80	358	14
Hinna Park Facility Management AS	-	1	-	-	2	-
<b>Total associates and jointly controlled entities</b>	<b>1 487</b>	<b>156</b>	<b>-1 356</b>	<b>80</b>	<b>367</b>	<b>56</b>

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

<sup>2)</sup> Entra OPF Utvikling was consolidated in the Group's financial statements from 1.1.18 due to change of control.



## 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 <sup>1)</sup>
<b>Associated companies</b>	<b>7</b>	<b>-</b>	<b>-1</b>	<b>6</b>	<b>-</b>
<b>Jointly controlled entities</b>					
Entra OPF Utvikling AS	827	85	213	1 125	70
Sundtkvartalet Holding AS <sup>2)</sup>	192	139	-331	-	-
Oslo S Utvikling AS	535	20	-200	355	12
Hinna Park Facility Management AS	-	-	-	-	-
<b>Total associates and jointly controlled entities</b>	<b>1 561</b>	<b>244</b>	<b>-319</b>	<b>1 487</b>	<b>82</b>

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

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

## AGGREGATE FINANCIAL INFORMATION FOR ASSOCIATES AND JOINTLY CONTROLLED ENTITIES

(Figures stated refer to Entra's ownership interest)

	Associates and Jointly controlled entities	
	2018	2017
Rental income	43	75
Net operating income	43	69
<b>Net income</b>	<b>158</b>	<b>35</b>
Changes in value of investment properties	-	259
Changes in value of financial instruments	18	15
<b>Profit before tax</b>	<b>176</b>	<b>310</b>
Tax expense	-20	-65
<b>Profit after tax</b>	<b>156</b>	<b>244</b>
<b>Total comprehensive income</b>	<b>156</b>	<b>244</b>
Total assets	1 612	2 715
Equity	367	1 498
Total liabilities	1 246	1 217

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.

There has not been any change in the share of ownership or voting rights in this jointly controlled company in 2018.

SUMMARY OF SIGNIFICANT ACCOUNTING ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS OF OSLO S UTVIKLING AS  
AFTER IFRS ADJUSTMENTS FOR 2018 AND 2017 (100 PER CENT)

	2018	2017
<b>Income statement:</b>		
Rental income	124	101
Repairs & maintenance	-	-
Operating costs	-	-
<b>Net operating income</b>	<b>124</b>	<b>101</b>
Other revenue	2 324	116
Other costs	-1 816	-56
Administrative costs	-56	-42
Net realised financials	-114	-81
<b>Net income</b>	<b>462</b>	<b>39</b>
Changes in value of financial instruments	54	46
<b>Profit before tax</b>	<b>516</b>	<b>84</b>
Tax expense	-58	-24
<b>Profit for the year</b>	<b>458</b>	<b>61</b>
<b>Total comprehensive income</b>	<b>458</b>	<b>61</b>
<b>Balance sheet:</b>		
<b>Current assets</b>	<b>4 620</b>	<b>4 206</b>
of which cash and cash equivalents	66	39
<b>Non-current assets</b>	<b>50</b>	<b>88</b>
<b>Current liabilities</b>	<b>229</b>	<b>302</b>
of which current financial liabilities other than accounts payable and provisions	-	-
<b>Non-current liabilities</b>	<b>3 457</b>	<b>3 067</b>
of which non-current financial liabilities other than accounts payable and provisions	3 457	3 067

RECONCILIATION OF CARRYING AMOUNT

	Shareholding (%)	2018	2017
Net assets	100.00	984	925
Group's shareholding in the company	33.33	328	308
Added value	33.33	30	47
<b>Carrying amount of Group's shareholding</b>	<b>33.33</b>	<b>358</b>	<b>355</b>

CONTRACTUAL OBLIGATIONS

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

	2018	2017
Property, plant and equipment	1 018	1 484
<b>Total contractual obligations</b>	<b>1 018</b>	<b>1 484</b>

## NOTE 21 LONG-TERM RECEIVABLES

All amounts in NOK million

	2018	2017
External loans	106	116
Receivable at the University of Oslo	80	80
SIC 15 asset	7	7
Accrued rent exemption	18	20
Other long-term receivables	26	21
<b>Total Long-term receivables</b>	<b>236</b>	<b>244</b>

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. 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 arise as the annual rent compensation Tullinkvartalet receives from the University of Oslo for assuming the contractual obligations at St. Olavs plass 5 is less than the contractual rent obligation adjusted for an assumption of rent income Tullinkvartalet will receive by subletting the property at St. Olavs Plass 5. The corresponding net rent liability is recorded as a “Other non-current liabilities”, see note 30. In December 2018, Entra signed an agreement to acquire St. Olavs plass 5. The acquisition is expected to be closed in 2019.

## NOTE 22 HOUSING-UNITS FOR SALE

In the third quarter of 2018, Entra acquired a development site at Bryn in Oslo. As part of the transaction, JM Norge AS has agreed to acquire land expected to be zoned for residential development subject to detailed plan. The properties expected to be zoned for residential development are Brynsveien 1, 2-4, 3, 6, 8, and 12. See notes 11 and 12 for information on rental income from letting of the properties and the related property costs.

## NOTE 23 TRADE RECEIVABLES

All amounts in NOK million

### TRADE RECEIVABLES

	2018	2017
Trade receivables	57	40
Provisions for bad debts	-10	-6
<b>Net trade receivables</b>	<b>47</b>	<b>34</b>

The age analysis of these trade receivables is as follows:

	2018	2017
Up to 3 months	12	23
Over 3 months	40	10
<b>Total overdue</b>	<b>52</b>	<b>34</b>

## NOTE 24 OTHER RECEIVABLES AND OTHER CURRENT ASSETS

All amounts in NOK million

### OTHER RECEIVABLES

	2018	2017
VAT owed	46	46
Accrued interest	50	46
Accrued not invoiced	15	21
Advance payments and accruals	80	109
Contract asset Tollbugata 1A	429	-
Deferred payment sales of Youngskvartalet	-	60
Accrued not invoiced construction cost Youngskvartalet	-	472
Accrued not invoiced construction cost Kongsgård Allé	-	40
Other current receivables	52	54
<b>Total other receivables</b>	<b>671</b>	<b>847</b>

## NOTE 25 CASH AND BANK DEPOSITS

All amounts in NOK million

	2018	2017
Bank deposits	197	156
Tied bank deposits	33	33
<b>Total bank deposits</b>	<b>230</b>	<b>189</b>

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

## NOTE 26 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 1,062,474 (2,960) of its own shares at 31 December 2018.

As of 31 December 2018 Entra had 5,267 shareholders (5,418 shareholders). The Norwegian Ministry of Trade, Industry and Fisheries held 33.4 per cent at year end 2018. Norwegian investors held 55 per cent (55 per cent) of the share capital and foreign investors 45 per cent (45 per cent) at 31 December 2018.

The tables 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 2018.

	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
End of year 31.12.2018	183 732 461	184	2 619	1

Paid-in capital amounts to 3,718 million (3,739 million) and consists of 184 million (184 million) in share capital, of which 1 million (nil) is related to treasury shares, and 3,535 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 was calculated as the volume weighted average share price the last 30 days (VWAP) until and including 20 April 2018 less a 20 per cent discount. A total of 106,904 (128,925) shares were acquired and sold to the employees in connection with the share purchase scheme in May 2018. In addition, Entra purchased 13,465 shares in February 2018 in connection with the LTI scheme for senior executives. All shares were awarded to senior executives in February 2018.

In June 2018, Entra initiated a share buy-back program for up to 2 per cent of the registered shares. As of 31 December, a total of 1,059,874 shares was bought in the marked under the share buy-back program.

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 2018 were as follows:

Shareholder	No of shares per 31.12.2018	Shareholding %	Country
Norwegian Ministry of Trade, Industry and Fisheries	61 368 893	33.4	Norway
Folketrygdfondet	11 214 411	6.1	Norway
State Street Bank and Trust (Nominee)	6 461 205	3.5	United States
DNB NOR Markets	4 825 648	2.6	Norway
State Street Bank and Trust (Nominee)	4 362 937	2.4	United States
Länsförsäkringar Fastighetsfond	4 204 497	2.3	Sweden
The Bank of New York Mellon (Nominee)	2 531 974	1.4	United States
Danske Invest Norske Instit. II.	2 530 052	1.4	Norway
State Street Bank and Trust (Nominee)	2 362 503	1.3	United States
BNP Paribas Securities Services (Nominee)	2 154 471	1.2	France
The Bank of New York Mellon (Nominee)	2 061 713	1.1	Belgium
Citibank N.A. (Nominee)	1 621 733	0.9	United Kingdom
State Street Bank and Trust (Nominee)	1 608 727	0.9	United States
Principal Funds Inc	1 599 944	0.9	United States
JPMorgan Chase Bank (Nominee)	1 590 717	0.9	United Kingdom
JPMorgan Chase Bank (Nominee)	1 452 246	0.8	United Kingdom
State Street Bank and Trust (Nominee)	1 401 623	0.8	United States
Danske Invest Norske Instit. II.	1 353 824	0.7	Norway
Ilmarinen Mutual Pens Ins Comp	1 321 528	0.7	Belgium
JP Morgan Chase Bank (Nominee)	1 190 922	0.6	Belgium
<b>Total 20 largest shareholders</b>	<b>117 219 568</b>	<b>63.8</b>	
<b>Total</b>	<b>183 732 461</b>	<b>100.0</b>	

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

Shareholder	Position	Number of shares 2018	Number of shares 2017
<b>Board of directors</b>			
Siri Hatlen	Chair	1 163	1 163
Kjell Bjordal	Deputy Chair	44 704	44 704
Widar Salbuviik	Board member	10 000	-
Katarina Staaf	Board member	500	-
Ingrid Dahl Hovland	Board member	-	-
Linnea Scharning	Employee representative from 22 May 2018	-	-
Erling Nedkvitne	Employee representative from 22 May 2018	9 384	-
Cathrine Vaar Austheim	Employee representative until 22 May 2018	-	-
Hans Petter Skogstad	Employee representative until 22 May 2018	-	6 811
<b>Senior executives</b>			
Arve Regland	CEO	52 087	45 269
Anders Olstad	CFO	40 379	36 150
Sonja Horn	EVP Property management	21 662	17 972
Per Ola Ulseth	EVP Project Development	-	-
Åse Lunde	EVP Digital & Business Development	1 753	-
Anders Solaas	EVP Letting and Property Development until 30 September 2018	-	8 485
Geir Graff-Kallevåg	Acting EVP Oslo until 31 March 2018	-	6 222
Mona Aarebrot	EVP Regional Cities until 31 December 2017	-	13 439
Kristin Haug Lund	EVP Project Development until 31 December 2017	-	14 398
Tom Bratlie	EVP HR and Communication until 31 December 2017	-	8 065
<b>Shares held by board of directors and senior executives</b>		<b>181 632</b>	<b>202 678</b>

## NOTE 27 INTEREST BEARING LIABILITIES AND ACCRUED INTEREST

All amounts in NOK million

## NON-CURRENT INTEREST BEARING LIABILITIES

	Nominal value 2018	Market value 2018	Carrying amount 2018	Nominal value 2017	Market value 2017	Carrying amount 2017
Bank loans	5 731	5 731	5 731	3 178	3 178	3 178
Bonds	9 200	9 362	9 200	10 200	10 607	10 607
<b>Total non-current interest bearing liabilities</b>	<b>14 931</b>	<b>15 094</b>	<b>14 931</b>	<b>13 378</b>	<b>13 786</b>	<b>13 786</b>

## CURRENT INTEREST BEARING LIABILITIES

	Nominal value 2018	Market value 2018	Carrying amount 2018	Nominal value 2017	Market value 2017	Carrying amount 2017
Bank loans	39	39	39	837	837	837
Bonds	1 700	1 717	1 700	826	826	826
Commercial paper	2 500	2 500	2 500	3 000	3 000	3 000
<b>Total current interest bearing liabilities</b>	<b>4 239</b>	<b>4 257</b>	<b>4 239</b>	<b>4 663</b>	<b>4 663</b>	<b>4 663</b>

The average credit margin on the Group's loans at 31.12.2018 was 0.89 per cent (0.96 per cent).





## THE GROUP'S BONDS AT 31.12.2017

ISIN	Issue limit	Coupon rate	Term to maturity	Amount issued	Repurchased <sup>1)</sup>	Net balance <sup>1)</sup>
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
						<b>11 026</b>

## THE GROUP'S COMMERCIAL PAPER AT 31.12.2017

ISIN	Issue limit	Coupon rate	Term to maturity	Amount issued	Repurchased <sup>1)</sup>	Net balance <sup>1)</sup>
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
						<b>3 000</b>

<sup>1)</sup> nominal values

## MORTGAGES

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

For projects/properties with special characteristics, separate mortgage-based financing can be arranged. At 31 December 2018, there are one bond 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.

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.

	2018	2017
Carrying amount of liabilities secured through mortgages	2 581	3 683
<b>Carrying amount of mortgaged assets</b>		
Buildings and sites	4 820	6 324

## NOTE 28 TAX

All amounts in NOK million

### INCOME TAX EXPENSE

	2018	2017
Tax payable	13	8
Change in deferred tax on profit and loss	325	507
<b>Income tax expense</b>	<b>338</b>	<b>516</b>

### INCOME TAX PAYABLE IS CALCULATED AS FOLLOWS

	2018	2017
Profit before tax	3 073	5 030
Share of profit/loss at associates and jointly controlled entities	-156	-244
Other permanent differences	-298	-1 815
Historical change in tax - jointly controlled entities	-172	
Changes in temporary differences	-1 894	-2 749
Changes in loss carry-forwards	-496	-186
<b>Profit for tax purposes</b>	<b>56</b>	<b>34</b>
Tax payable on the balance sheet	13	8
<b>Tax payable on the balance sheet</b>	<b>13</b>	<b>8</b>

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

	2018	%	2017	%
Profit for accounting purposes multiplied by nominal tax rate	707	23.0	1 207	24.0
Tax on share of profit/loss at associates and jointly controlled entities	-36	-1.2	-59	-1.2
Tax on permanent differences	-69	-2.2	-436	-8.7
Historical change in tax - jointly controlled entities	-40	-1.3		
Devaluation deferred tax asset	-4	-0.1	-8	-0.2
Effect of change in tax rate from 23 (24) per cent to 22 (23) per cent	-221	-7.2	-189	-3.8
<b>Tax expense for accounting purposes</b>	<b>338</b>	<b>11.0</b>	<b>516</b>	<b>10.2</b>

From the income year 2019 the tax rate on normal income is reduced from 23 per cent to 22 per cent. Deferred tax as at 31 December 2018 was measured using the new rate. The effect on tax for the period is - 221 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:

	2018	2017
Deferred tax liability	5 144	4 709
Deferred tax assets	283	353
<b>Net deferred tax</b>	<b>4 861</b>	<b>4 356</b>

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

	Non-current assets	Financial instruments	Current assets	Gains/ losses account	Provisions	Loss carried forward	Total
<b>31.12.2016</b>	<b>4 219</b>	<b>-186</b>	<b>-1</b>	<b>69</b>	<b>-17</b>	<b>-229</b>	<b>3 855</b>
Recognised in profit and loss	649	31	2	-28	-2	45	696
Recognised in comprehensive income	-	-	-	-	-	-	-
Acquisition and disposal of subsidiaries	5	-	-	-1	-	-10	-6
Effect of change in tax rate	-203	6	-	-2	1	8	-189
<b>31.12.2017</b>	<b>4 669</b>	<b>-148</b>	<b>1</b>	<b>39</b>	<b>-19</b>	<b>-186</b>	<b>4 356</b>
Change in accounting principle IFRS 9		94					94
<b>01.01.2018</b>	<b>4 669</b>	<b>-54</b>	<b>1</b>	<b>39</b>	<b>-19</b>	<b>-186</b>	<b>4 450</b>
Recognised in profit and loss	408	29	3	-16	-2	114	535
Recognised in comprehensive income	-	-	-	-	2	-	2
Consolidation effect Entra OPF change of control	264	-	-	-	-	-168	96
Transferred between categories	-69		69				-
Acquisition of subsidiaries	10	-	0	-		-11	-1
Effect of change in tax rate	-230	1	-3	-1	1	11	-221
<b>31.12.2018</b>	<b>5 053</b>	<b>-24</b>	<b>69</b>	<b>22</b>	<b>-19</b>	<b>-240</b>	<b>4 861</b>

Deferred tax linked to the retrospective accumulated change in the value of investment properties at 31 December 2018 is 4,050 million (3,906 million).

## 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 145 (136) employees in the Group. The defined benefit pension scheme for the group cover a total of 19 (19) current employees and 68 (69) 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 2018, 9 (11) former employees had chosen to make use of the AFP scheme. The net pension liabilities associated with the AFP scheme amounted to 24 million (26 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

	2018	2017
Present value of accrued pension liabilities in defined-benefit schemes in unit trusts	193	187
Fair value of pension scheme assets	-130	-130
Employers' NICs accrued	9	8
<b>Net pension liabilities on the balance sheet at 31.12</b>	<b>73</b>	<b>65</b>

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

	2018	2017
Pension liabilities at 01.01	187	198
Present value of pensions earned this year	2	2
Interest expense	4	5
Pension benefits paid	-6	-6
Pension liabilities transferred to Hinna Park Facility Management	-	-6
Actuarial losses (+)/gains (-)	4	-4
<b>Pension liabilities at 31.12</b>	<b>193</b>	<b>187</b>

## CHANGE IN FAIR VALUE OF PENSION SCHEME ASSETS

	2018	2017
Pension scheme assets at 01.01	130	141
Anticipated return on pension scheme assets	3	4
Contributions from employer	4	1
Pension benefits paid	-6	-6
Pension benefits transferred to Hinna Park Facility Management	-	-4
Actuarial losses (-)/gains (+)	-2	-5
<b>Pension scheme funds at 31.12</b>	<b>130</b>	<b>130</b>

## TOTAL COST RECOGNISED IN THE INCOME STATEMENT

	2018	2017
Cost of pension benefits accrued during current period	3	3
Employers' National Insurance contributions	1	1
Contribution scheme	10	10
<b>Total pension benefits accrued during the period</b>	<b>13</b>	<b>13</b>
Net interest expense	1	1
<b>Total pension benefits accrued in income statement</b>	<b>14</b>	<b>14</b>
Actuarial losses (-)/gains (+) accrued in comprehensive income	7	-
<b>Total pension benefits accrued in total comprehensive income</b>	<b>22</b>	<b>14</b>

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

## THE FOLLOWING ECONOMIC ASSUMPTIONS HAVE BEEN USED

	2018	2017
Discount rate	2.60 %	2.40 %
Anticipated return on pension scheme assets	2.60 %	2.40 %
Annual wage growth	2.75 %	2.50 %
Annual adjustment to the National Insurance Scheme's basic amount ("G")	2.50 %	2.25 %
Annual adjustment of pensions	1.75 %	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

	2018	2017	2016	2015	2014
Gross defined-benefit pension liabilities	193	187	198	172	198
Fair value pension funds 31.12	-130	-130	-141	-137	-126
<b>Net defined-benefit pension liabilities</b>	<b>64</b>	<b>57</b>	<b>56</b>	<b>35</b>	<b>72</b>

Expected payments to the defined contribution plan for the period 1 January 2019 - 31 December 2019 are 11 million (10 million) and for the defined benefit pension plan 9 million (7 million).

## SENSITIVITY ANALYSIS

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 2018, the discount rate was determined on the basis of bonds with preference rights.

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

## DISCOUNT RATE

		Impact on liabilities (NOKm)	Impact as a percentage
0.5 percentage point reduction	2.10 %	11	10.8
Discount rate at 31.12.2018	2.60 %	-	-
0.5 percentage point increase	3.10 %	-8	-8.4

## WAGE GROWTH

		Impact on liabilities (NOKm)	Impact as a percentage
0.5 percentage point reduction	2.25 %	-1	-0.3
Expected wage growth at 31.12.2018	2.75 %	-	-
0.5 percentage point increase	3.25 %	1	0.3

## NOTE 30 OTHER NON-CURRENT LIABILITIES

All amounts in NOK million

	2018	2017
Pension liabilities (see note 29)	73	65
Prepayments from customers	89	84
Subordinated loans	13	16
Seller credit and withheld purchase price	169	71
Provisions for non-current liabilities	113	119
<b>Total non-current liabilities</b>	<b>456</b>	<b>355</b>



## MOVEMENTS IN PROVISIONS FOR NON-CURRENT LIABILITIES

	2018	2017
<b>Movements in provisions</b>		
Opening balance at 01.01.	119	117
Additional provisions during the year	-	10
Provisions used during the year	-1	-8
Unused provisions reversed during the year	-5	-
<b>Closing balance at 31.12.</b>	<b>113</b>	<b>119</b>

## 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. The University of Oslo is only compensating part of the contract obligations and the Group has made a provision of 87 million representing the Group's best estimate of the assumed contract obligation, see note 21 for further information. In December 2018, Entra signed an agreement to acquire St. Olavs plass 5. The acquisition is expected to be closed in 2019.

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 2018, which represents the Group's best estimate of the remaining infrastructure obligation to Stavanger Municipality.

## NOTE 31 OTHER CURRENT LIABILITIES

*All amounts in NOK million*

	2018	2017
Holiday pay owed	16	16
Unpaid government taxes and duties	14	14
Interest accrued	130	127
Tenant prepayments	89	73
Provisions for current liabilities	14	22
Other liabilities	18	42
<b>Total other current liabilities</b>	<b>281</b>	<b>294</b>

Provisions mainly consist of provisions for salaries and fees.

## NOTE 32 SUBSIDIARIES

The Group comprises the following legal entities at 31 December 2018.

Subsidiary of Entra ASA			
Akersgata 34-36 AS	Entra Service AS	Nytorget 1 AS	Tordenskiolds gate 12 AS
AS Lilletorget 1	Entra Utleie AS	Oslo City Kontor AS	Tullinkvartalet AS
Autogaragen Nye AS	Fredrik Selmersvei 4 AS	Oslo City Parkering 2 AS	Universitetsgaten 2 AS
Biskop Gunnerus gate 6 AS	Hagegata 22 og 24 AS	Oslo Z AS	Universitetsgaten 7 AS
Biskop Gunnerusgate 14 AS	Hagegata 23 Eiendom AS	Otto Sverdrups plass 4 AS	Vahlgate AS
Bispen AS	Hinna Park Eiendom AS <sup>1)</sup>	Papirbredden Eiendom AS <sup>2)</sup>	Verkstedveien 1 Monier AS
Brattørkaia 13B AS	Holtermanns veg 1-13 AS	Pilestredet 19-21 AS	Verkstedveien 3 AS
Brattørkaia AS <sup>3)</sup>	Karoline Kristiansens vei 2 AS	Pilestredet 28 AS	Wexelsplass Garasje AS
Brynsengfare 4 og 6 AB+F AS	Kjørboiparken AS	Prof. Olav Hanssensvei 10 AS	Aasta Hansteens vei 10 AS
Drammensveien 134 II AS	Konggata 51 AS	Schweigaards gate 15 AS	
Drammensveien 134 P-Hus AS	Kr Augustsgate 23 AS	Schweigaards gate 16 AS	
Drammensveien 134 Utearealer AS	Kristian Augustsgate 13 AS	Sorgenfri Trondheim AS	
Entra Bryn AS	Langkaia 1 AS	St. Olavs plass 5 AS	
Entra Eiendom AS	Marken 37 AS	Sundtkvartalet AS	
Entra Felleskost AS	Nils Hansens vei 20 AS	Sørlandet Kunnskapspark Eiendom AS	
Entra Kultur 1 AS	Nonnen Utbygging AS	Tollbodallmenningen 2A AS	
Entra OPF Utvikling AS	Nygård Panorama AS	Tollbugata 1A AS	

### Shares in subsidiaries owned through subsidiaries:

Hinna Park Eiendom AS <sup>1)</sup>	Papirbredden Eiendom AS <sup>2)</sup>	Brattørkaia AS	Entra OPF Utvikling AS <sup>3)</sup>
Hinna Park AS	Grønland 51 AS	Brattørkaia 14 AS	Entra OPF Utvikling Holding AS
Fjordpiren AS	Grønland 56 AS	Brattørkaia 15 AB-16 AS	Lars Hilles gate 30 Holding AS
Hinna Park Utvikling AS	Grønland 58 AS	Brattørkaia 17A AS	Allehelgens gate 6 Holding AS
Hinna Park Logistikk AS	Grønland 60 AS	Brattørkaia 17B AS	Lars Hilles gate 30 AS
HP Stadionblokken C AS	Kreftingsgate 33 AS	Brattørkaia Energi AS	Allehelgens gate 6 AS
Oseberg Næring AS			
Troll Næring AS			
Ormen Lange AS			

### Entra Bryn AS

Østensjøveien 43 AS
Østensjøveien 39/41 AS
Østensjøveien 39/41 ANS
Brynsveien 5 AS
Brynsveien 1 AS
Brynsveien 2-4 AS
Bryn Boligtomt 1 AS
Brynseng Eiendom AS
Brynsveien 3 Eiendom AS
Brynsveien 3A ANS
Brynsveien 3B ANS
Brynsveien 11/13 Eiendom AS
ANS Østensjøveien 35
Brynsveien 12 Eiendom AS
ANS Brynsveien 6

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

<sup>2)</sup> Papirbredden Eiendom AS is owned by Entra ASA with voting and owner shares of 60 per cent and Drammen Municipality with 40 per cent.

<sup>3)</sup> Entra ASA owns 50 per cent of the shares in Entra OPF Utvikling AS. The remaining 50 per cent is owned by Oslo Pensjonsforsikring AS.

## NOTE 33 RELATED PARTIES

All amounts in NOK million

The Group's transactions and balances with associates and jointly controlled entities in 2018 mainly related to administrative fees, loans, interest payments on loans and dividends. The aggregate figures are shown in the table below.

	2018	2017
<b>Income statement</b>		
Other revenue	2	5
Dividends	231	201
<b>Balance sheet</b>		
Receivables	-0	1
Loans	1	1

## NOTE 34 AUDITOR'S FEE

All amounts in NOK thousand

	2018	2017
Statutory audit	2 882	2 687
Tax advice	233	211
Other services not related to auditing	35	-
Other assurance services	594	320
<b>Total auditor's fee (excl. VAT)</b>	<b>3 744</b>	<b>3 218</b>

## NOTE 35 EARNINGS PER SHARE

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

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

	2018	2017
Total comprehensive income for the year attributable to equity holders of the Company (NOKm)	2 532	4 464
Average number of outstanding shares (Note 26)	183 564 901	183 732 461
Basic earnings per share (NOK)	14	24

## NOTE 36 DIVIDEND PER SHARE AND DIVIDEND POLICY

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Entra's dividend policy is based on semi-annual dividend payments. In line with the dividend policy, the board of Entra will propose to distribute a semi-annual dividend of 2.30 (2.10) per share for the second half of 2018. In October 2018, Entra paid out 2.20 per share (2.0 per share) for the first six months of 2018. For the financial year 2018 Entra will thus have paid out 4.50 per share (4.10 per share).

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

## NOTE 37 SUBSEQUENT EVENTS

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In January 2019, the partly owned entity Oslo S Utvikling AS, entered into a Letter of intent with the purpose of selling the majority of the ground-level commercial assets in Bjørvika.





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# Statement of income

## 1 January to 31 December

All amounts in NOK million

	Note	2018	2017
Revenue	3	24	18
<b>Total revenue</b>		<b>24</b>	<b>18</b>
Operating costs	4	-30	-32
Other property costs	5	-13	-7
Administrative costs	6, 7, 19	-156	-160
<b>Total operating costs</b>	<b>20</b>	<b>-199</b>	<b>-199</b>
<b>Operating profit</b>		<b>-175</b>	<b>-181</b>
Income from investment in subsidiary		726	736
Income from investments in associates and jointly controlled entities		231	201
Interest income from Group companies		68	69
Other financial income	8	276	1 499
Interest expense from Group companies		-8	-4
Interest expense		-430	-489
Other financial costs	9	-51	-49
<b>Net financials</b>		<b>812</b>	<b>1 962</b>
<b>Profit before tax</b>		<b>637</b>	<b>1 781</b>
Tax expense	10	-33	-29
<b>Profit for the year</b>		<b>604</b>	<b>1 752</b>

# Balance sheet

## – assets

All amounts in NOK million

	Note	31.12.2018	31.12.2017
<b>NON-CURRENT ASSETS</b>			
Deferred tax assets	10	-	21
Other intangible assets	11	11	10
<b>Total intangible assets</b>		<b>11</b>	<b>31</b>
Property and equipment	11	10	10
<b>Total property &amp; equipment</b>		<b>10</b>	<b>10</b>
Investment in subsidiaries	12	20 819	16 632
Investments in associates and jointly controlled entities	12	211	1 227
Loan to associates and jointly controlled entities	13	1	1
Investment in shares		5	4
Loan to Group companies	13, 18	1 913	2 943
Other long-term receivables	13	131	139
<b>Total non-current financial assets</b>		<b>23 080</b>	<b>20 946</b>
<b>Total non-current assets</b>		<b>23 101</b>	<b>20 986</b>
<b>CURRENT ASSETS</b>			
Trade receivables	18	3	5
Receivables on Group companies	18	823	738
Other current receivables		80	134
<b>Total current receivables</b>		<b>905</b>	<b>876</b>
Cash and bank deposits		138	84
<b>Total current assets</b>		<b>1 043</b>	<b>960</b>
<b>TOTAL ASSETS</b>		<b>24 144</b>	<b>21 947</b>

# Balance sheet

## – equity and liabilities

All amounts in NOK million

	Note	31.12.2018	31.12.2017
<b>EQUITY</b>			
Share capital	14, 15	184	184
Own shares	14, 15	-1	-
Share premium reserve	14	2 603	2 619
Other paid-in capital	14	932	937
<b>Total paid-in capital</b>		<b>3 718</b>	<b>3 739</b>
Retained earnings	14	1 829	2 150
<b>Total equity</b>		<b>5 547</b>	<b>5 889</b>
<b>NON-CURRENT LIABILITIES</b>			
Interest bearing debt	16	12 390	10 690
Pension liability	17	72	65
Deferred tax liability		10	-
Other non-current liabilities		98	100
<b>Total non-current liabilities</b>		<b>12 569</b>	<b>10 855</b>
<b>CURRENT LIABILITIES</b>			
Interest bearing debt	16	4 200	3 826
Trade payables		9	12
Liabilities to Group companies	18	1 256	831
Proposed dividend		420	386
Other current liabilities		143	148
<b>Total current liabilities</b>		<b>6 028</b>	<b>5 202</b>
<b>Total liabilities</b>		<b>18 597</b>	<b>16 058</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>24 144</b>	<b>21 947</b>

Oslo, 4 March 2019  
The Board of Entra ASA

  
Siri Hatlen  
Chair of the Board

  
Kjell Bjordal  
Deputy Chair

  
Widar Salbu  
Board member

  
Ingrid Dahl Hovland  
Board member

  
Katarina Staaf  
Board member

  
Linnea Scharning  
Board member

  
Erling Nedkvitne  
Board member

  
Arve Røed  
CEO

# Statement of cash flows

## 1 January to 31 December

All amounts in NOK million

	2018	2017
Profit before tax	637	1 781
Net expensed interest and fees on loans	489	554
Net interest and fees paid on loans	-493	-528
Income from investment in subsidiary, associates and joint controlled entities	-957	-938
Gain and loss on sale of shares	-270	-1 491
Depreciation and write-downs of non-current assets	13	-8
Changes in trade receivables	2	-1
Changes in trade payables	-2	5
Change in working capital	47	-57
<b>Net cash flow from operating activities</b>	<b>-534</b>	<b>-683</b>
Proceeds from sales of investments	581	2 127
Payments made on investments in subsidiaries	-3 495	-999
Payments made on investments in associates and jointly controlled entities	-	-213
Proceeds from subsidiaries - Group contribution/dividends	749	731
Proceeds from associates and jointly controlled entities - dividends	231	201
Purchase of other shares	-1	-4
Proceeds from loans to subsidiaries	86	12
Payments made on loans to associates and jointly controlled entities	-	-40
Purchase of intangible assets and other property, plant and equipment	-15	-9
Payments made on loans to external	10	-75
Net change in cash pool balance	1 275	44
<b>Net cash flow from investing activities</b>	<b>-579</b>	<b>1 775</b>
Proceeds interest bearing debt	13 190	12 730
Repayment interest bearing debt	-11 116	-13 163
Repayment of equity	-116	-2
Dividends paid	-790	-689
<b>Net cash flow from financing activities</b>	<b>1 167</b>	<b>-1 124</b>
Change in cash and cash equivalents	54	-32
Cash and cash equivalents at beginning of period	84	116
<b>Cash and cash equivalents at end of year</b>	<b>138</b>	<b>84</b>

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# 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 92 (84) buildings with a total area of approximately 1.3 million (1.2 million) square metres. As of 31.12.18 the real estate portfolio had a market value of around 46 billion (40

billion). The public sector represents approximately 63 per cent (67 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 4 March 2019.

## 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*

	2018	2017
Letting and property administration	30	32
<b>Total operating costs</b>	<b>30</b>	<b>32</b>

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*

	2018	2017
Depreciation and write-downs	13	7
<b>Total other property costs</b>	<b>13</b>	<b>7</b>

## NOTE 6 ADMINISTRATIVE COSTS

All amounts in NOK million

	2018	2017
Payroll and personell expenses	95	96
Office expenses, furnishings and equipment	33	35
Consultancy fees	14	17
Other administrative owner costs	13	11
<b>Total administrative costs</b>	<b>156</b>	<b>160</b>

## NOTE 7 PERSONNEL COSTS

All amounts in NOK million

	2018	2017
Salaries, performance-related pay and other taxable benefits <sup>1)</sup>	157	159
Employers' National Insurance contributions	24	23
Pension expenses	13	12
Other personnel costs	13	8
<b>Total personnel costs</b>	<b>207</b>	<b>201</b>
Of which billed and capitalised as projects under development in subsidiaries/JV	-35	-29
Of which billed as shared costs to be distributed amongst tenants in subsidiaries/JV	-48	-44
<b>Total salary and personnel costs</b>	<b>124</b>	<b>128</b>
Number of full-time equivalents	150	149
Number of employees at 31.12.	161	152

<sup>1)</sup> 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

	2018	2017
Gain on sale of shares	270	1 492
Other interest income	6	7
<b>Total other financial income</b>	<b>276</b>	<b>1 499</b>

## NOTE 9 OTHER FINANCIAL COSTS

All amounts in NOK million

	2018	2017
Fees and premiums	14	40
Termination cost	33	-
Write-downs of financial assets	-	-17
Other financial costs	3	26
<b>Total other financial costs</b>	<b>51</b>	<b>49</b>

## NOTE 10 TAX

All amounts in NOK million

	2018	2017
<b>Tax expense</b>		
Change in deferred tax recognised in profit and loss	33	29
<b>Total tax expense</b>	<b>33</b>	<b>29</b>
<b>Income tax payable is calculated as follows</b>		
Profit before tax	637	1 781
Dividend received	-231	-201
Other permanent differences	-262	-1 463
Change in temporary differences	51	24
Change in loss carry-forwards	-195	-142
<b>Profit for tax purposes</b>	<b>-</b>	<b>-</b>

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

	Non-current assets	Financial instruments	Current assets	Gains/losses account	Provisions	Loss carried forward	Total
<b>31.12.2016</b>	<b>-7</b>	<b>8</b>	<b>-</b>	<b>57</b>	<b>-27</b>	<b>-81</b>	<b>-50</b>
Recognised in profit and loss	1	-2	-	-11	6	34	28
Effect of change in tax rate	-	-	-	-2	1	2	1
<b>31.12.2017</b>	<b>-7</b>	<b>7</b>	<b>-</b>	<b>44</b>	<b>-20</b>	<b>-45</b>	<b>-21</b>
Recognised in profit and loss	-	-2	-	-9	-3	45	31
Effect of change in tax rate	-	-	-	-2	1	-	-
<b>31.12.2018</b>	<b>-7</b>	<b>5</b>	<b>-</b>	<b>34</b>	<b>-21</b>	<b>-1</b>	<b>10</b>

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

	2018	%	2017	%
Profit for accounting purposes multiplied by nominal tax rate	146	23.0 %	428	24.0 %
Tax on dividend	-53	-8.3 %	-48	-2.7 %
Tax on permanent differences	-60	-9.5 %	-351	-19.7 %
Effect of change in tax rate	-	-0.1 %	1	0.1 %
<b>Tax expenses for accounting purposes</b>	<b>33</b>	<b>5.1 %</b>	<b>29</b>	<b>1.6 %</b>

From the income year 2019 the tax rate on normal income is reduced from 23 per cent to 22 per cent. Deferred tax as at 31 December 2018 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 <sup>1)</sup>	Property and equipment
Acquisition cost at 01.01.2018	35	18
Acquisition	13	2
<b>Acquisition cost at 31.12.2018</b>	<b>47</b>	<b>20</b>
Accumulated depreciation at 01.01.2018	25	8
Depreciation	5	2
Writedowns	6	-
<b>Accumulated depreciation at 31.12.2018</b>	<b>36</b>	<b>10</b>
<b>Carrying amount at 31.12.2018</b>	<b>11</b>	<b>10</b>
Anticipated useful life	3 years	3-5 years
Depreciation schedule	linear	linear

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

## NOTE 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 %
Aasta Hansteens vei 10 AS	01.01.2014	Oslo	100
Akersgata 34-36 AS	01.06.2015	Oslo	100
AS Lilletorget 1	01.07.2014	Oslo	100
Autogaragen Nye AS	11.05.2018	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 Bryn AS	16.05.2018	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 OPF Utvikling AS	21.04.2012	Oslo	50
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	Stavanger	50
Holtermanns veg 1-13 AS	24.09.2010	Oslo	100
Karoline Kristiansens vei 2 AS	15.02.2011	Oslo	100
Kjørhoparken 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
Nils Hansens vei 20 AS	03.04.2018	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
St. Olavs plass 5 AS	04.12.2018	Oslo	100

## Continued

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
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

## JOINTLY CONTROLLED ENTITIES

	Acquisition date	Business office	Shareholding/ voting rights %
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

	2018	2017
Loan to associates and jointly controlled entities	1	1
Loan to Group companies	1 913	2 943
Receivable buy-out agreement	15	16
Subordinated loans	104	114
Prepaid fees	13	8
<b>Total</b>	<b>2 044</b>	<b>3 082</b>



## NOTE 14 EQUITY

All amounts in NOK million

	Share capital	Share premium reserve	Other paid-in capital	Retained earnings	Total equity
<b>Equity at 31.12.2016</b>	<b>184</b>	<b>2 619</b>	<b>937</b>	<b>1 168</b>	<b>4 908</b>
Net equity effect of LTI and employee share saving scheme				-2	-2
Net equity effect of LTI share program				-0	-0
Capital reduction - merger subsidiary				-16	-16
Profit for the year				1 752	1 752
Equity effect of actuarial gains and losses				-	-
Additional dividend				-367	-367
Proposed dividend				-386	-386
<b>Equity at 31.12.2017</b>	<b>184</b>	<b>2 619</b>	<b>937</b>	<b>2 150</b>	<b>5 889</b>
Net equity effect of LTI and employee share saving scheme				-1	-1
Repurchase of shares under share buy-back program	-1	-15	-5	-94	-115
Profit for the year				604	604
Equity effect of actuarial gains and losses				-6	-6
Additional dividend				-404	-404
Proposed dividend				-420	-420
<b>Equity at 31.12.2018</b>	<b>183</b>	<b>2 603</b>	<b>932</b>	<b>1 829</b>	<b>5 547</b>

## NOTE 15 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 1,062,474 (2,960) of its own shares at 31 December 2018.

As of 31 December 2018 Entra had 5,267 shareholders (5,418 shareholders). The Norwegian Ministry of Trade, Industry and Fisheries held 33.4 per cent at year end 2018. Norwegian investors held 55 per cent (55 per cent) of the share capital and foreign investors 45 per cent (45 per cent) at 31 December 2018.

The tables 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 2018.

	No. of shares	Share capital (NOKm)	Share premium (NOKm)	Face value (NOK)
End of year 31.12.2017	183 732 461	184	2 619	1
End of year 31.12.2018	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 was calculated as the volume weighted average share price the last 30 days (VWAP) until and including 20 April 2018 less a 20 per cent discount. A total of 106,904 (128,925) shares were acquired and sold to the employees in connection with the share purchase scheme in May 2018. In addition, Entra purchased 13,465 shares in February 2018 in connection with the LTI scheme for senior executives. All shares were awarded to senior executives in February 2018.

In June 2018, Entra initiated a share buy-back program for up to 2 per cent of the registered shares. As of 31 December, a total of 1,059,874 shares was bought in the marked under the share buy-back program.

The 20 largest shareholders as registered in the VPS as of 31 December 2018 were as follows:

Shareholder	No of shares per 31.12.18	Shareholding %	Country
Norwegian Ministry of Trade, Industry and Fisheries	61 368 893	33.4	Norway
Folketrygdfondet	11 214 411	6.1	Norway
State Street Bank and Trust (Nominee)	6 461 205	3.5	United States
DNB NOR Markets	4 825 648	2.6	Norway
State Street Bank and Trust (Nominee)	4 362 937	2.4	United States
Länsforsäkringar Fastighetsfond	4 204 497	2.3	Sweden
The Bank of New York Mellon (Nominee)	2 531 974	1.4	United States
Danske Invest Norske Instit. II.	2 530 052	1.4	Norway
State Street Bank and Trust (Nominee)	2 362 503	1.3	United States
BNP Paribas Securities Services (Nominee)	2 154 471	1.2	France
The Bank of New York Mellon (Nominee)	2 061 713	1.1	Belgium
Citibank N.A. (Nominee)	1 621 733	0.9	United Kingdom
State Street Bank and Trust (Nominee)	1 608 727	0.9	United States
Principal Funds Inc	1 599 944	0.9	United States
JPMorgan Chase Bank (Nominee)	1 590 717	0.9	United Kingdom
JPMorgan Chase Bank (Nominee)	1 452 246	0.8	United Kingdom
State Street Bank and Trust (Nominee)	1 401 623	0.8	United States
Danske Invest Norske Instit. II.	1 353 824	0.7	Norway
Ilmarinen Mutual Pens Ins Comp	1 321 528	0.7	Belgium
JP Morgan Chase Bank (Nominee)	1 190 922	0.6	Belgium
<b>Total 20 largest shareholders</b>	<b>117 219 568</b>	<b>63.8</b>	
<b>Total</b>	<b>183 732 461</b>	<b>100.0</b>	

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

Shareholder	Position	Number of shares 2018	Number of shares 2017
<b>Board of directors</b>			
Siri Hatlen	Chair	1 163	1 163
Kjell Bjordal	Deputy Chair	44 704	44 704
Widar Salbuviik	Board member	10 000	-
Katarina Staaf	Board member	500	-
Ingrid Dahl Hovland	Board member	-	-
Linnea Scharning	Employee representative from 22 May 2018	-	-
Erling Nedkvitne	Employee representative from 22 May 2018	9 384	-
Cathrine Vaar Austheim	Employee representative until 22 May 2018	-	-
Hans Petter Skogstad	Employee representative until 22 May 2018	-	6 811
<b>Senior executives</b>			
Arve Regland	CEO	52 087	45 269
Anders Olstad	CFO	40 379	36 150
Sonja Horn	EVP Property management	21 662	17 972
Per Ola Ulseth	EVP Project Development	-	-
Åse Lunde	EVP Digital & Business Development	1 753	-
Anders Solaas	EVP Letting and Property Development until 30 September 2018	-	8 485
Geir Graff-Kallevåg	Acting EVP Oslo until 31 March 2018	-	6 222
Mona Aarebrot	EVP Regional Cities until 31 December 2017	-	13 439
Kristin Haug Lund	EVP Project Development until 31 December 2017	-	14 398
Tom Bratlie	EVP HR and Communication until 31 December 2017	-	8 065
<b>Shares held by board of directors and senior executives</b>		<b>181 632</b>	<b>202 678</b>

## NOTE 16 INTEREST BEARING DEBT AND FINANCIAL INSTRUMENTS

All amounts in NOK million

	Carrying amount 2018	Carrying amount 2017
<b>Non-current interest bearing debt</b>		
Bank loans	4 290	1 590
Bond loans	8 100	9 100
<b>Total non-current interest bearing debt</b>	<b>12 390</b>	<b>10 690</b>
<b>Current interest bearing debt</b>		
Bond loans	1 700	826
Commercial paper	2 500	3 000
<b>Total current interest bearing debt</b>	<b>4 200</b>	<b>3 826</b>

### MATURITY STRUCTURE OF DEBT

Year	Loan amount 2018	Loan amount 2017
2018	-	-
2019	-	1 700
2020	700	2 290
2021	1 620	1 300
2022	5 500	1 800
2023	3 570	-
Later than 5 years	1 000	3 600
<b>Total</b>	<b>12 390</b>	<b>10 690</b>

### UNUSED CREDIT FACILITIES

At 31 December 2018, the maturity structure of the company's new unused credit facilities was as follows:

### MATURITY STRUCTURE OF COMMITTED, UNUSED CREDIT FACILITIES

Year	Loan amount 2018	Loan amount 2017
2018	-	-
2019	1 500	2 500
2020	-	1 660
2021	680	-
2022	500	1 250
2023	2 530	-
2024	-	-
<b>Total</b>	<b>5 210</b>	<b>5 410</b>

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

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

### LOANS AND INTEREST RATE HEDGES

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

At 31 December 2018 the weighted average remaining term to maturity was 3.7 years (4.6 years). The company's average interest rate was 2.8 per cent (2.86 per cent) at 31 December 2018.

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

	%	Fixed interest 2018	INTEREST RATE HEDGE WITH FUTURE START	
			Volume	Maturity (year)
Up to 1 year	54 %	8 990	2 600	6.89
1-2 years	10 %	1 600	1 650	6.39
2-4 years	12 %	1 950		
4-6 years	14 %	2 350		
6-8 years	8 %	1 300		
Over 8 years	2 %	400		
<b>Total</b>	<b>100 %</b>	<b>16 590</b>		

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

#### INTEREST BEARING DEBT ASSOCIATED WITH HEDGING ACTIVITIES

Entra ASA uses interest rate derivatives 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 2018 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 2018

	Maturity	Nominal value	Market value
ISIN NO0010740061	13.06.2022	800	798
ISIN NO0010766389	02.06.2023	1 100	1 086
<b>Total</b>		<b>1 900</b>	<b>1 884</b>

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 (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 (39 per cent) of the company's interest bearing debt.

## CASH FLOW HEDGING

	2018	2017
<b>Hedged item</b>		
Variable interest rate liabilities	16 590	14 516
<b>Hedge</b>		
Interest rate swaps (variable-to-fixed)	10 200	8 800
<b>Hedge ratio (unhedged position)</b>	<b>6 390</b>	<b>5 716</b>
<b>Hedge ratio (% hedged)</b>	<b>61 %</b>	<b>61 %</b>

Changes in the cash flow hedges over the financial year:

## CHANGE IN VALUE

	2018	2017
Opening balance market value of liability	598	747
Change in value	-190	-149
<b>Closing balance – market value of liability</b>	<b>407</b>	<b>598</b>

The fair value of the company's interest rate swaps used as cash flow hedges specifies the present value of the contractual fixed-interest rate agreements. The present value represents the market value of the company's liabilities to the counterparty of the interest rate swaps. The change in value over the financial year represents the change in the market value of liabilities. The reason for the decrease in the company's market value of liabilities for fiscal year 2018 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 2018

	Total	Maturity structure up to 1 year	Maturity structure 1-5 years	Maturity structure > 5 years
<b>Hedged item</b>				
Fixed interest rate liabilities	4 000	500	3 500	-
<b>Hedge</b>				
Interest rate swaps (fixed-to-variable)	2 100	500	1 600	-
<b>Hedge ratio (unhedged position)</b>	<b>47 %</b>	<b>-</b>	<b>54 %</b>	<b>-</b>
<b>Hedge ratio (% hedged)</b>	<b>53 %</b>	<b>100 %</b>	<b>46 %</b>	<b>-</b>

## FAIR VALUE HEDGING 2017

	Total	Maturity structure up to 1 year	Maturity structure 1-5 years	Maturity structure > 5 years
<b>Hedged item</b>				
Fixed interest rate liabilities	4 000	-	2 400	1 600
<b>Hedge</b>				
Interest rate swaps (fixed-to-variable)	2 100	-	1 600	500
<b>Hedge ratio (unhedged position)</b>	<b>47 %</b>	<b>0 %</b>	<b>33 %</b>	<b>69 %</b>
<b>Hedge ratio (% hedged)</b>	<b>53 %</b>	<b>0 %</b>	<b>67 %</b>	<b>31 %</b>

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

## CHANGE IN VALUE

	2018	2017
Opening balance – market value of liabilities (+) /receivables (-)	-119	-158
Change in value	51	40
<b>Closing balance – market value of liabilities (+) /receivables (-)</b>	<b>-67</b>	<b>-119</b>

At 31 December 2018, 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 144 (135) employees. The defined benefit pension scheme cover a total of 17 (17) current employees and 68 (62) 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 2018, 9 (11) former employees had chosen to make use of the AFP scheme. At 31 December 2018, the net pension liabilities associated with the AFP scheme amounted to NOK 24 million (NOK 26 million), which is included under total pension liabilities in the table below.

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

## THE BALANCE SHEET LIABILITIES HAVE BEEN CALCULATED AS FOLLOWS

	2018	2017
Present value of accrued pension liabilities in defined-benefit schemes in unit trusts	190	185
Fair value of pension scheme assets	-127	-128
Employers' NICs accrued	9	8
<b>Net pension liabilities on the balance sheet at 31.12</b>	<b>72</b>	<b>65</b>

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

	2018	2017
Pension liabilities at 01.01	185	187
Present value of pensions earned this year	2	2
Interest expense	4	5
Pension benefits paid	-6	-6
Actuarial losses/(gains)	5	-3
<b>Pension liabilities at 31.12</b>	<b>190</b>	<b>185</b>

## CHANGE IN FAIR VALUE OF PENSION SCHEME ASSETS

	2018	2017
Pension scheme assets at 01.01	129	133
Anticipated return on pension scheme assets	3	3
Contributions from employer	3	1
Pension benefits paid	-6	-6
Actuarial (gains)/losses	-2	-3
<b>Pension scheme funds at 31.12</b>	<b>127</b>	<b>129</b>

## TOTAL COST RECOGNISED IN THE INCOME STATEMENT

	2018	2017
Cost of pension benefits accrued during current period	2	2
Employers' National Insurance contributions	-	-
Contribution scheme and contractual early-retirement scheme	11	10
<b>Total pension benefits accrued during the period</b>	<b>13</b>	<b>12</b>
Net interest expense	1	1
<b>Total pension benefits accrued in income statement</b>	<b>14</b>	<b>14</b>
Actuarial losses (-)/gains (+) accrued in equity	7	-
<b>Total pension benefits accrued</b>	<b>21</b>	<b>14</b>

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

## THE FOLLOWING ECONOMIC ASSUMPTIONS HAVE BEEN USED

	2018	2017
Discount rate	2.60 %	2.40 %
Anticipated return on pension scheme assets	2.60 %	2.40 %
Annual wage growth	2.75 %	2.50 %
Annual adjustment to the National Insurance Scheme's basic amount ("G")	2.50 %	2.25 %
Annual adjustment of pensions	1.75 %	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.

	2018	2017
Gross defined-benefit pension liabilities	190	185
Fair value pension funds 31.12	-127	-128
<b>Net defined-benefit pension liabilities</b>	<b>63</b>	<b>57</b>

Expected payments to the defined contribution plan and contractual early-retirement scheme for the period 1 January to 31 December 2019 are 10 million and for the defined benefit pension plan 9 million.



## NOTE 18 RELATED PARTY TRANSACTIONS AND INTRA-GROUP BALANCES

All amounts in NOK million

Transactions with related parties	Counterparty	2018	2017
General manager fee <sup>1)</sup>	Subsidiary	1	1
Accounting and management fee	Subsidiary	21	14
Accounting and management fee	Jointly controlled entity	1	4
Project management	Subsidiary	35	23
Project management	Jointly controlled entity	-	4
Rental cost	Subsidiary	13	13
Invoiced payroll expenses <sup>2)</sup>	Subsidiary	48	44
Group contribution/dividends	Subsidiary	726	736
Dividends	Jointly controlled entity	231	201
Interest income	Subsidiary	68	69
Interest expense	Subsidiary	8	4

<sup>1)</sup> The company recognises this income as a reduction in expenses (offsetting).

<sup>2)</sup> Some of the expenses are passed on to the tenants as shared costs.

### RECEIVABLES

	2018	2017
Long term loan to Group companies	1 913	2 943
Trade receivables from Group companies	3	4
Short term receivables to Group companies	97	1
Group contributions/dividends from subsidiary	726	736
<b>Total</b>	<b>2 738</b>	<b>3 685</b>

### LIABILITIES

	2018	2017
Short term liabilities to Group companies	1 256	831
<b>Total</b>	<b>1 256</b>	<b>831</b>

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

	2018	2017
<b>Remuneration to auditor (excluding VAT)</b>		
Statutory audit	1 308	1 215
Tax advice	-	-
Other services not related to auditing	-	-
Other assurance services	297	96
<b>Total</b>	<b>1 605</b>	<b>1 311</b>

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

All amounts in NOK million

	2018	2017
Salary and personnel costs	207	201
Of which billed and capitalised as projects under development in subsidiaries/JV	-35	-29
Of which billed as shared costs to be distributed amongst tenants in subsidiaries/JV	-48	-44
<b>Net personell costs</b>	<b>124</b>	<b>128</b>
Depreciations	13	7
Other operating expenses	62	64
<b>Total</b>	<b>199</b>	<b>199</b>

# Responsibility statement

We declare to the best of our knowledge that

- the Entra ASA consolidated financial statements for 2018 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 2018 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.

Oslo, 4 March 2019  
The Board of Entra ASA



Siri Hatlen  
Chair of the Board



Kjell Bjordal  
Deputy Chair



Widar Salbu  
Board member



Ingrid Dahl Hovland  
Board member



Katarina Staaf  
Board member



Linnea Scharning  
Board member



Erling Nedkvitne  
Board member



Arve Røed  
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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 2018, and the income statement 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 2018 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 2018, 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 2018, 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.

#### 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	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

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Medlemmer av Den norske Revisorforening  
Organisasjonsnummer: 980 211 282

### Valuation of investment property

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.

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 met with the external valuers, and assessed their qualifications and expertise. We reviewed their terms of engagement in order to determine whether there were unusual fee terms that might have affected their objectivity. We assessed 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. For a sample of investment properties, we reconciled a sample of used assumptions against external sources.

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
<p>The Group's revenues consist primarily of rental income. We refer to the revenue recognition section of the accounting policies.</p> <p>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.</p>	<p>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.</p> <p>For a sample of new and renegotiated tenancy agreements, we tested that the accounting of lease incentives were appropriate.</p> <p>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.</p>



### *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

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, 4 March 2019  
Deloitte AS



**Eivind Skaug**  
State Authorised Public Accountant



# Alternative performance measures

Entra's financial information is prepared in accordance with the international financial reporting standards (IFRS). In addition, the company reports alternative performance measures (APMs) that are regularly reviewed by management to enhance the understanding of Entra's performance as a supplement, but not as a substitute, to the financial statements prepared in accordance with IFRS. Financial APMs are intended to enhance comparability of the results and cash flows from period to period, and it is Entra's experience that these are frequently used by analysts, investors and other parties. The financial APMs reported by Entra are the APMs that, in management's view, provide the most relevant supplemental information of a real estate company's financial position and performance. These measures are adjusted IFRS measures defined, calculated and used in a consistent and transparent manner over the years. Operational measures such as, but not limited to, net letting, vacancy (including EPRA vacancy included in the EPRA reporting section) and WAULT are not defined as financial APMs according to ESMA's guidelines.

## ENTRA'S FINANCIAL APMs:

- Net income from property management
- Cash earnings
- Market value of the property portfolio
- Net nominal interest bearing debt
- Debt ratio – Loan-to-value (LTV)
- Interest coverage ratio (ICR)
- EPRA Earnings
- Net Asset Value – EPRA NAV and EPRA NNNAV
- EPRA net initial yield
- EPRA cost ratio

*All amounts in NOK million*

## NET INCOME FROM PROPERTY MANAGEMENT & CASH EARNINGS

	2018	2017
Net income	1 587	1 483
<b>Less:</b>		
Value changes in associates and JVs	-	260
Tax from associates and JVs	-1	-57
Other income and costs	153	20
<b>Net income from property management</b>	<b>1 435</b>	<b>1 259</b>
Tax payable	-13	-8
<b>Cash earnings</b>	<b>1 422</b>	<b>1 251</b>

## MARKET VALUE OF THE PROPERTY PORTFOLIO

	2018 <sup>1)</sup>	2017
Investment properties	44 714	39 875
Investment properties held for sale	565	180
Other	352	-19
<b>Market value of the property portfolio</b>	<b>45 630</b>	<b>40 036</b>

<sup>1)</sup> Change of control of Entra OPF as of Q1-18 has an impact on the market value as 100% of the asset value is included in the Groups financial statements.

## NET NOMINAL INTEREST BEARING DEBT

	2018	2017
Nominal value of interest bearing debt	19 171	18 042
Cash and bank deposits	-230	-189
<b>Net nominal interest bearing debt</b>	<b>18 941</b>	<b>17 852</b>

## DEBT RATIO – LOAN-TO-VALUE (LTV)

	2018 <sup>1)</sup>	2017
Total net nominal interest bearing debt	19 019	17 852
Net nominal interest bearing debt	18 941	17 852
Seller's credit	79	-
Total market value of the property portfolio	46 037	41 199
Market value of the property portfolio	45 630	40 036
Housing-units for sale	407	-
Share of Entra OPF Utvikling (50 %)	-	1 163
<b>Debt ratio (LTV) %</b>	<b>41.3</b>	<b>43.3</b>

<sup>1)</sup> Change of control of Entra OPF as of 1 January 2018 has an impact on the market value as 100% of the asset value is included in the Groups financial statements.

## INTEREST COVERAGE RATIO (ICR)

	2018	2017
Net income	1 587	1 483
Depreciation	15	7
Results from associates and joint ventures	-156	-244
Net realised financials	491	550
<b>EBITDA adjusted</b>	<b>1 937</b>	<b>1 796</b>
<b>Share of EBITDA Entra OPF</b>		<b>18</b>
<b>EBITDA adjusted for share of Entra OPF</b>	<b>1 937</b>	<b>1 814</b>
Interest cost	517	589
Other finance expense	27	23
<b>Applicable net interest cost</b>	<b>544</b>	<b>613</b>
<b>Interest Coverage Ratio (ICR)</b>	<b>3.6</b>	<b>3.0</b>

## 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	2018	2017
A	EPRA earnings per share (EPS)	NOK	5.6	5.2
B	EPRA NAV per share	NOK	141	127
	EPRA triple net asset value per share (NNNAV)	NOK	131	118
C	EPRA net initial yield	%	5.0	5.0
	EPRA, "topped-up" net initial yield	%	5.0	5.0
D	EPRA vacancy rate	%	3.3	2.9
E	EPRA cost ratio (including direct vacancy costs)	%	14.8	15.3
	EPRA cost ratio (excluding direct vacancy costs)	%	13.3	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*

	2018	2017
Profit for the year - Earnings per IFRS income statement	2 735	4 514
<b>Add:</b>		
Changes in value of investment properties	-1 387	-3 460
Tax on changes in value of investment properties <sup>1)</sup>	319	830
Reversal of deferred tax arising from sales of properties (tax exempt)	-67	-416
Changes in value of financial instruments	-99	-87
Tax on changes in value of financial instruments <sup>1)</sup>	23	21
Profit or losses on projects in Oslo S Utvikling	-191	-25
Share of profit jointly controlled entities – fair value adjustments	-	-260
Reversal of deferred tax EPRA adjustments jointly controlled entities <sup>1)</sup>	19	59
Net income non-controlling interests of subsidiaries	-97	-44
Reversal of tax non-controlling interests of subsidiaries <sup>1)</sup>	22	10
Significant one-off items <sup>2)</sup>	-40	-
Change in tax rate <sup>3)</sup>	-221	-189
Tax payable	9	5
<b>EPRA earnings</b>	<b>1 026</b>	<b>960</b>
Reversal of tax adjustment above	-65	-320
Reversal of change in deferred tax from income statement	325	507
Reversal of tax payable from income statement	13	8
Reversal of tax JVs	20	64
<b>EPRA earnings before tax</b>	<b>1 318</b>	<b>1 219</b>

<sup>1)</sup> 23 per cent for 2018, 24 per cent for 2017

<sup>2)</sup> Significant one-off items relate to an adjustment of the deferred tax liability

<sup>3)</sup> From 23 per cent to 22 per cent for 2018, 24 per cent to 23 per cent for 2017

## 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 net asset value adjusted to include market value of all properties in the portfolio, 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*

	2018	2017
<b>Total equity</b>	<b>22 269</b>	<b>18 938</b>
Less: Non-controlling interests	1 746	433
<b>NAV per financial statement</b>	<b>20 524</b>	<b>18 505</b>
Add: Adjustment to property portfolio	1	1
Add: Revaluation of investments made in the JV	981	980
Add: Net market value on financial derivatives	159	307
Add: Deferred tax arising on revaluation moments	4 065	3 580
<b>EPRA NAV</b>	<b>25 729</b>	<b>23 372</b>
Market value on property portfolio	45 630	40 036
Tax value on property portfolio	17 800	15 869
Basis for calculation of tax on gain on sale	27 830	24 167
<b>Less: Market value of tax on gain on sale (5 % tax rate)</b>	<b>1 391</b>	<b>1 208</b>
Net market value on financial derivatives	159	307
Tax expense on realised financial derivatives <sup>1)</sup>	35	71
<b>Less: Net result from realisation of financial derivatives</b>	<b>124</b>	<b>236</b>
Market value of interest bearing debt	19 351	18 449
Nominal value of interest bearing debt	19 171	18 042
Basis for calculation of tax on realisation of interest bearing debt	180	407
Market value of tax on realisation <sup>1)/ 2)</sup>	40	94
<b>Less: Net result from realisation of interest bearing debt <sup>2)</sup></b>	<b>140</b>	
<b>Less: MV of tax on gain on sale (5 % tax rate) &amp; realisation of financial derivatives in JVs</b>	<b>142</b>	<b>169</b>
<b>EPRA NNNAV</b>	<b>23 931</b>	<b>21 665</b>

<sup>1)</sup> 22 per cent from 31.12.2018, 23 per cent from 31.12.2017

<sup>2)</sup> Changed principle as a result of the implementation of IFRS 9. As a result of interest bearing debt being accounted to amortised cost in reported equity from 1 January 2018, Market value of tax on realisation is not deducted from the calculation of EPRA NNAV as the tax effect is included in Net result from realisation of interest bearing debt.

## C. EPRA NET INITIAL 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*

	Oslo	Trondheim	Sandvika	Stavanger	Drammen	Bergen	Total
Investment properties - wholly owned	29 602	4 608	2 894	1 252	246	1 612	40 214
Investment properties - share of JVs/Funds	-	-	-	564	1 067	1 255	2 886
<b>Total property portfolio</b>	<b>29 602</b>	<b>4 608</b>	<b>2 894</b>	<b>1 816</b>	<b>1 313</b>	<b>2 868</b>	<b>43 100</b>
Less projects and land and developments	-2 492	-818	-28	-102	-	-211	-3 652
<b>Completed management portfolio</b>	<b>27 110</b>	<b>3 790</b>	<b>2 865</b>	<b>1 713</b>	<b>1 313</b>	<b>2 656</b>	<b>39 448</b>
Allowance for estimated purchasers' cost	56	15	10	4	5	7	97
<b>Gross up completed management portfolio valuation</b>	<b>27 166</b>	<b>3 805</b>	<b>2 875</b>	<b>1 718</b>	<b>1 318</b>	<b>2 663</b>	<b>39 545</b>
12 months rolling rent	1 427	230	170	108	85	140	2 160
Estimated ownership cost	118	21	12	7	5	13	176
<b>Annualised net rents</b>	<b>1 309</b>	<b>209</b>	<b>159</b>	<b>100</b>	<b>80</b>	<b>127</b>	<b>1 984</b>
Add: Notional rent expiration of rent free periods or other lease incentives	-	-	-	-	-	-	-
<b>Topped up net annualised net rents</b>	<b>1 309</b>	<b>209</b>	<b>159</b>	<b>100</b>	<b>80</b>	<b>127</b>	<b>1 984</b>
<b>EPRA NIY (net initial yield)</b>	<b>4.8 %</b>	<b>5.5 %</b>	<b>5.5 %</b>	<b>5.8 %</b>	<b>6.1 %</b>	<b>4.8 %</b>	<b>5.0 %</b>
<b>EPRA "topped-up" NIY (net initial yield)</b>	<b>4.8 %</b>	<b>5.5 %</b>	<b>5.5 %</b>	<b>5.8 %</b>	<b>6.1 %</b>	<b>4.8 %</b>	<b>5.0 %</b>

## D. EPRA VACANCY

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

All amounts in NOK million

	Oslo	Trondheim	Sandvika	Stavanger	Drammen	Bergen	Total
Market rent vacant areas	52	6	1	4	1	10	74
Total market rent	1 521	231	144	96	75	165	2 232
<b>Vacancy</b>	<b>3.42 %</b>	<b>2.60 %</b>	<b>0.56 %</b>	<b>4.13 %</b>	<b>1.87 %</b>	<b>6.10 %</b>	<b>3.33 %</b>

## E. EPRA COST RATIO

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

All amounts in NOK million

	2018	2017
Maintenance	-35	-40
Total operating costs	-149	-121
Administrative costs	-157	-163
Share of joint ventures expences	-8	-11
Less: Ground rent cost	18	12
<b>EPRA Cost (including direct vacancy cost)</b>	<b>-332</b>	<b>-323</b>
Direct vacancy cost	-34	-28
<b>EPRA Cost (excluding direct vacancy cost)</b>	<b>-298</b>	<b>-296</b>
<b>Gross rental income less ground rent</b>	<b>2 243</b>	<b>2 075</b>
Share of joint ventures and fund (GRI)	-	40
<b>Total gross rental income less ground rent</b>	<b>2 243</b>	<b>2 114</b>
<b>Epra cost ratio (including direct vacancy cost)</b>	<b>14.8 %</b>	<b>15.3 %</b>
<b>Epra cost ratio (excluding direct vacancy cost)</b>	<b>13.3 %</b>	<b>14.0 %</b>

For further information about EPRA, refer to [www.epra.com](http://www.epra.com).





# GRI table

The reports have been prepared in accordance with the GRI Standards: Core option. Deloitte has been engaged to conduct a limited assurance on the reporting. References relate to the Sustainability Report 2018 (SR), the Annual Report 2018 (AR)

## GENERAL DISCLOSURES

Disclosure #	Disclosure name	Reference and/or response
<b>ORGANIZATIONAL PROFILE</b>		
102-1	Name of the organization	Entra ASA
102-2	Activities, brands, products, and services	AR, The business
102-3	Location of headquarters	AR, The business
102-4	Location of operations	AR, The business
102-5	Ownership and legal form	AR, Board Report; Shareholder Information
102-6	Markets served	AR, The business
102-7	Scale of the organization	AR: This is Entra; Our results; SR: EPRA Sustainability reporting
102-8	Information on employees and other workers	AR, Board report; SR: Motivated employees - Equality and diversity; EPRA Sustainability reporting
102-9	Supply chain	SR: Ethics and anti-corruption - Entra's supply chain
102-10	Significant changes to the organization and its supply chain	No significant changes in 2018
102-11	Precautionary Principle or approach	SR: Climate and the environment
102-12	External initiatives	SR: Reporting standards and responses; Supporting the UN Sustainability Development Goals; Climate and the environment;
102-13	Membership of associations	SR: Reporting standards and responses; Climate and the environment - Membership of associations; Motivated employees
<b>STRATEGY</b>		
102-14	Statement from senior decision-maker	AR; Letter from the CEO; Board of Directors Report
<b>ETHICS AND INTEGRITY</b>		
102-16	Values, principles, standards, and norms of behavior	AR; Letter from CEO; The Business, Corporate governance SR: Ethics and Anti-corruption
<b>GOVERNANCE</b>		
102-18	Governance structure	AR; Corporate Governance
<b>STAKEHOLDER ENGAGEMENT</b>		
102-40	List of stakeholder groups	SR; Stakeholder dialogue
102-41	Collective bargaining agreements	SR; Motivated employees - Workers rights
102-42	Identifying and selecting stakeholders	SR; Stakeholder dialogue
102-43	Approach to stakeholder engagement	SR; Stakeholder dialogue
102-44	Key topics and concerns raised	SR; Materiality analysis and focus areas, Supporting the UN Sustainable Development Goals; Stakeholder dialogue
<b>REPORTING PRACTICE</b>		

102-45	Entities included in the consolidated financial statements	AR; Note 2 and 32
102-46	Defining report content and topic Boundaries	SR; Stakeholder dialogue, Materiality analysis and focus areas
102-47	List of material topics	SR; Stakeholder dialogue, Materiality analysis and focus areas
102-48	Restatements of information	No significant restatements of information
102-49	Changes in reporting	No significant changes from previous reporting periods
102-50	Reporting period	Annual report for 2018
102-51	Date of most recent report	Annual Report 2017
102-52	Reporting cycle	Annual
102-53	Contact point for questions regarding the report	Back of AR
102-54	Claims of reporting in accordance with the GRI Standards	AR; First page, SR; Reporting standards and responses
102-55	GRI content index	Enclosure to SR report
102-56	External assurance	SR; Third party verification

## SPECIFIC STANDARD DISCLOSURES

Disclosure #	Disclosure name	Reference and/or response
<b>ECONOMIC</b>		
103 1-3	Management approach for economic standards and disclosures	AR: Board report; Corporate governance SR; Management approach
<i>GRI Standard: Economic performance</i>		
201-1	Direct economic value generated and distributed	AR; Key figures, Financial Statements
201-2	Financial implications and other risks and opportunities due to climate change	AR; Risk management SR: Climate and the environment
201-3	Defined benefit plan obligations and other retirement plans	AR; Note 29
<i>GRI Standard: Anti-corruption</i>		
205-1	Operations assessed for risks related to corruption	AR; Risk management, SR; Ethics and anti-corruption
205-2	Communication and training about anti-corruption policies and procedures	SR; Ethics and anti-corruption
205-3	Confirmed incidents of corruption and actions taken	No incidents of corruption in 2018
<i>GRI Standard: Anti-competitive Behaviour</i>		
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	No such incidents in 2018
<b>ENVIRONMENTAL</b>		
103 1-3	Management approach for environmental standards and disclosures	AR: Board report; Corporate governance SR; Management approach; Materiality analysis and focus areas; Climate and the environment
<i>GRI Standard: Energy</i>		
302-1	Energy consumption within the organization	SR; EPRA Sustainability reporting
302-2	Energy intensity	SR; Climate and environment; EPRA Sustainability reporting
302-4	Reduction of energy consumption	SR; Climate and the environment;
<i>GRI Standard: Emissions</i>		
305-1	Direct (Scope 1) GHG emissions	SR; EPRA Sustainability reporting
305-2	Energy indirect (Scope 2) GHG emissions	SR; EPRA Sustainability reporting
305-3	Other indirect (Scope 3) GHG emissions	SR; EPRA Sustainability reporting
305-4	GHG emissions intensity	SR; Climate and environment; EPRA Sustainability reporting
<i>GRI Standard: Effluents and waste</i>		
306-2	Waste by type and disposal method	SR; EPRA Sustainability reporting
306-3	Significant spills	There has been no such incidents in 2018
<i>GRI Standard: Environmental Compliance</i>		
307-1	Non-compliance with environmental laws and regulations	There has been no such incidents in 2018
<i>GRI Standard: Supplier environmental assessment</i>		

308-1	New suppliers that were screened using environmental criteria	SR: Ethics and anti-corruption, supplier qualification requirements
<b>SOCIAL</b>		
103 1-3	Management approach for social standards and disclosures	AR: Board report; Corporate governance SR: Management approach; Materiality analysis and focus areas; Motivated employees; Ethics and anti-corruption; Health, safety and environment (HSE); Urban development
<i>GRI Standard: Labor/Management relations</i>		
402-1	Minimum notice periods regarding operational changes	SR: Motivated employees - Workers rights
<i>GRI Standard: Occupational Health and Safety</i>		
403-1	Workers representation in formal joint management-worker health and safety committees	SR: Motivated employees - Safety officer, working environment committee and board representation
403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	SR: Health, Safety and Environment (HSE); EPRA Sustainability reporting
<i>GRI Standard: Training and education</i>		
404-1	Average hours of training per year per employee	SR: EPRA Sustainability reporting
404-3	Percentage of employees receiving regular performance and career development reviews	SR: EPRA Sustainability reporting
<i>GRI Standard: Diversity and Equal Opportunity</i>		
405-1	Diversity of governance bodies and employees	SR: EPRA Sustainability reporting
<i>GRI Standard: Non-discrimination</i>		
406-1	Incidents of discrimination and corrective actions taken	There has been no such incidents in 2018
<i>GRI Standard: Freedom of Association and Collective Bargaining</i>		
407-1	Operations and suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk	SR: Ethics and anti-corruption There has been no such incidents in 2018
<i>GRI Standard: Child Labor</i>		
408-1	Operations and suppliers at significant risk for incidents of child labor	SR: Ethics and anti-corruption There has been no such incidents in 2018
<i>GRI Standard: Forced or Compulsory Labor</i>		
409-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	SR: Ethics and anti-corruption There has been no such incidents in 2018
<i>GRI Standard: Local Communities</i>		
413-1	Operations with local community engagement, impact assessments, and development programs	SR; Community Engagement
<i>GRI Standard: Marketing and Labeling</i>		
417-1	Requirements for product and service information and labeling	Entra certify new-build and rehabilitation projects in accordance with the BREEAM standard. The BREEAM standard is a third party certification of the assessment of an asset's environmental, social and economic sustainability performance
417-2	Incidents of non-compliance concerning product and service information and labeling	There has been no such incidents in 2018
417-3	Incidents of non-compliance concerning marketing communications	There has been no such incidents in 2018
<i>GRI Standard: Customer Privacy</i>		
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	There has been no such incidents in 2018
<i>GRI Standard: Socioeconomic Compliance</i>		
419-1	Non-compliance with laws and regulations in the social and economic area	There has been no such incidents in 2018





# The property portfolio

## Management portfolio

The following table sets forth the properties with management area as of 31 December 2018.

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%	81%	17 848	-	-	17 848
Group	Allehelgensgate 6	Bergen	Office	50%	100%	14 104	-	-	14 104
Group	Biskop Gunnerus' gate 14	Oslo	Office	100%	99%	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%	95%	6 333	1 891	-	8 224
Group	Brattørkaia 14	Trondheim	Culture	100%	100%	5 220	-	-	5 220
Group	Brattørkaia 15 A, B	Trondheim	Office	100%	97%	16 181	-	-	16 181
Group	Brattørkaia 16	Trondheim	Office	100%	100%	10 494	-	-	10 494
Group	Brattørkaia 17 B	Trondheim	Office	100%	100%	19 699	-	-	19 699
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%	12 145	-	-	12 145
Group	Cort Adelers gate 30, Skolebygget	Oslo	Education	100%	100%	3 546	-	-	3 546
Group	Drammensveien 134	Oslo	Office	100%	100%	20 359	-	-	20 359
Group	Dronningens gate 2	Trondheim	Office	100%	100%	5 158	-	-	5 158
Group	Firmaleilighet	Oslo	Office	100%	0%	-	-	-	-
Group	Fredrik Selmers vei 4	Oslo	Office	100%	91%	37 966	-	-	37 966
Group	Grønland 32	Drammen	Office	100%	93%	7 354	-	-	7 354
Group	Grønland 51	Drammen	Office	60%	100%	15 270	-	-	15 270
Group	Grønland 53	Drammen	Office	60%	100%	11 488	-	-	11 488
Group	Grønland 56	Drammen	Office	60%	100%	504	-	-	504
Group	Grønland 58	Drammen	Education	60%	100%	21 472	-	-	21 472
Group	Grønland 60	Drammen	Culture	60%	92%	8 854	-	-	8 854
Group	Hagegata 22	Oslo	Office	100%	99%	12 918	-	-	12 918
Group	Hagegata 23	Oslo	Office	100%	99%	10 672	-	-	10 672
Group	Henriks Ibsens gate 110	Oslo	Culture	100%	100%	18 724	-	-	18 724
Group	Jåttåvågveien 18	Stavanger	Office	50%	90%	9 180	-	-	9 180
Group	Jåttåvågveien 7	Stavanger	Office	50%	94%	5 365	-	-	5 365
Group	Kaigaten 9	Bergen	Office	100%	98%	9 991	-	-	9 991
Group	Karoline Kristiansens vei 2	Oslo	Office	100%	99%	450	-	-	450
Group	Keyzers gate 15	Oslo	Office	100%	94%	1 746	-	-	1 746
Group	Kjørbo gård	Sandvika	Office	100%	100%	1 541	-	-	1 541
Group	Kjørboveien 10, Tomt	Sandvika	Other	100%	0%	-	-	-	-
Group	Kjørboveien 12-26	Sandvika	Office	100%	100%	25 601	-	-	25 601
Group	Kjørboveien 3	Sandvika	Other	100%	97%	16 353	-	-	16 353
Group	Kjørboveien 33	Sandvika	Office	100%	100%	14 670	-	-	14 670
Group	Kongens gate 87	Trondheim	Office	100%	99%	7 689	-	-	7 689
Group	Konggata 51	Drammen	Education	100%	100%	3 576	-	-	3 576
Group	Kreftings gate 33	Drammen	Office	60%	100%	1 886	-	-	1 886



Group/ JV	Property name	City	Type of asset	Share of ownership	Occupancy	Management area	Project area	Land & dev. area	Total area
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%	96%	31 541	-	-	31 541
Group	Langkaia 1A	Oslo	Office	100%	90%	39 298	-	-	39 298
Group	Lars Hillesgate 30	Bergen	Office	50%	90%	45 707	-	-	45 707
Group	Lilletorget 1	Oslo	Office	100%	97%	14 867	-	-	14 867
Group	Malmskriverveien 18-20	Sandvika	Office	100%	100%	9 233	-	-	9 233
Group	Malmskriverveien 2	Sandvika	Office	100%	100%	2 957	-	-	2 957
Group	Malmskriverveien 4	Sandvika	Office	100%	97%	5 674	-	-	5 674
Group	Marken 37	Bergen	Education	100%	85%	2 950	-	-	2 950
Group	Munchs gate 4 / Keyzers gate 13	Oslo	Office	100%	100%	10 839	-	-	10 839
Group	Nonnesetergaten 4	Bergen	Office	100%	98%	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%	99%	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%	92%	33 863	-	-	33 863
Group	Professor Olav Hanssens vei 10	Stavanger	Office	100%	95%	37 158	-	-	37 158
Group	Schweigaards gate 15	Oslo	Office	100%	72%	22 797	-	-	22 797
Group	Schweigaards gate 15 B	Oslo	Office	100%	100%	14 487	-	-	14 487
Group	Schweigaards gate 16	Oslo	Office	100%	99%	15 498	-	-	15 498
Group	Stenersgata 1	Oslo	Office	100%	200%	40 283	-	-	40 283
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%	29 032	-	-	29 032
Group	Tvetenveien 22	Oslo	Office	100%	100%	4 126	-	-	4 126
Group	Vahls gate 1-3	Oslo	Office	100%	100%	14 857	-	-	14 857
Group	Valkendorfs gate 6	Bergen	Office	100%	92%	13 205	-	-	13 205
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%	91%	1 035	-	-	1 035
Group	Fredrik Selmers vei 6	Oslo	Office	100%	94%	14 698	-	-	14 698
Group	Grensesvingen 26	Oslo	Office	100%	98%	18 169	-	-	18 169
Group	Nils Hansens vei 20, Oslo	Oslo	Office	100%	41%	3 088	-	-	3 088
Group	Østensjøveien 43, Oslo	Oslo	Office	100%	88%	6 823	-	-	6 823
Group	Brynsveien 11-13, Oslo	Oslo	Office	100%	83%	12 404	-	-	12 404
Group	Østensjøveien 39-41, Oslo	Oslo	Office	100%	97%	5 664	-	-	5 664
Group	Brynsveien 5, Oslo	Oslo	Office	100%	99%	6 127	-	-	6 127
<b>Total Group</b>						<b>1 090 928</b>	<b>1 891</b>	<b>13 600</b>	<b>1 106 419</b>

## Project properties

The following table sets forth the properties with project area as of 31 December 2018.

Group/ JV	Property name	City	Type of asset	Share of ownership	Management area	Project area	Land & dev. area	Total area
Group	Tollbugata 1A	Oslo	Office	100%	-	9 076	-	9 076
Group	Brattørkaia 17 A	Trondheim	Office	100%	-	17 991	-	17 991
Group	Universitetsgata 2	Oslo	Office	100%	924	26 372	-	27 296
Group	Holtermanns veg 1-13	Trondheim	Office	100%	-	11 666	-	11 666
Group	Universitetsgata 7	Oslo	Office	100%	-	10 417	-	10 417
Group	Tullinkvartalet	Oslo	Office	100%	-	22 747	-	22 747
Group	Kristian Augusts gate 13	Oslo	Office	100%	-	3 162	-	3 162
<b>Total Group</b>					<b>924</b>	<b>101 431</b>	<b>-</b>	<b>102 355</b>

## Land and development properties

The following table sets forth the properties with land and development area as of 31 December 2018.

Group/ JV	Property name	City	Type of asset	Share of ownership	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	Lars Hillesgate 25	Bergen	Office	100%	-	-	5 800	5 800
Group	Holtermanns veg 1-13, Byggetrinn 2	Trondheim	Office	100%	-	-	17 735	17 735
Group	Holtermanns veg 1-13, Byggetrinn 3	Trondheim	Office	100%	-	-	12 955	12 955
Group	Nygårdsgaten 91, Bergen	Bergen	Office	100%	-	-	10 800	10 800
Group	Sorgenfriveien 11, Trondheim	Trondheim	Office	100%	-	-	-	-
<b>Total Group</b>					<b>5 949</b>	<b>-</b>	<b>84 259</b>	<b>90 208</b>





# Definitions

12 months rolling rent	The contractual rent of the management properties of the Group for the next 12 months as of a certain date, adjusted for (i) signed new contracts and contracts expiring during such period, (ii) contract based CPI adjustments based on Independent Appraisers' CPI estimates and (iii) the Independent Appraisers' estimates of letting of current and future vacant areas
Back-stop of short-term interest bearing debt	Unutilised credit facilities divided by short-term interest bearing debt
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, divided by net interest on interest bearing nominal debt and fees and commitment fees related to investment activities
Independent Appraisers	Akershus Eiendom and Cushman & 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")	Total net nominal value of interest bearing debt divided by the total market value of the property portfolio and the market value of the jointly controlled entity Entra OPF. From Q1-18 Entra OPF is a consolidated entity and the full market value is included in the LTV
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 nominal interest bearing debt	Nominal interest bearing debt less cash and bank deposits
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
Outstanding shares	The number of shares registered with a deduction for the company's own repurchased shares at a given point in time. EPRA Earnings and Cash Earnings per share amounts are calculated using the weighted average number of ordinary shares outstanding during the period. All other per share amounts are calculated using the number of ordinary shares outstanding at period end.
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 redevelopment
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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