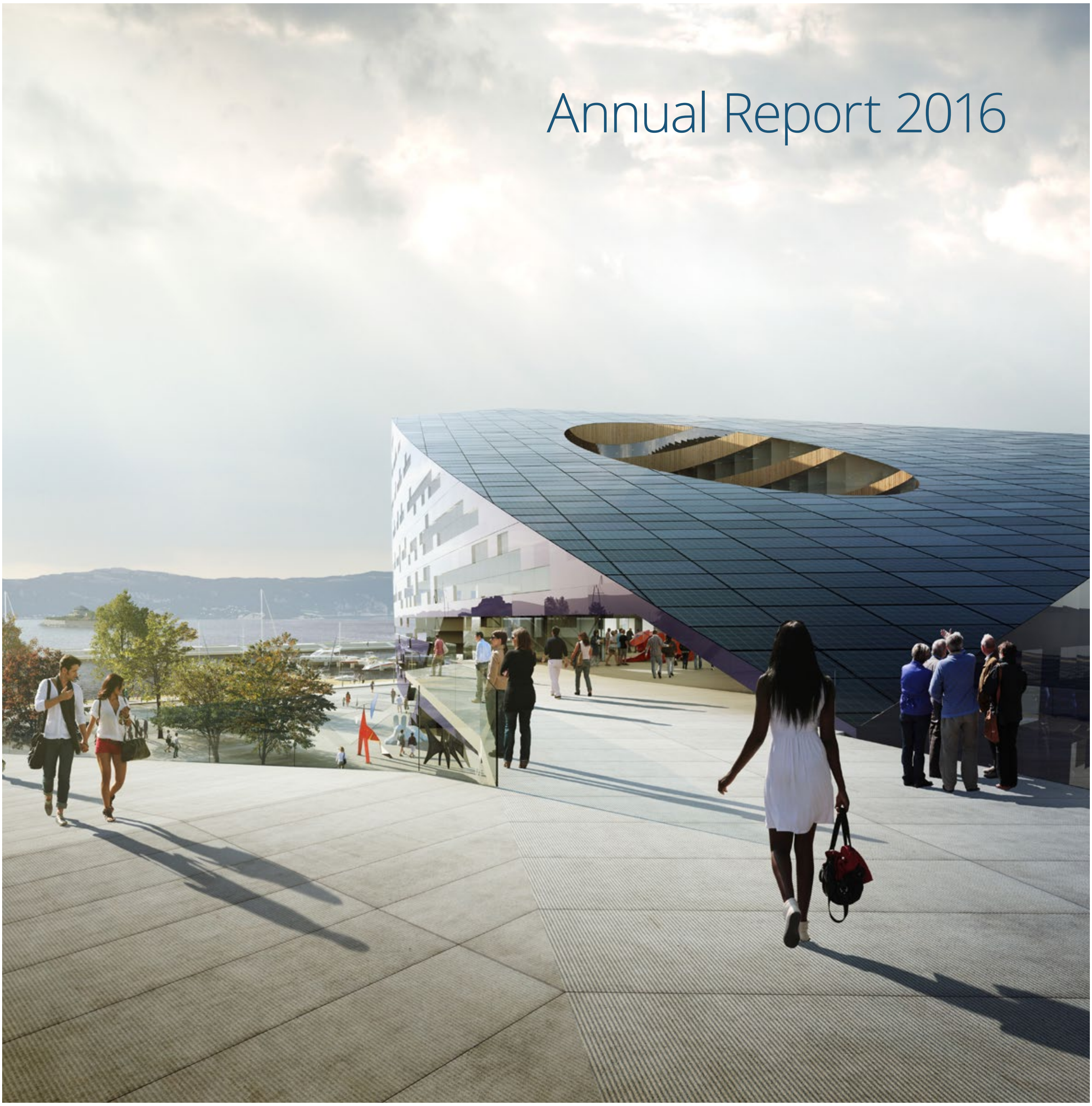
Annual Report 2016



Flexible, attractive and environment-friendly office properties

entra

Property portfolio of

94 properties

Totalling approximately

1 275 000 sqm.

Portfolio market value of

NOK 35.8 billion

Weighted average unexpired lease term of

7.7 years

Occupancy ratio of

96.8 %

Content

This is Entra

Entra is a leading owner, manager and developer of offices in Norway, focused on centrally located, high quality properties in Oslo, Bergen, Stavanger and Trondheim. As of 31 December 2016, Entra had a property portfolio of 94 properties totalling approximately 1.3 million sqm. The market value of the Group's property portfolio as of 31 December 2016 was close to NOK 36 billion. The Group has particular expertise in letting to the public sector, which represented approximately 70 per cent of rental income as of 31 December 2016. Entra's headquarters is in Oslo and the Group is organised in two geographic units: Oslo and Regional Cities. Entra's shares have been listed on the Oslo Stock Exchange since October 2014.

Business idea

Our business idea is to develop, let and manage flexible, centrally located, environment-friendly buildings.

Business strategy

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

Vision

To contribute to our customers' efficiency and reputation.

Values

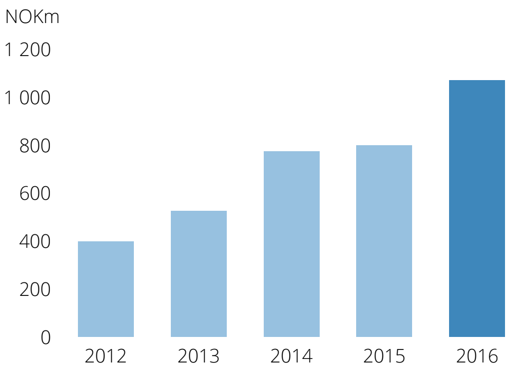
Responsible, ambitious and hands-on.

Our results

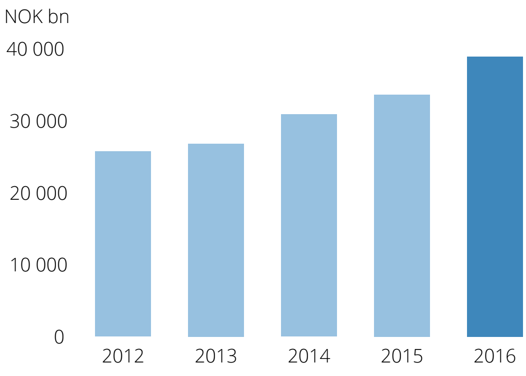
	2016	2015	2014
All figures in NOK millions			
Rental income	1 899	1 760	1 772
Change period-on-period	8 %	-1 %	9 %
Net operating income	1 740	1 574	1 624
Change period-on-period	11 %	-3 %	10 %
Net income from property management	1 070	799	774
Change period-on-period	34 %	3 %	47 %
Profit before tax	3 306	3 075	1 377
Change period-on-period	8 %	123 %	201 %
Profit after tax	2 722	2 721	1 026
Change period-on-period	0 %	165 %	120 %
Market value of the property portfolio	35 785	29 598	28 358
Net nominal interest-bearing debt	17 454	14 640	13 890
Loan to value	47.6 %	46.1 %	48.4 %
Interest coverage ratio	2.7	2.5	2.0
Number of shares	183.7	183.7	183.7

All figures in NOK per share			
EPRA Earnings	4.3	3.2	3.0
Change period-on-period	31 %	8 %	na
EPRA NAV	101	89	76
Change period-on-period	14 %	16 %	na
EPRA NNNAV	93	81	68
Change period-on-period	14 %	20 %	na
Cash earnings	5.8	5.0	4.1
Change period-on-period	17 %	21 %	na
Dividend per share	3.45	3.00	2.50
Change period-on-period	15 %	20 %	na

Net income from property management



Total assets



Year in brief

Trondheimsporten, Trondheim

Verkstedveien 1, Oslo

First quarter

In January, Entra started building Trondheimsporten, a new 28,600 sqm. office property in Trondheim. The project is expected to be completed in November 2017 and is 88 per cent pre-let.

In January, Entra also finalised the remaining interior refurbishment for the last block in Fredrik Selmersvei 4 in Oslo. The property is 52 per cent let to the Norwegian Tax Administration, which also leases the other blocks in Fredrik Selmers vei 4.

Entra also started refurbishing the 4,700 sqm. school building in Cort Adelers gate 30 in Oslo. The refurbishment was completed in December 2016, and the building is 100 per cent let to the Oslo Municipality Education Authority.

In March Entra sold the remaining part of the Ringstadbekk project in Bærum involving 5,600 sqm. of commercial premises and eight apartments.

Second quarter

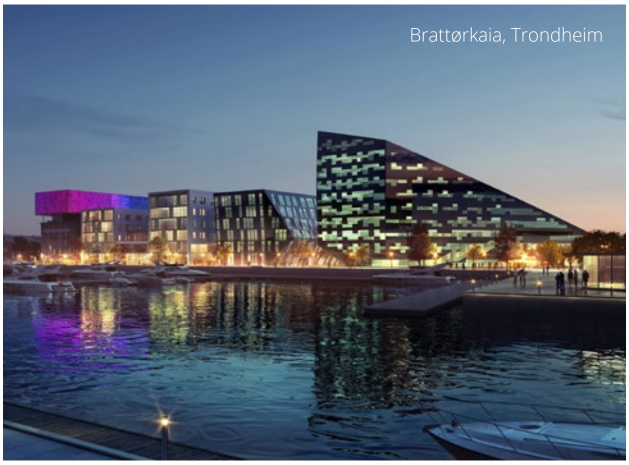
In June, Entra announced the acquisition of a portfolio of three high quality office properties at Skøyen in Oslo for NOK 2.5 bn. The portfolio extended to 61,000 sqm., of which 43,100 sqm. was office space and 2,700 sqm. retail space.

Entra also sold three non-core properties during the second quarter. Kalfarveien 31 in Bergen, Fritzners gate 12 in Oslo and Telemarksgata 11 in Skien. The divestments were in accordance with Entra's strategy to focus the portfolio on large, central and flexible office properties.

In June, Entra and the University of Oslo signed a 25-year lease for a new Faculty of Law building in Tullinkvartalet, Oslo. The University of Oslo will lease 20,000 sqm. of the 21,000 sqm. project in Kristian Augusts gate 15,19 and 21. Demolition of the existing buildings of approx. 15,100 sqm. started in Q4 2016 and the new building is expected to be finalised in 2019/2020.

Entra also started the renovation of a 4,200 sqm. office building at Kjørbo in Sandvika. The building will be renovated to Powerhouse standard and is 54 per cent pre-let to Asplan Viak.


Tullinkvartalet 4, Oslo


Brattørkaia, Trondheim

Third quarter

In September, Entra announced a new-build project of 19,000-21,000 sqm. in Universitetsgata 7-9 in Tullinkvartalet. The law firm Hjorth has signed a lease for 5,100 sqm. The project is expected to be finalised in 2020/2021.

In September, Entra issued the first Green Bond in the Norwegian Real Estate industry. Entra received a "Dark Shade of Green" certification, which is the best certification possible.

Entra also finalised the Gullfaks project at Hinna Park in August 2016. The property was forward-sold to Wintershall in 2015, and closing of the transaction took place in October 2016.

In Kristiansand, Entra started construction of a new 2,300 sqm. school building in Kongsgård Alle 20. In January 2017 Entra entered into an agreement to forward sell the building to Samhällsbyggnadsbolaget i Norden AB when finalised, as part of the divestment of Entra's Kristiansand portfolio.

Fourth quarter

During Q4 Entra acquired a 3,300 sqm. property in Kristian Augusts gate 13 in the Tullin quarter in Oslo and sold the 6,400 sqm. property Lervigsveien 32/Tinngata 8 in Stavanger.

Sundtkvartalet in Oslo, a new-built office property of 31,300 sqm. was finalised in December 2016. The ambition is to obtain a BREEAM Excellent classification. The property is 91 per cent let and is 50 per cent owned by Entra through a joint venture with Skanska.

The refurbishment of 18,100 sqm. in Strømsveien 96 was also finalised in December. The building has aimed for a BREEAM Very Good classification. The property is close to fully let.

In December, Entra started building a new campus for BI Norwegian Business School at Brattørkaia 16 in Trondheim. When finalised in the summer of 2018, the property will be 8,400 sqm. The project aims for a BREEAM Excellent classification.

In December, Entra also decided to start construction of a new Powerhouse at Brattørkaia 17 A in Trondheim. Powerhouse Brattørkaia will be an energy positive and environment-friendly office building of approximately 18,200 sqm., including a 2,500 sqm. parking basement. The property is 48 per cent pre-let. Construction will commence in March 2017 with a building period of two years.

Letter from the CEO

Focused growth

2016 was a very strong year for Entra with operational and financial results coming in at an all-time high. We continue to deliver profitable growth, our customers are more satisfied than ever and our environmental ambitions are paying off with reduced energy consumption and generally increased quality in our property portfolio.

Solid financial results

While rental income increased with 8 per cent in 2016, net income from property management increased by 34 per cent resulting from portfolio growth and further streamlining of the operations. In addition to solid operational results, strong value growth contributed to a record high profit before tax of NOK 3.3 billion for the year. Continuing growth in cash earnings gives room for a dividend payment of NOK 3.45 for the financial year 2016, up from NOK 3.00 per share for 2015.

The power to deliver

Entra works on the basis of a simple and focused strategy. We actively develop and manage a portfolio of centrally located office buildings close to public transportation hubs in the largest cities in Norway. Combined with hard work to achieve customer satisfaction and the objective of environmental leadership, we have a clear direction for further profitable growth and development of the company.

Over the past two years we have carried out a targeted plan of divestment of our non-core assets. By taking advantage of a strong transaction market, we are very pleased to have concluded this plan in the first half of 2017 with the sale of the Kristiansand portfolio. Summing up, we have in this period sold 31 properties for a total consideration of approximately NOK 4 bn and at a premium to book values of 21 per cent.

We acquired a portfolio of three very good office buildings at Skøyen and one in Kristian Augusts gate 13 in Oslo as well as a land plot in Bergen during 2016. In 2016 we also completed major new-build projects such as the new Sundt quarter in the centre of Oslo and Gullfaks at Hinna Park, whilst the refurbishment of Strømsveien 96 and Cort Adelers gate 30 in Oslo were completed on schedule.

Our growth prospects continue to be strong with profitable new-build and refurbishment projects ongoing in Oslo, Trondheim, Bergen and Sandvika as well as an exciting portfolio of early stage projects to fuel long-term growth.

In combination with increasing rental income, we have also been able to reduce the cost base and thus increase our margins. This has been an important focus area since the stock exchange listing in 2014, and we can now conclude that our operational profitability is in line with our best performing peers.

We have worked in a very targeted manner on customer satisfaction over many years. In 2016 we have set new records for customer satisfaction and are particularly proud that all of our 11 property teams obtained very strong results. We are very pleased to see that we are succeeding with a corporate culture that is focused on putting the customer first. We are able to achieve such results through competent, motivated and hard-working people in our organisation.

Our growth prospects continue to be strong with profitable new-build and refurbishment projects ongoing in Oslo, Trondheim, Bergen and Sandvika as well as an exciting portfolio of early stage projects to fuel long-term growth.

Responsibility

Entra is a major property owner in the largest cities in Norway. Through both the development of new projects and the day-to-day operation of our buildings, our business has an impact on the environment.

We are committed to a sustainable urban future through high environmental standards, proximity to public transport, attractive arrangements for cycles and pedestrian routes, as well as light and attractive city courtyards to which people are drawn.

Entra also works actively to share with tenants its knowledge of modern and flexible office solutions that create room for creativity and cooperation at the same time as we ensure effective space utilisation.

A world in change

We are operating in a volatile global landscape with political uncertainty, modest growth and historically low interest rates. In our home country the steady increase in housing prices has had a favourable impact also on the office market but both interest rates and potentially decreasing housing prices represent uncertainty for the Norwegian economy. In this landscape it is more important than ever to focus on quality and cost efficiency in operations and on continuous risk mitigation.

Entra is well-equipped for the future but we are not complacent. Technological development and changes in work and business mean that our organisation must have adaptability to retain our good position and maintain growth. We need to be even better at urban development and how to create the best interaction between our buildings and projects and the community around us. We work actively to make use of new technology to automate operations and make each day even better and easier for our customers. We also seek to better understand the exciting opportunities that arise through digitalisation of our society.

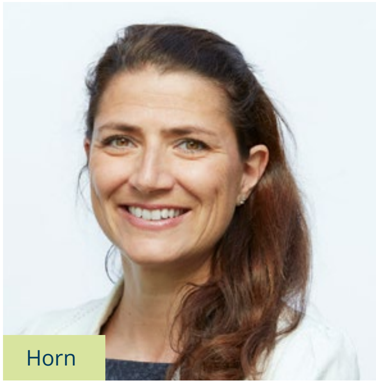
Oslo, March 2017

Arve Regland
Chief Executive of Entra ASA

Management


Regland


Olstad


Horn


Aarebrot


Solaas


Haug Lund


Bratlie

Arve Regland
Chief Executive Officer

Arve Regland (1972) has worked in Entra since January 2014. Regland has a MSc in Business ("Siviløkonom") from the Norwegian Business School (BI), holds Graduate Programme in Economics and Business Administration and is a state-authorised public accountant from the Norwegian School of Economics (NHH). From 2004 to 2014 he was a Partner at ABG Sundal Collier. He has previously also been a Manager at Ernst & Young, Listing Advisor at the Oslo Stock Exchange and Accountant at Arthur Andersen & Co. Mr Regland held 37,599 shares in Entra as of 31.12.16

Mona Aarebrot
Executive Vice President Regional Cities

Mona Aarebrot (1968) has worked in Entra since February 2012. Ms Aarebrot has a MSC ("Siviløkonom") from the Norwegian Business School (BI) and a basic university course in psychology from the University of Oslo. She has previously served as CEO of Mesta Eiendom, Head of property for the south-east region of Mesta and managing director of Brækhus Dege Eiendom. Ms Aarebrot held 12,611 shares in Entra as of 31.12.16

Tom Bratlie
Executive Vice President HR and Communication

Tom Bratlie (1967) has worked in Entra since April 2015. He was previously head of corporate communication and member of corporate management in the Middle East focused oil and gas company DNO ASA. Prior to that he held a similar position in the global Norwegian paper manufacturing company Norske Skog. He undertook communication studies at the Norwegian Business School (BI) and worked as a consultant within PR and management before joining Entra. Mr Bratlie held 6,366 shares in Entra as of 31.12.16

Anders Olstad
Chief Financial Officer

Anders Olstad (1967) has worked in Entra since October 2015. He holds an MBA with distinction from INSEAD, a Bachelor of Management from the Royal Norwegian Naval Academy, as well as studies at the Norwegian Business School (BI) and the Law faculty at the University in Bergen. Mr Olstad has previously served as CFO at Helly Hansen, Relacom, Hurtigruten, and Lindorff. Before that, he held the position as Director of Business Development at B.Skaugen, consultant with McKinsey & Company and various positions in the Norwegian Armed Forces. Mr Olstad held 31,536 shares in Entra as of 31.12.16

Anders Solaas
Executive Vice President Letting and Business Development

Anders Solaas (1963) has worked in Entra since August 2010. Mr Solaas has a bachelor from the University of Mannheim and a degree in finance from the University of Lund. He has previously held various positions with Hafslund, including CEO of Hafslund Eiendom, CFO (Markets), General Manager of Hafslund Energy Trading, Group Controller Hafslund ASA and Finance Director of Hafslund Strøm. In addition he has served as Portfolio Manager at Fondsforvaltning. Mr Solaas held 4,566 shares in Entra as of 31.12.16

Sonja Horn
Executive Vice President Oslo

Sonja Horn (1973) has worked in Entra since August 2013. Ms Horn has a MSc in Business ("Siviløkonom") from the Norwegian Business School (BI). She has previously been Director and SVP Real Estate Asset Management at Statoil Fuel & Retail, transaction advisor and partner with Union Norsk Næringsmegling, Head of Large Corporate Accounts with Fokus Bank, Director of Commercial Real Estate at Fokus Kreditt and client account manager with Sparebankenes Kredittselskap (now DnB). Ms Horn held 13,899 shares in Entra as of 31.12.16

Kristin Haug Lund
Executive Vice President Project Development & Technology

Kristin Haug Lund (1965) has worked in Entra since May 2012. Ms Haug Lund has a MSC ("Sivilingeniør") from the Norwegian Institute of Technology (NTH) and a Master in Property Development and Management from the Norwegian University of Science and Technology (NTNU). She has previously served as Managing Director of Horisont, Project Director in Vital Eiendom, Project Manager in AF Gruppen, Project Manager in NCC Property Development and Construction Manager in Veidekke. Ms Lund held 10,521 shares in Entra as of 31.12.16

The business

Entra is a leading owner, manager and developer of office properties in Norway. Entra is focused on centrally located, high quality properties in Oslo, Bergen, Stavanger and Trondheim. As of 31 December 2016, Entra had a property portfolio of 94 properties totalling 1.3 million sqm. The market value of the property portfolio was NOK 36 billion. Entra has particular expertise in letting to the public sector, which represented approximately 70 % of rental income at year-end.

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

Strategy

Profitable growth
Entra has a solid track record of portfolio growth and value creation. In 2016 rental income increased by 8 per cent to NOK 1.9 billion as a result of completed property projects, acquisitions and positive net letting. Entra signed new and renegotiated leases with annual rent totalling NOK 434 million (193,000 sqm.) in 2016 and the occupancy ratio increased from 95.0 per cent to 96.8 per cent. As a result of revenue growth, further streamlining of the organisation and corresponding efficiency gains, the net income from property management increased by 34 per cent to NOK 1.1 billion. Entra's property values were written up by some NOK 2 bn as a result of solid project development, positive letting activities and yield compression in the Norwegian market. At year-end 2016 Entra had total assets worth NOK 38.9 bn vs NOK 33.6 bn as of year-end 2015. Entra has throughout 2016 again demonstrated its ability to attract external debt capital on attractive terms from multiple sources of funding. Entra's average interest rate decreased from 3.69 per cent to 3.48 per cent, contributing to a further improvement in cash earnings and a proposed 15 per cent increase in dividends for 2016 compared to 2015.

Entra's dividend policy is to distribute 60 per cent of cash earnings to its shareholders. Cash Earnings is defined as net income from property management less payable tax. Following the decision in the General Assembly in 2016 to start paying dividends on a semi-annual basis, the board of Entra proposes to distribute a semi-annual dividend of NOK 1.75 per share for the second half of 2016. Entra's total dividend for 2016 will then be NOK 3.45 per share compared to NOK 3 per share for 2015.

Customer satisfaction
Entra seeks to manage its tenant relationships actively in order to increase tenant satisfaction and maximise lease renewal rates. Entra works together with its tenants to design workspaces that will meet their current needs and future requirements. Entra is responsible for property management on all its management properties and has a separate customer service centre to provide consistent and timely follow-up to enquiries.

Entra benefits from the quality of its tenants, which include both a strong public and private sector tenant base. Entra works actively on maintaining good relationships with its tenants in order to achieve high customer satisfaction and to maximise lease renewal rates. In 2016, Entra achieved an exceptionally high customer satisfaction rating of 85 versus an industry average of 77 according to the Norwegian Tenant Index.

Environmental leadership
Entra continues to implement and seek new environmental initiatives to meet climate-related challenges and customer demand for environmentally sustainable properties, and to further reduce costs. Entra's target is to achieve a rating of BREEAM-NOR Excellent or better for new and BREEAM-NOR Very Good or better for refurbishment/renovation projects. Entra also enters into Green Benefit Agreements with tenants, through which Entra works with the tenant to invest in the property to improve its environmental sustainability. Through these and other programmes, Entra has reduced the energy consumption of its management properties by 25 per cent over the last five years. In 2016 Entra issued the first green bond in the Norwegian real estate sector.

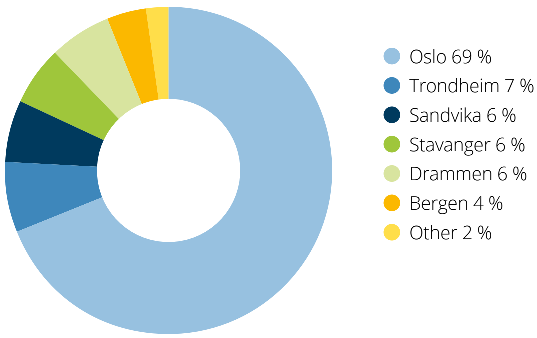
Profitable growth + Customer satisfaction + Environmental leadership

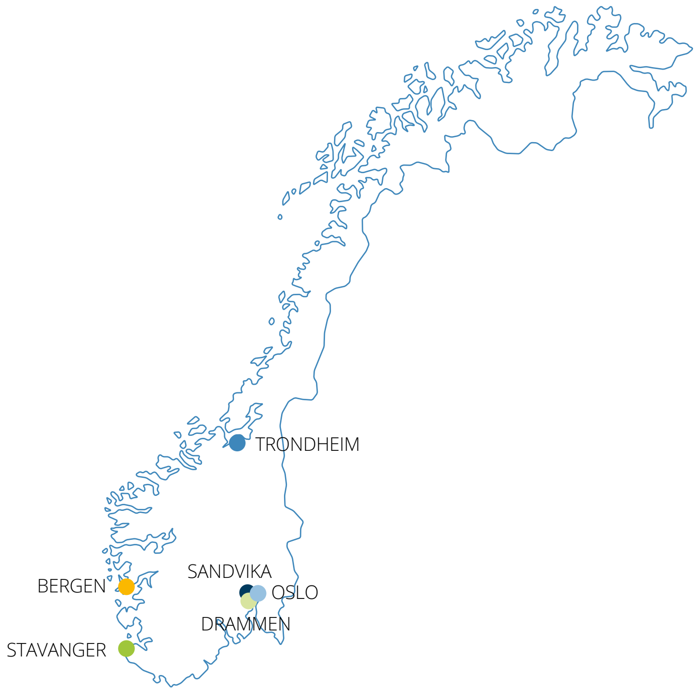
Entra has defined three strategic pilars that create a foundation for the company's priorities and action plans.

Universitetsgaten 7-9, Oslo (under planning)

Geographic exposure

Entra is organised in the geographic units Oslo and Regional Cities. Entra's properties located in Oslo constitute 69 % of the portfolio value, whereas Regional Cities covers the properties in Trondheim (7 %), Sandvika (6 %), Stavanger (6 %), Drammen (6 %), Bergen (4 %) and Other (2 %).



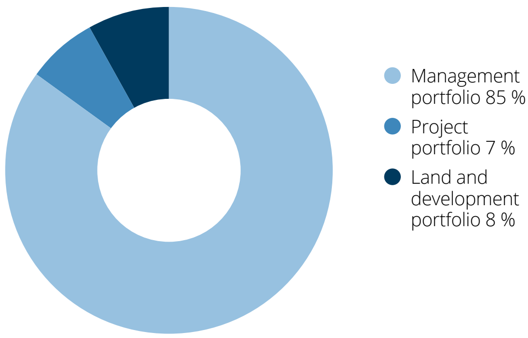


The property portfolio

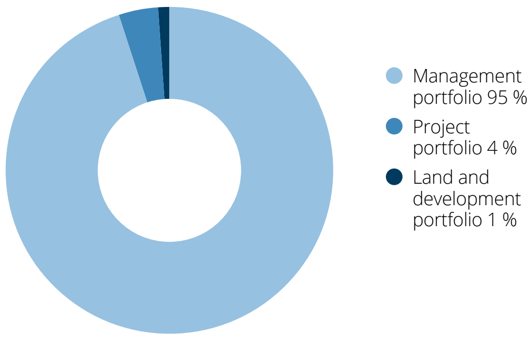
As of 31 December 2016, Entra's property portfolio comprised 94 properties, and the market value of the portfolio was NOK 36 billion. A full list of the properties can be found at the end of this report.

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

Portfolio by area



Portfolio by value



Management properties

Entra´s management portfolio consists of 85 buildings with a total area of approximately 1.1 million sqm. As of 31.12.16, the management portfolio had a market value of around NOK 33.9 billion. The occupancy rate was 96.8 per cent (95.0 per cent). The weighted average unexpired terms for the Group's leases were 7.0 years (7.6) for the management portfolio and 7.7 years (7.8) when the project portfolio is included. Entra focuses the portfolio on the major cities in Norway; Oslo and the surrounding region, Bergen, Stavanger and Trondheim. Entra has its head office in Oslo.

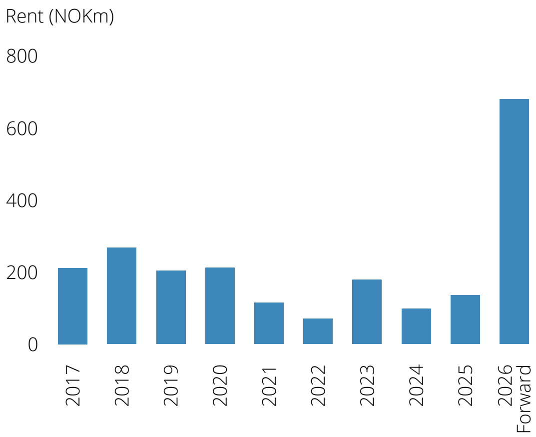
Entra´s properties are valued by two external appraisers (Akershus Eiendom and Cushman & Wakefield Realkapital) on a quarterly basis. The market value of the portfolio in Entra´s balance sheet is based on the average of the two external appraiser's valuation of each individual property. Valuation of 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 is reduced from 5.9 per cent to 5.7 per cent. 12 months rolling rent has increased from NOK 1,768 to NOK 1,940 per sqm., whereas the market rent has increased from NOK 1,746 to NOK 1,906 per sqm.

	Area	Occupancy	Number of properties	Wault	Market value		12 month rolling rent		Net yield	Market rent	
	sqm	%	#	year	NOKm	NOK/sqm	NOKm	NOK/sqm	%	NOKm	NOK/sqm
Oslo	622 910	97.4	40	6.4	23 266	37 350	1 394	2 238	5.5	1 392	2 235
Trondheim	115 227	98.2	9	6.1	2 503	21 724	179	1 555	6.5	171	1 481
Sandvika	94 589	87.4	9	10.2	2 176	23 010	128	1 355	5.4	127	1 342
Stavanger	72 680	96.3	5	9.8	2 033	27 978	137	1 879	6.2	123	1 696
Drammen	70 068	97.4	8	8.5	1 914	27 311	119	1 704	5.9	107	1 527
Bergen	57 119	99.4	6	4.9	1 264	22 135	85	1 491	6.1	84	1 479
Kristiansand	45 158	94.2	7	9.8	669	14 821	52	1 152	6.8	54	1 198
Other	5 531	93.5	1	4.0	79	14 283	7	1 193	7.2	7	1 195
Management portfolio	**1 083 282**	**96.8**	**85**	**7.0**	**33 905**	**31 299**	**2 101**	**1 940**	**5.7**	**2 065**	**1 906**
Project portfolio	89 875		5	18.7	1 422	15 819					
Development sites	101 558		4	0.6	458	4 508					
Property portfolio	**1 274 716**		**94**	**7.7**	**35 785**	**28 073**					

The calculation of net yield is based on the valuers' assumption of ownership costs, which at 31.12 corresponds to 8.7 per cent of market rent.

Maturity profile of the management portfolio



Project properties

As of 31 December 2016 the largest ongoing development projects were:

Project	Ownership (%)	Location	Expected completion	Project area ('000 sqm)	Occupancy %	Estimated total project cost [1] (NOKm)	Of which accrued [1] (NOKm)	Yield on cost [2]
Group								
Powerhouse Kjørbo, block 3	100	Sandvika	Jul-17	4 200	54	144	129	5.6
Trondheimsporten	100	Trondheim	Nov-17	28 600	88	680	450	6.4
Brattørkaia 16	100	Trondheim	Jun-18	8 400	100	291	66	6.6
Brattørkaia 17	100	Trondheim	Mar-19	18 200	48	497	84	6.2
Tullinkvartalet UIO	100	Oslo	Dec-19	21 000	92	1 489	517	5.5
Total Group				**80 400**		**3 101**	**1 245**	
Jointly controlled companies								
MediaCity Bergen	50	Bergen	Aug-17	45 000	79	1 830	1 534	6.1
Total Jointly controlled companies				**45 000**		**1 830**	**1 534**	

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

In Sandvika Entra is refurbishing the third block at Kjørbo into a new Powerhouse with a BREEAM Excellent classification. During its lifetime a Powerhouse shall produce more renewable energy than it uses for materials, production, operation, renovation and demolition. The property is 4,200 sqm. and is 54 per cent pre-let to Asplan Viak.

"Trondheimsporten" is a new-build project centrally located in Holtermanns veg 70 in Trondheim. When completed, the property will be a 15-floor office building of 28,600 sqm. The property is 88 per cent pre-let to Trondheim Municipality and the Norwegian Labour and Welfare Administration on 10-year contracts. The building is expected to be finalised during the fourth quarter of 2017 with a BREEAM Very Good classification.

On Brattørkaia 16, Entra is building an 8,400 sqm. campus building for BI Norwegian Business School. The property is fully let to BI Norwegian Business School on a 20-year lease. The project has high environmental ambitions and aims for a BREEAM Excellent classification. Construction has commenced and the project will be completed in the summer 2018.

On Brattørkaia 17, Entra will build Powerhouse Brattørkaia, an energy positive and environment-friendly office building of 18,200 sqm., of which 2,500 sqm. is a parking basement. The property is approximately 50 per cent pre-let. Powerhouse Brattørkaia will utilise sun and sea water for heating and cooling. The building will be covered by 3,000 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 will consume for heating, cooling, ventilation and lighting and means that it has a positive energy balance in its lifetime also after including all the energy that goes into building processes, materials and finally demolition. The project is aiming for the environmental classification BREEAM Outstanding and Energy class A. Construction has commenced and the project will be completed in the first quarter of 2019.

In Tullinkvartalet Entra has started construction of a new 21,000 sqm. campus building for the Faculty of Law of the University of Oslo. The property is 92 per cent let to the University on a 25-year lease. The new build project will involve Entra's properties in Kristian Augusts gate 15, 19, and parts of 21, which to a large extent are being demolished and re-built. The final zoning plan was approved on 1 February 2017 and the project will be completed by the end of 2019. The new build project aims for a BREEAM Excellent classification.

Media City Bergen involves total renovation of 35,000 sqm. and an extension of 10,000 sqm. in Lars Hilles gate 30 in Bergen. The vision behind the concept is to create an environment for innovation and knowledge development within the media industry, through establishing a cluster of media, technology, education and research companies. The largest media companies such as TV2, NRK, Bergensavisen, Bergens Tidende, the Media Faculty of Bergen University, and Vizrt have signed lease contracts. The property is 50 per cent owned by Entra through Entra OPF. The project will be completed in August 2017.

Land and development properties

Entra's portfolio of land and development properties contains properties with zoned development potential, but where no investment decision has been made. As of 31 December 2016, Entra had 4 properties with a land and development area totalling 100,000 sqm. A list of the properties with defined land and development potential can be found at the end of this report.

Oslo Solar, Lilletorget 1, Oslo (under planning)

Partly-owned companies

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

Papirbredden Eiendom AS (60 per cent)

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

Hinna Park Eiendom AS (50 per cent)

Entra and Camar Eiendom own Hinna Park Eiendom AS. The company owns three office properties of 30,000 sqm. and land with development potential for two new office properties totalling 33,000 sqm.

Entra OPF Utvikling AS (50 per cent)

Entra and Oslo Pensjonsforsikring (OPF) own Entra OPF Utvikling AS. The company owns two properties in Bergen of which one is the project property MediaCity Bergen in Lars Hilles gate 30. According to the agreement between Entra and Oslo Pensjonsforsikring, Entra OPF Utvikling AS is not to be financed with debt, any capital requirements are thus financed with equity contributions from the owners.

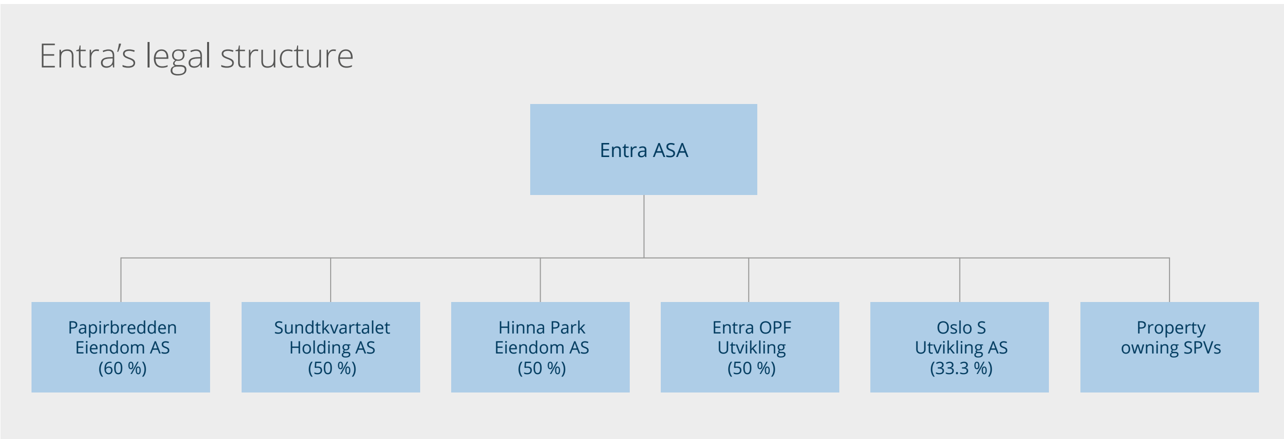
Sundtkvartalet Holding AS (50 per cent)

Entra and Skanska Commercial Development own Sundtkvartalet Holding AS. The company owns a new-built office property of 31,000 sqm. in Sundktvartalet in Oslo.

Oslo S Utvikling AS "OSU" (33.33 per cent)

OSU is a property development company that is undertaking the development of parts of the city district Bjørvika in Oslo. Entra's share of the market value of the properties and projects in OSU is estimated at NOK 1.6 billion as of 31.12.16. The estimate is based on valuations from two external appraisers. Entra's share of the net asset value as at 31.12.16 was NOK 0.9 billion after taking into account estimated latent deferred tax of 10 per cent.

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



Tenants and lease structure

Entra's tenant base comprises primarily public sector tenants with long-term leases and, as of 31 December 2016, public sector tenants accounted for approximately 70 per cent of rental income. Entra's public sector tenants are, or are wholly owned by, governmental, county or municipal bodies.

The market rent of the management properties was NOK 1,906 per sqm., while the 12 months rolling rent was NOK 1,940 per sqm., as of 31 December 2016.

As of the same date, the management properties had around 500 tenants with a weighted average unexpired lease term (WAULT) of 7 years. The 20 largest tenants' share of Entra's rental income represents 46 per cent of revenues.

The following table sets out the 20 largest tenants in Entra's management properties as of 31 December 2016.

Tenant	In % of rent	Sector
Norwegian Tax Administration	5.4 %	Public
Norwegian Public Road Administration	3.8 %	Public
Norwegian Directorate of Health	3.5 %	Public
The Norwegian National Rail Administration	3.4 %	Public
National Library of Norway	3.3 %	Public
Directorate of Norwegian Customs	3.3 %	Public
Municipality Undertaking for Defence Buildings	2.3 %	Public
Norwegian Water Resources and Energy Directorate	2.3 %	Public
Norway Post	2.1 %	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 AS	1.6 %	Private
County Governor of Oslo and Akershus	1.6 %	Public
The Norwegian Public Service Pension Fund	1.4 %	Public
Norwegian Petroleum Directorate	1.4 %	Public
Bærum Municipality	1.4 %	Public
Norwegian Directorate for Education and Training	1.4 %	Public
Asker and Bærum Police District	1.3 %	Public
Oslo Municipality for Social Services Buildings	1.3 %	Public
Total	**46.0 %**	

Transactions in 2015 and 2016

Entra actively seeks to improve the quality of its property portfolio through a disciplined strategy of acquisitions and divestments. Entra focuses on the acquisition of large properties and projects in specific areas within our four core markets: Oslo and the surrounding area, Bergen, Trondheim and Stavanger. Target areas include areas in the city centres and selected clusters and communication hubs outside the city centres, allowing Entra to offer rental opportunities at a price range that fits its customer base. Entra's experience, financial strength and knowledge of its tenants make the company well positioned to make acquisitions that meet these acquisition criteria.

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

During 2016 Entra acquired a portfolio of three properties (61,000 sqm.) at Skøyen in Oslo, Kristian Augusts gt 13 (3,300 sqm.) in Oslo and a site in Lars Hilles gate 25 in Bergen for a total consideration of NOK 2.7 bn. Entra also sold seven non-core properties during the year for a total consideration of NOK 418 million.

Purchased properties

	Area	Transaction quarter	No of sqm	Transaction value	Closing date
Kristian Augusts gate 13	Oslo	Q4 2016	3 300	155	20.01.2017
Skøyen portfolio (three properties)	Oslo	Q2 2016	61 000	2 529	01.09.2016
Lars Hilles gate 25	Bergen	Q2 2016	5 800	53	01.09.2016
Office part of Oslo City [1]	Oslo	Q4 2015	40 250	1 650	31.12.2015
Trondheimsporten	Trondheim	Q4 2015	28 600	163	18.12.2015
Total			**135 650**	**4 550**	

[1] Includes 50 per cent of parking basement.

Sold properties

	Area	Transaction quarter	No of sqm	Transaction value	Closing date
Moloveien 10	Bodø	Q4 2016	5 531	83	15.02.2017
Kongensgate 85/Erling Skakkesgate 60	Trondheim	Q4 2016	1 769	16	31.03.2017
Lervigsveien 32/Tinngata 8	Stavanger	Q4 2016	6 400	56	30.11.2016
Kalfarveien 31	Bergen	Q2 2016	8 440	85	01.02.2017
Fritznersgate 12	Oslo	Q2 2016	824	53	15.09.2016
Telemarksgata 11	Skien	Q2 2016	4 300	11	01.07.2016
Ringstabekk AS [2]	Bærum	Q1 2016	5 570	114	06.04.2016
Strandveien 13, Tromsø	Tromsø	Q4 2015	11 560	158	28.01.2016
Tollbugata 2, Bodø	Bodø	Q4 2015	940	14	01.12.2015
Hans Kiersgate 1 b and c	Drammen	Q4 2015	2 230	11	30.10.2015
Kirkegata 2 B	Arendal	Q3 2015	5 800	33	30.09.2015
Gullfaks, Hinna Park (forward sale)	Stavanger	Q3 2015	17 900	727	30.10.2016
Keysersgate 15	Oslo	Q1 2015	315	16	01.03.2015
Portfolio of six properties	Moss, Skien, Lillestrøm	Q1 2015	62 918	1 375	24.02.2015
Grønnegaten 122	Tromsø	Q4 2014	6 600	72	07.04.2015
Skansegaten 2	Stavanger	Q4 2014	4 379	110	09.01.2015
Total			**145 476**	**2 933**	

[2] Commercial areas included in number of sqm. (residential not included).

Universitetsgaten 7-9, Oslo (under planning)

Sustainability report

Sustainability and corporate social responsibility are of key strategic importance to Entra and are a prerequisite for the company's long-term results and value creation. Responsibility is one of Entra's core values and the company's strategic priorities are intended to contribute to sustainable development at the same time as taking into account the interests of the company's stakeholders.

At the core of Entra's operations is a strong social mission to be a highly efficient and environment-friendly real estate company. Entra sees sustainability as a way to achieve this social mission in a way that ensures profitability and simultaneously benefits the environment, its employees and society.

A systematic approach to understanding and managing the company's external factors and stakeholders expectations has a positive impact when important stakeholders are choosing partners for new and existing projects. The approach also proves to be valued by potential investors as an indicator of good corporate governance and management. Entra depends on co-operation with partners to achieve its goals. A sustainable approach proves to be an important starting point for co-operation and support from other stakeholders with the same priorities. The aim of contributing positively to some of our times' greatest challenges will also be important for attracting and retaining talented employees.

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

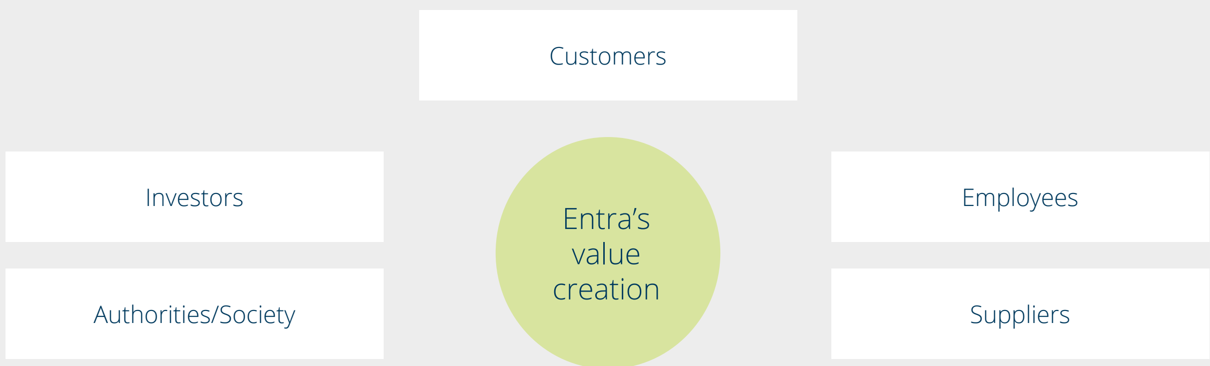
Stakeholder dialogue

It is important for Entra to maintain an open and honest dialogue with its main stakeholders in order to have a good understanding of their views and expectations, and to have clear communication regarding plans and areas of particular focus.

In 2016 Entra has systematised the dialogue with its stakeholders. The purpose of this work has been to ensure that Entra's sustainability efforts meet stakeholder expectations and to enable a more open and concrete dialogue. Through such openness and effective dialogue with its stakeholders Entra obtains valuable feedback and is able to continue to improve, to build trust and to enhance its reputation.

The mapping of stakeholders and stakeholder expectations conducted in connection with a materiality analysis was based on dialogue with Entra's main stakeholders, including meetings with owners, authorities and partners and feedback from customers and employees. Other sources of information include an assessment of media and industry reports.

Entra's main stakeholders




entra

Entra's focus areas

Climate and the environment

Urban development

Motivated employees

Ethics and anti-corruption measures

Health and safety

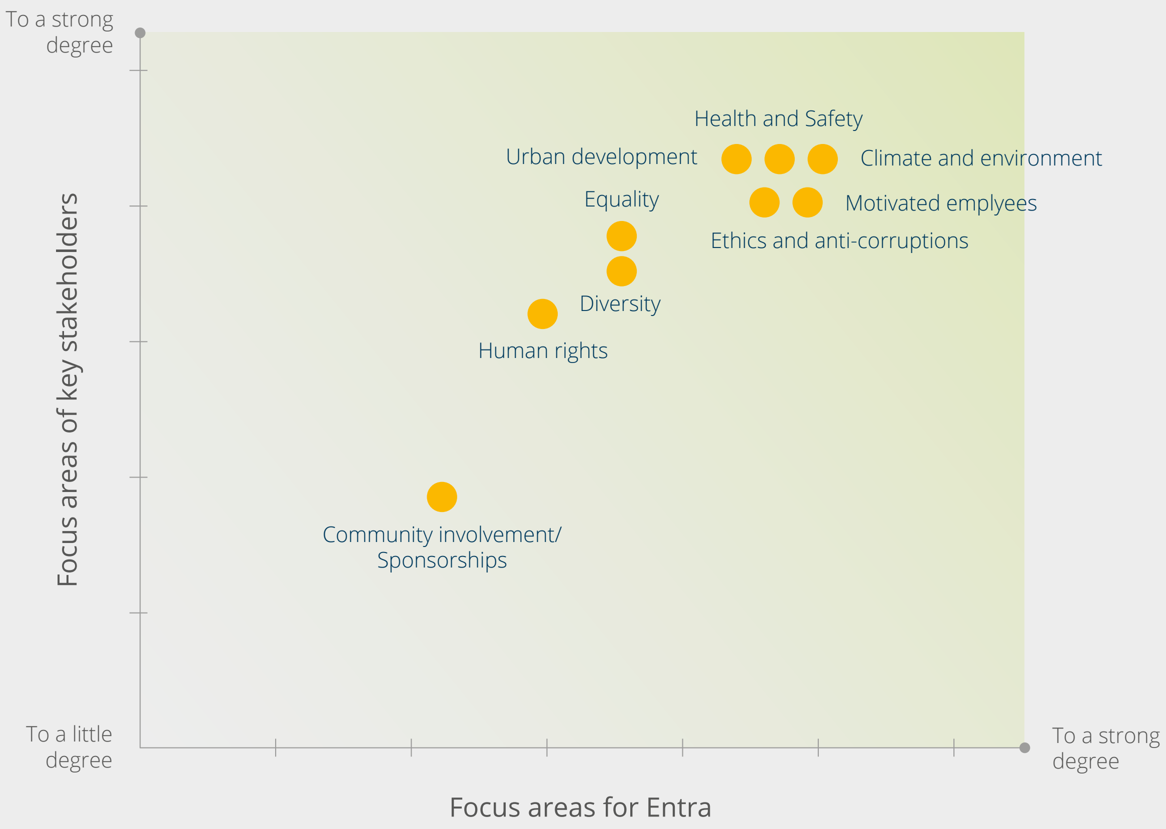
Focus areas

Entra believes that a systematic approach towards understanding and managing the company's external factors is a prerequisite for future value creation. Entra has defined the following five areas which are believed to be the most important for sustainable value creation or which potentially could pose significant business risk.

- Climate and the environment
- Urban development
- Motivated employees
- Ethics and anti-corruption measures
- Health and Safety

The priorities defined are based on a materiality analysis of where Entra and Entra's most important stakeholders believe the company can make an important and sustainable impact, and which are believed to be important for future progress and long-term value creation. The materiality analysis is illustrated below:

Materiality analysis



1. Climate and the environment

Climate-related challenges are our shared responsibility. Entra seeks to meet these challenges by reducing its own energy consumption, limiting carbon emissions as well as by influencing and setting requirements for other parts of the value chain. Entra has an ambition to be an environmental leader in the real estate sector. Based on technology, expertise and experience Entra contributes to reducing consumption through measures in existing buildings and through refurbishment and construction of new buildings. Entra's approach includes a focus on the circular economy and cradle-to-cradle thinking and the company seeks to use materials that can be re-used or recovered in new-build and refurbishment projects.

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

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

Environmental strategy and action plans

Entra has a defined an environment strategy for the period 2014 – 2017, combined with established targets and action plans for the measures envisaged. Entra is currently in the process of establishing an environmental strategy for the future that will seek to further broaden the company's focus and take its environmental work to a new level. Entra has signed up to "The roadmap towards 2050 for the property sector" compiled by the Green Building Council and Norsk Eiendom. The roadmap's vision is to contribute to a climate neutral Norway in 2050. Entra has started the work on implementing the ten immediate measures outlined in the roadmap. The roadmap will also form an important basis for Entra's new environmental strategy and business strategy.

Important priorities for environmental work in Entra in the period from 2014– 2017 are set out below:

Develop the property portfolio through innovation and new expertise

In recent years Entra has established a leading position in the sector by creating, innovative, environment-friendly buildings both through new developments and renovation of existing buildings. Entra will continue to follow this path and harvest experience that can be used on the existing property portfolio. Environmental analysis and assessments are important criteria in connection with property transactions and planning of new-builds/renovations in order to make sure that environmental considerations are included in the decision-making process together with commercial considerations.

Entra is developing buildings that are environmental flagships in a global context, irrespective of whether they are new buildings or refurbishments of existing properties.

Powerhouse Kjørbo in Sandvika was the first building in Norway to achieve the rating BREEAM-NOR Outstanding. The property has attracted considerable attention far beyond Entra's organisation and Norway's borders. The building has set a new environmental standard as it produces more energy than it uses over its lifetime, including the materials used for construction. In practice the building therefore acts as a local power station that delivers environmentally-friendly energy. In December 2016 Entra announced the start-up of a new build Powerhouse project at Brattørkaia in Trondheim. Powerhouse Brattørkaia will utilise sun and sea water for heating and cooling. The building will be covered by 3,000 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 will consume for heating, cooling, ventilation and lighting and means that the building will have a positive energy balance in its lifetime even when all the energy that goes into building processes, materials and finally demolition is included. The project is aiming for the environmental classification BREEAM Outstanding and Energy class A++.

During 2016 Entra has finalised the new-build project Sundtkvartalet, achieving a BREEAM Excellent classification, and the renovation of Strømsveien 96, achieving a BREEAM Very Good classification.

Entra will continue work to arrange for cycle parking, showers and cloakrooms, as well as facilities for electric cars at existing parking spaces in its properties.

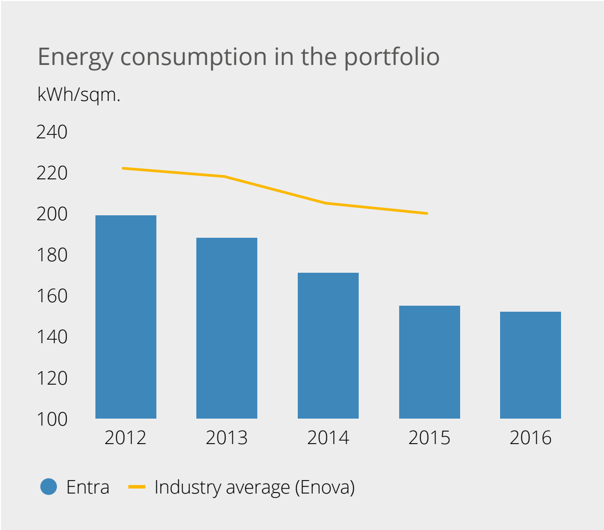
Energy consumption in the portfolio

Energy consumption is the single most important factor in evaluating the environmental impact of commercial buildings. Energy consumption accounts for around 90 per cent of Entra's total carbon footprint and for several years Entra has worked to reduce energy consumption in its property portfolio. In 2016 energy consumption in Entra's property portfolio was 152 KWh/m^2. In comparison energy figures from Enova show that the sector's average energy consumption amounted to 200 KWh/m^2 in 2015.

Strengthen customer collaboration

Entra also undertakes environmental investments in the property portfolio through systematic co-operation with customers and through Green Benefit Agreements. Green Benefit Agreements are Entra's own scheme for working with customers on environmental measures. Entra's role is to identify the potential together with customers and then implement and finance the measures. Customers refund the cost through an

1) Entra's scheme for working with customers on environmental measures.



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 2016 Entra signed 17 new agreements reducing the energy consumption of the customers by around 1.7 GWh. The reduction corresponds to the annual consumption of approximately 100 Norwegian households and represents a total annual saving of around NOK 1.4 million for Entra's customers.

Certification
Entra is working on plans to certify the organisation as a "Miljøfyrtårn" ("Environmental Lighthouse"). Entra also plans to seek BREEAM-In-Use certification for two existing buildings in 2017 and then to evaluate whether to implement BREEAM-In-Use as an environmental management system for the entire portfolio. Entra aims to achieve BREEAM Excellent classification or better for all new-build projects and BREEAM Very Good or better for renovation projects.

Develop and share competence
Entra is working on its requirements for "the Entra building" for use in new-build and renovation projects. Core in these requirements is standardization and achieving a BREEAM Excellent certification combined with flexible solutions and a focus on the circular economy and life cycle costs.

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

The Powerhouse co-operation is a successful industry co-venture with the aim of constructing "plus buildings" in Norway. The partners in the Powerhouse co-operation are Entra, Asplan Viak, Skanska, Snøhetta, Zero and Sapa. Entra is also a member of Green Building Council, Norsk Eiendom, Norges bygg- og eiendomsforening and Futurebuilt.

Research and development
Entra is currently participating in the following major research projects:

- EU Horizon 2020: Smart Cities and Communities lighthouse project in Trondheim led by Trondheim Municipality and NTNU.
- EnergiX/EFFEKT: an environment and innovation project with an aim to correctly predict the effect and energy demand of buildings.
- BIA project: Quality and learning in construction projects, together with Veidekke
- Svalvent:. Environment project regarding development of pre-heating of air in ventilation systems

CDP reporting and score
Global institutional investors representing US$ 100 trillion in assets, comprising banks, pension funds, insurance companies and fund managers, stand behind the Carbon Disclosure Project (CDP). Every year, inquiries are sent to companies to ask them to report how they are addressing the climate change threat in a structured manner. In Norway, CDP is supported by amongst others Folketrygdfondet, Norges Bank Investment Management and KLP.

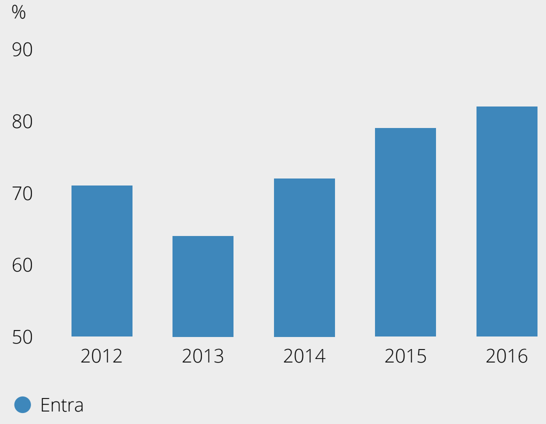
Entra achieved a score B. The average for the Industry Group in 2016 was score C and for the CDP programme in total was score C. The B score implies that Entra is at a Management level and is taking coordinated action on climate change issues. Entra will continue to work on improving the score.

REPORTING AND ACHIEVEMENTS IN 2016

	2016	2015	Target
Energy consumption (KWh/m^2)	152	155	Ambition of 150 by 2017.
Energy reduction through Green Benefit Agreements (GWh)	1.7	3.4	Goal of aggregate energy reduction of 17.6 GWh in period 2013 up to 2018.
Water consumption (litre/m^2)	270	280	Goal of reduction in water consumption to 260 litre per m^2
Waste sorting (% sorted waste)	55	54	Goal of increase waste sorting to 56 %
CO_2 emissions (tCO_2)	6 894	7 389	Goal of reduction in CO_2 emissions
Innovative, environmentally friendly building under development	2	2	At least one per year

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*

– CICERO, Second opinion



Green Bond
In 2016 Entra issued its first Green Bond capitalizing on the environmental qualities in a selection of its property portfolio and its management processes. 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 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.

Future targets
As mentioned above, Entra has started working on a new environmental strategy and has signed up to "The Roadmap towards 2050 for the Property Sector". The 10 immediate measures and how Entra plans to comply with them are listed on the next page.

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.

Focus on developing competence and engagement
Entra's value chain is broad and imposes significant requirements regarding relevant experience, expertise and coordination. Entra therefore acknowledges the individual employee's need for ongoing professional education suited to his/her area of work and has developed the Entra School to provide education and training programmes for all levels of the organisation. These include an introduction course for new employees, which is intended to enable employees to view their role in the company in a wider context and a management development programme that runs for 1.5 years and focuses on the responsibilities and challenges of a management role. Ethics training occupies a central position in the introduction course and the focus will be further enhanced in 2017 through the introduction of dilemma training programmes.

Employee relationship and employee satisfaction
Each year Entra carries out the survey "Great Place to Work" and has an ongoing programme of measures relating to employee satisfaction. Employee satisfaction in Entra has seen a rising trend and in 2016 Entra achieved a score of 82 per cent compared to 79 per cent in 2015.

Health and working environment
Entra carries out a number of measures to contribute to the health of its employees. As an example, ergonomics mapping amongst the employees is performed by the Health Service several times a year in order to prevent strain injuries. Entra also has an internal sports club that is active in a number of sports such as running, cycling and mountaineering. Sick leave in Entra in 2016 was 2.0 per cent. This is low compared to a country average of 6.3 [2]. The objective is a continued low level of sick leave.

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

[2] Source: Statistics Norway as of 30.09.16

FUTURE ENVIRONMENTAL TARGETS

Activities	Targets for 2017	3-year target	5-year target
Develop a new environmental strategy	Develop a new environmental strategy	Comply and follow	Comply and follow
Comply with and follow the Roadmap towards 2050 for the Property Sector, hereunder:	Comply and follow	Comply and follow	Comply and follow
– Certify the organization	Establish plan for certification	Certify the organisation as Miljøfyrtårn	Comply and follow
– Remove fossil heating in buildings	Planning and budgeting - removal of fossil heating.	Remove in three remaining buildings	No fossil heating
– Only buy building products that do not contain hazardous substances	Covered by Entra's sustainable purchasing procedures	Covered by Entra's sustainable purchasing procedures	Covered by Entra's sustainable purchasing procedures
– Introduce BREEAM-In-Use as a management system for the entire portfolio	Perform two pilots. Evaluation of the pilots	Establishing BREEAM-In-Use as an environmental management system for the portfolio.	Continuous improvement of BREEAM-In-Use score in the portfolio.
– Conduct a study of what the roofs can and should be used for	Study different possibilities for use	Converting roofs according to study	Converting roofs according to study
– Demand and reward innovative environmental solutions	Request and demand innovative solutions in new-build projects.	Request and demand innovative solutions in new-build projects.	Request and demand innovative solutions in new-build projects.
– Require architects to make plans for re-use of materials and minimize waste.	Implemented in Entra's standard technical requirements	Implemented in Entra's standard technical requirements	Implemented in Entra's standard technical requirements
– Order energy budgets to calculate real energy use	Implemented in Entra's standard technical requirements	Implemented in Entra's standard technical requirements	Implemented in Entra's standard technical requirements
– Demand and prioritize building products with low CO_2 emissions	To be implemented in Entra's standard technical requirements	Implemented in Entra's standard technical requirements	Implemented in Entra's standard technical requirements
– Demand fossil free construction sites	To be implemented in Entra's standard technical requirements	Implemented in Entra's standard technical requirements	Implemented in Entra's standard technical requirements

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' working lives.

Targets and achievements

Entra seeks to maintain high employee satisfaction and aims for a continued high score in the "Great Place to Work" survey, or other relevant employee satisfaction surveys.

In 2017 Entra will implement dilemma training in Ethics for its employees and has a target that all employees shall have completed such online training in 2017.

Equal opportunities and diversity are an integral part of the company's personnel policy and are reflected in the

composition of senior management. Entra strives for diversity on a broad basis, including gender, age, background, education and nationality. See page 35 for more information.

3. Ethics and anti-corruption measures

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

Ethical Guidelines

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

The ethical guidelines are incorporated in the ongoing management development programme and are evaluated by the Board on an annual basis. Entra creates ethical awareness through training programmes, and all employees are required to sign the ethical guidelines annually.

Entra has established whistle-blowing routines. Internal and external questions about ethics, whistleblowing etc. can be directed to the Group's Compliance Officer. In addition, an external law firm has been engaged to act as an independent external partner 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 is also available on Entra's intranet. There have been no whistle-blowing cases in 2016.

Procurement principles

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

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

New employees take a purchasing course focusing on processes, guidelines and tools for implementing best practice and fair procurement processes. Anti-corruption measures are also a topic on these courses.

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

Social responsibility in the supply chain

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

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

Supplier audits

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

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

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

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

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

During 2016, in accordance with the established audit plan, five SHA audits and three supplier audits were carried out. The audits were undertaken by an external audit company and its reports were thoroughly evaluated together with the handling of deviations, observations and suggestions for improvement. The status of audit work is reported each quarter to Entra's management.

Supplier reviews

In addition to supplier audits, Entra performs bi-annual reviews of high-risk suppliers with purchases above NOK 200,000. The review emphasizes supplier adherence to Entra´s supplier qualification requirements. It includes;

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

Supplier Management Programme

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

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

In 2016 Entra reviewed its ethical guidelines for suppliers together with the frame agreement for suppliers in order to ensure that the guidelines are being followed. The goal is closer involvement, raising awareness levels and better reporting.

Supplier qualification requirements

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

The document covers themes such as:

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

Targets and achievements

During 2016 Entra revised its "Socially Responsible Procurement Guidelines" for suppliers. Entra has also introduced new pre-qualification criteria for cleaning vendors and is in the process of introducing new pre-qualification criteria for construction suppliers for volumes under NOK 20 million.

As part of its ongoing business Entra carried out several supplier audits and reviews, as described above, in 2016 and will continue to do so in 2017.

4. Health and Safety

Entra's business covers the whole value chain in real estate, from acquisition of sites to zoning, planning, construction and management. During 2016 a new HSE-strategy was developed, emphasising that the HSE-area in Entra includes working systematically with:

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

Entra's HSE-policy states that it should be safe to work, visit and live in and around Entra's properties and construction projects. With regard to the company's own employees it states that Entra shall have a healthy work environment where no one gets hurt or sick as a result of their work.

Entra's HSE-goal in 2016 at Group level has been to have a H1-value below 3.0. The H1-value is a measure of the frequency of working accidents (per one million working hours) that result in absence from work in the construction projects. The H1-value for Entra was 3.6 at the end of 2016.

When working with a new HSE strategy Entra wanted a HSE-goal which reflects the HSE-status of the entire business, and not only in the construction projects. For 2017 Entra's HSE-goals have thus been changed to:

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

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

Members of the senior management are involved in practical HSE work and are expected to take the lead through behaviour and practical leadership. As part of this a review of the latest HSE report is one of the first points on the agenda at management meetings and Board meetings. HSE status is also the first item on the agenda at all staff meetings.

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

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

5. Urban development

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

Efforts

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

Entra emphasises the importance of a good dialogue with partners, competitors and other stakeholders in its work on urban development. Entra involves neighbours, local politicians and others who live or work in the group's urban development districts in connection with new buildings and refurbishments. Involvement may constitute meetings and correspondence with


Oslo Solar, Lilletorget 1, Oslo (under planning)

neighbours, open meetings, information to the local press and one-on-one dialogues with selected target groups.

Examples of areas and buildings where Entra has contributed to positive urban development are, amongst others, Papirbredden in Drammen, Brattørkaia in Trondheim, 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 company's personnel policy and are reflected in the composition of senior management. Entra strives for diversity on a broad basis, including gender, age, background, education and nationality. Three of the seven members of the group management and three of the seven board members, including the chair, are women. Entra seeks to implement equality and diversity in its work with talent- and leadership development.

At 31 December 2016, the Group had 152 employees (166 when including Hinna Park) of which 45 were women. Historically jobs in property operations have been dominated by men. These jobs are, however, to an increasing extent involving more functions such as IT and customer service. Entra thus expects more women to work in operations over time. The company will also actively seek to strengthen the proportion of women by recruiting women in these types of jobs.

Human rights

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

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

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

Community involvement

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

Entra has been a sponsor of the Church City Mission (Kirkens Bymisjon) in Norway since 2013. 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", which involves several companies in the city centre of Oslo and Bjørvika, working to create a safer and better local environment for all those passing through the area. In 2015 and 2016, Entra has been actively involved in Christmas campaigns collecting money to provide a warm meal 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 main sponsor of Ridderrennet, a full week of skiing activities and competitions for all classes of visually and mobility disabled persons. In 2016, around 500 disabled skiers from several different countries participated in various competitions at Beitostølen. In addition to monetary support Entra also contributes with volunteers from Entra employees.

KEY FIGURES SUSTAINABILITY

	2016	2015	2014
Climate and environment			
Total CO_2 emissions (tCO_2)	6 894	7 389	12 224
- of which from fossil fuel and refrigerants (Scope 1)	303	161	197
- of which from use of electricity and district heating (Scope 2)	6 248	6 916	11 739
- of which from travel, waste and water consumption (Scope 3)	344	313	288
Waste sorting (% of sorted waste)	55	54	54
Water consumption (litre/mw)	260	280	270
Employees [1]			
Number of employees			
Total number of employees	152	148	152
Number of full time employees	151	147	151
Number of part time employees	1	1	1
Percentage shares of women			
Women as % of total employees	30 %	29 %	29 %
Women in managerial positions in % of total mangerial positions	31 %	35 %	35 %
Women in top management in % of total top management	43 %	43 %	43 %
Shareholder elected women on the Board (%)	43 %	43 %	43 %
Turnover			
Total turnover (employees who have resigned)	13	22	26
Turnover in %	9 %	15 %	17 %
Turnover in % adjusted for retirees	7 %	11 %	13 %
Health & safety			
Sickness absence as a % of working hours	2.0	2.6	3.4
Number of reported injuries per million hours	3.6	5.2	4.4

[1] Numbers for Entra ASA, ex Hinna Park

Corporate governance

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

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

Entra is subject to the reporting requirements on corporate governance set out in § 3–3b of the Norwegian Accounting Act and the Norwegian Code of Practice for Corporate Governance of 30 October 2014, issued by the Norwegian Corporate Governance Board (NUES), ("the Code"). The code is available at www.nues.no. The Norwegian State, which has a substantial holding in Entra, requires that all companies where the State has a direct holding should follow the Code. The Report to the Norwegian Parliament no. 27 (2013–2014) - "Diverse and value-creating ownership" is thus also relevant for the group.

This Report will be addressed at Entra's Annual General Meeting on 27 April 2017. The company's auditor has assessed whether the information provided in this statement with regard to section 3-3b of the Accounting Act is consistent with the information provided in the annual financial statements.

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

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

1. Corporate Governance statement

1.1 The Board of Directors' Corporate Governance statement

Entra's Board actively adheres to good corporate governance standards and will at all times seek to ensure that Entra complies with the requirements of section 3-3b of the Accounting Act and the Code. This is done by ensuring that the topic of good governance is an integral part of the decision-making process in matters dealt with by the Board. Moreover, Entra's corporate governance standards are subject to annual assessment and discussion by the Board, which has also approved this statement and this Report at the Board meeting on 8 March 2017.

1.2 Corporate social responsibility and the environment

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

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

Entra's engagement is reflected in the group's values: Responsible, ambitious and hands-on. Environmental leadership is one of the pillars of the group's business strategy together with profitable growth and customer satisfaction. Entra regards ethics as an integrated part of the manner in which its business is conducted, and the ethical guidelines are built upon principles of equal opportunities for all, concern for the environment and a view of society that places emphasis on openness, integrity and sincerity. Entra has established health, safety and the environment (HSE) as an integral part of its business operations with the ambition that no one should be exposed to injury or illness as a result of the group's working environment. Entra has a zero tolerance for corruption in all parts of the group's business, and believes that ethical behaviour is a necessary precondition for a sustainable business.

1.3 Ethical guidelines

Entra's ethical guidelines set out how the group's stakeholders shall be treated and the behaviour that is expected of its employees, thus providing guidance and support to employees on decision-making and problem-solving issues. The guidelines support the group's corporate social responsibility activities and deal with topics such as HSE and business ethics, including corruption and bribery. All new board members and employees are trained in the group's ethical guidelines and all employees are required to confirm that they have read and are familiar with Entra's ethical guidelines on an annual basis. The ethical guidelines are available on www.entra.no.

Non-compliance with the Code: None

2. Business

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

Entra's strategy is to actively manage new and existing tenants to ensure maximum retention, pursue strategic development projects, expand its commitment to environmental sustainability and optimise its property portfolio through focused acquisitions and divestments. The geographical areas for further growth are Oslo and the surrounding region, Bergen, Stavanger and Trondheim. See www.entra.no for a more detailed description of the group's business and property portfolio.

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

Non-compliance with the Code: None

3. Equity and dividends

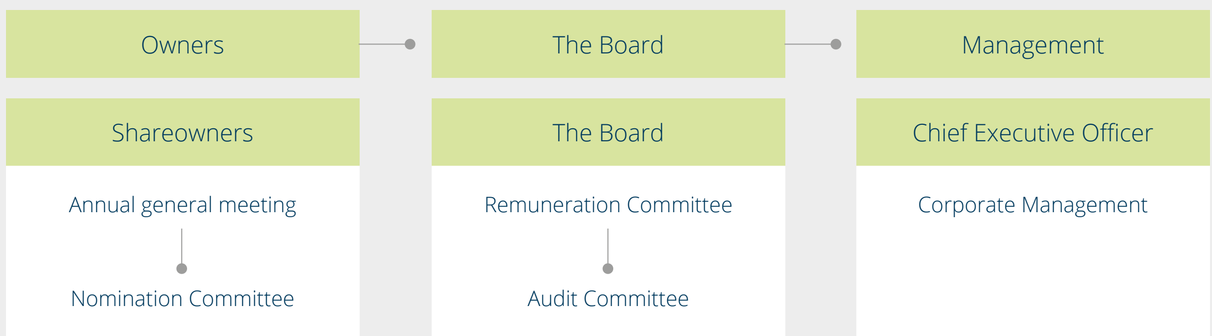
3.1 Equity

At 31 December 2016, the Group's equity was 15,124 million (13,354 million), representing an equity ratio of 39 per cent (40 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 is defined as net income from property management less tax payable. The dividend policy is available on www.entra.no.

Entra's model for Corporate Governance



The Annual General Meeting elects five representatives of the owners to The Board based on a recommendation from the Nomination Committee. They are elected for a two-year term of office.

Ultimate responsibility for strategy and the management of the company. Provide advice and monitor management.

Strategy and operational management.

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

The current dividend policy of declaring dividends of approximately 60 % of Cash Earnings was made effective from the stock exchange introduction in 2014, and the semi-annual payment structure was made effective from, and including, 2016. The Board proposes to the general meeting a semi-annual dividend for the last six months of the accounting year 2016 of NOK 1.75 per share, as well as an authorisation to distribute dividends based on Cash Earnings of the first six months of 2017, to be paid out during the autumn of 2017.

3.3 Capital increases and purchases of own shares

Capital increase

The Board has not been authorised to issue shares

Purchase of own shares

The Board has been authorised on behalf of the company to acquire Entra shares in the market with a combined nominal value up to NOK 3,674,649, corresponding to 2 per cent of outstanding shares, up to a maximum purchase price of NOK 300 million. The minimum and maximum amount that may be paid per share shall be respectively NOK 40 and NOK 150. Within these limits, the Board can decide at which prices and at which times acquisitions may take place. Own shares acquired in relation to this authorisation may only be used for cancellation through a reduction in capital, cf. the Norwegian Public Limited Liability Companies Act § 12-1. The authorisation is valid until the general meeting in 2017, but no longer than until 30 June 2017. The company did not acquire any shares during 2016 as part of the above-mentioned programme.

The Board has also been authorised on behalf of the company, to acquire up to 500,000 own shares with a maximum nominal value of NOK 500,000, provided that the company's total holding of own shares does not at any time exceed 0.3 per cent of the outstanding shares at any time. Own shares may be acquired for the purposes of establishing a share ownership scheme for all employees and a long-term share incentive scheme for the senior management of the Entra Group. The lowest price per share to be paid is NOK 10 and the highest price per share to be paid is NOK 150. The authorisation is valid until the general meeting in 2017, but no longer than until 30 June 2017.

As at 31 December 2016 Entra held none of its own shares.

Non-compliance with the Code: None

4. Equal treatment of shareholders and transactions with related parties

5.1 General

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

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

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

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

4.3 Approval of agreements with shareholders and other related parties

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

In the case of not immaterial transactions between Entra and a shareholder, a shareholder's parent company, a Board member, a member of the senior management or persons related to them, the Board is to ensure that a valuation is in place from an independent third party. This does not apply when the general meeting is to consider the matter in accordance with the rules in the Norwegian Public Companies Act. An independent valuation shall also be provided in the case of transactions between companies in the same group where there are minority shareholders in such companies.

The Board is not aware of any transactions in 2016 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 owns as of 31 December 2016 33.4 per cent of Entra at the same time as it is a major tenant and customer. The Group has quarterly 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 similar to what is customary between a listed company and its principal shareholders. The meetings comply with the provisions specified in company and securities legislation, not least with a view to equal treatment of shareholders. A meeting on corporate social responsibility is held once a year. As a shareholder, the State does not have access to more information than what is available to other shareholders.

Non-compliance with the Code: None

5. Free transferability

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

Non-compliance with the Code: None

6. General meeting

6.1 Exercise of rights

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

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

6.2 Participation by proxy

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

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

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

7. Nomination Committee

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

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

The Nomination Committee shall give its recommendation to the general meeting regarding election of shareholder-elected members to the Board of Directors and members of the Nomination Committee, as well as remuneration to members of the Board of Directors and the Nomination Committee. The remuneration to members of the Nomination Committee is determined by the general meeting, and the general meeting may adopt instructions for the Nomination Committee. The Nomination Committee ensures that shareholders' views are taken into account when qualified members are nominated to the governing bodies of Entra, and shareholders are invited to provide input to the Nomination Committee.

The current Committee was by elected by the general meeting on 29 April 2015 for a period of two years and is thus up for election at the general meeting in 2017. The current Nomination Committee consists of:

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

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

See www.entra.no for more information on the members of the group's Nomination Committee and the Nomination Committee's contact details.

Non-compliance with the Code: None

8. Corporate assembly and board, composition and independence

The group does not have a corporate assembly. The shareholders elect between five and 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 employee representatives to the Board of Entra.

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

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

The Board shall provide information in the annual report on participation at board meetings and on matters that can illustrate the Board members' expertise. In addition, information shall be given about those Board members who are considered to be independent. Board members are encouraged to own shares in the group.

Non-compliance with the Code: None

9. The work of the Board

9.1 The functions of the Board

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

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

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

9.2 Composition of the Board

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

The Board schedules regular board meetings each year. Ordinarily, 8 meetings are held each year. Additional meetings are held on an ad hoc basis. 19 Board meetings were held in 2016.

The current Board members elected by the shareholders were elected at the general meeting on 28 April 2016 for a two year period. Widar Salbuvik and Katarina Staaf became new members of the board whereas Siri Hatlen, Kjell Bjordal and Arthur Sletteberg were re-elected. Cathrine Vaar Austheim and Hans Petter Skogstad were elected by the employees in May 2016 for a two-year period.

The Chair of the Audit Committee is Arthur Sletteberg and the Chair of the Remuneration Committee is Siri Hatlen.

9.3 Organisation of the Board's work

The Chair of the Board chairs board meetings. The Board shall have a Deputy Chair who chairs meetings when the Chair cannot or should not lead the work of the Board. All directors receive regular information about the Group's operational and financial progress in advance of the Board meetings. The Company's business plan, strategy and risk are regularly reviewed and evaluated by the Board. The Board draws up and adopts an annual plan, including set topics for the Board meetings. Ordinarily, the CEO proposes the agenda for each individual Board meeting. The final agenda is decided in consultation between the CEO and the Chair of the Board. In addition to the directors, Board meetings are attended by the CEO, CFO, other EVPs as needed, and the Chief Legal Officer (secretary of the Board). Other participants are called in on an ad hoc basis. The Board decides on matters of material importance to the Group. These include approval of the annual and quarterly accounts, strategies and strategic plans, the approval of significant investments, the approval of significant contracts and the approval of substantial business acquisitions and disposals.

The Board receives quarterly reports and presentations on the Group's operational and financial status. The reports describe

PARTICIPATION IN BOARD MEETINGS AND BOARD COMMITTEES IN 2016

	Board meetings	Audit committee	Remuneration committee
Siri Hatlen (Chair)	18		5
Kjell Bjordal (Deputy Chair)	19		5
Arthur Sletteberg	14	8	
Widar Salbuvik	8	4	
Katarina Staaf	9	4	
Cathrine Vaar Austheim	8		
Hans Petter Skogstad	8		

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

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

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

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

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 shareholder representatives from the current Board. The representatives are elected by the Board for two years at a time, to coincide with the Board's term of office. The committees assist the Board with preparing its work, but decisions are taken by the whole Board.

The Audit Committee shall act as a preparatory body and support the Board in the exercise of its responsibility relating to financial reporting, auditing, internal controls, compliance with ethical guidelines and overall risk management. The Board appoints two or three persons to the Audit Committee committee from among its members. A majority of the members of the Audit Committee shall be independent of the business. The CFO and the group's Head of Group Accounting attend as representatives of the management. The group's auditor also participates in all meetings. The CEO and other members of the management attend as required. The Audit Committee has an established calendar of meetings. 8 (8) meetings were held in 2016.

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

The Remuneration Committee is composed of the Chair of the Board and a shareholder-elected member of the Board, and shall be independent of Senior Executives. The CEO attends as the representative of the management. The CEO does not participate in discussions on issues that affect the CEO personally or matters that relate to the Senior Executives as a whole. The group's CLO acts as the committee's secretary. 5 (7) meetings were held in 2016.

9.6 The Board members' shareholdings
At 31 December 2016, 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
- Arthur Sletteberg holds 775 shares
- Widar Salbuvik holds no shares
- Katarina Staaf holds no shares
- Cathrine Austheim holds 1,640 shares
- Hans-Petter Skogstad holds 4,961 shares

Non-compliance with the Code: None

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

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

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

The Board undertakes an annual review of the group's risk and internal control activities. The Board is also informed regulary of developments in the group's risk exposure. This, combined with the management's risk assessments and information on ongoing measures, put the Board in a good position to judge whether the group's risk management procedures are satisfactory. Risk management and internal controls are also considered by the Board's Audit Committee.

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

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

Management reports significant operational and financial matters to the Board at the group's Board meetings. Any significant matters and situations that arise outside Board meetings are discussed with the Chair of the Board and if necessary additional Board meetings are held.

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

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

10.4 Financial management
The group is managed by means of financial targets linked to operational results and development, the return on equity and the weighted average cost of capital, the management of the debt portfolio and the return on the property portfolio. Risk assessments and profitability calculations are performed in connection with acquiring property and commencement of building projects, in accordance with the group's calculation model and required rate of return. The present value and other key financial metrics of building projects are monitored throughout the course of each project. Long-term projections are made of expected financial developments as a component of the group's risk management, using a model with detailed assumptions concerning the business's results, cash flow and balance sheet. The projections take into account cyclical developments in the economy, financial parameters and the property market. Scenarios and simulations are prepared for various developments. The simulations provide good information for the Board and management in their monitoring of developments in central balance sheet key figures and cash flow.

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

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

10.5 Monitoring of risk management and internal controls

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

10.6 Monitoring ethical guidelines and socially responsible procurement

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

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

Internal controls linked to Entra's core values, ethical guidelines and corporate social responsibility policy are implemented in the group's businesses on an ongoing basis. The management continuously strives to prevent corruption and undesirable incidents, with a focus on the group's values and ethical guidelines. Increased focus on systematic training in ethical guidelines as well as dilemma training for all employees will be implemented in 2017 in order to further increase awareness among Entra's employees.

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

Non-compliance with the Code: None

11. Remuneration of the Board

The general meeting determines each year the remuneration of the Board based on the Nomination Committee's proposal. The Board's remuneration shall reflect the Board's responsibilities, expertise, and use of time and the complexity of the business. Remuneration shall not be dependent on results and no share options shall be issued to Board members.

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

Non-compliance with the Code: None

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 management team.

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 in 2017 includes a performance-related pay scheme ("STI") and a long-term performance based share incentive programme ("LTI").

STI scheme

The STI scheme is based on set targets at group and business level in accordance with Board approved scorecards for 2017, as well as predefined personal targets. The Board sets individual targets for the CEO and assesses the actual achievements. Individual targets and the corresponding assessment of achievement for the other Senior Executives is recommended by the CEO and approved by the Board.

LTI scheme
The LTI scheme is based on a Return on Equity target and a Total Shareholder Return target, each with a weighting of 50 per cent. LTI remuneration will be share-based and have a vesting period of one year and a lock-up period of three years. LTI remuneration is not accounted for when determining the basis for pensionable salary. For the CEO the LTI scheme has a maximum limit of 30 per cent of base salary and for other Senior Executives the maximum limit is 20 per cent of base salary.

Non-compliance with the Code: None

13. Information and communication

13.1 Financial reporting and communication

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

Entra shall at all times provide its shareholders, the Oslo Stock Exchange and the financial market in general with timely, consistent and precise information. Such information will be given in the form of annual reports, quarterly reports, stock exchange notices and investor presentations. The group's report on corporate social responsibility is integrated in the annual report. The Board has set an IR policy for Entra's reporting of financial and other information.

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

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

13.2 Information to Entra's shareholders

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

Information to the group's shareholders shall be published on Entra's website at the same time as it is sent to the shareholders. The Board has determined an IR policy for Entra's contact with shareholders outside the general meeting.

Non-compliance with the Code: None

14. Takeover

The Board has an approved set of guidelines for take-over bids and will handle such situations in accordance with Norwegian law and the Norwegian Code of Practice for Corporate Governance. In a bid situation, Entra's Board and senior executives have a responsibility to help ensure that shareholders are treated equally, and that the group's business activities are not disrupted unnecessarily. The Board will not hinder or obstruct take-over bids for Entra's activities or shares. The Board will ensure that shareholders are given sufficient information and time to form an opinion on an offer. If a take-over offer is made, the Board will issue a statement making a recommendation as to whether shareholders should or should not accept the offer.

Non-compliance with the Code: None

15. Auditor

The general meeting elects the group's auditor.

15.1 Plan for the auditor's work

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

15.2 Auditor's relationship to the Board

The auditor attends all meetings of the Audit Committee, as well as relevant Board meetings to consider and adopt the annual report and financial statements. At the meetings, the auditor shall go through any significant changes in the group's accounting principles, the evaluation of material accounting estimates and all material matters where there has been disagreement between the auditor and the management. There is one annual meeting with the Audit Committee and the auditor, and one meeting with the whole Board and the auditor, which is not attended by representatives of 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. The management informs the Audit Committee of additional services supplied by the external auditor under a fixed item on the agenda at each meeting.

15.5 General meeting

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

Non-compliance with the Code: None


Tullinkvartalet, Oslo

Board of Directors

Siri Beate Hatlen
Chair

Siri Beate Hatlen has been the Chair of the board of directors of Entra ASA (Entra Eiendom AS) since 2012. Ms Hatlen has a MSC ("Sivilingeniør") degree from the Norwegian University of Science and Technology (NTNU) and a MBA degree from INSEAD. In her early career, she worked for Statoil on larger offshore projects and later as management for hire and as board member/chair of the board of directors for several companies in Norway. From 2007 to 2009, she was Executive Vice President of Statkraft, and she was the CEO of Oslo University Hospital from 2009 to 2011. Ms Hatlen currently also serves as the chair of the board of directors of among others Bane NOR SF, NMBU (Norwegian University of Life Sciences), the Norwegian Board of Technology and DNT Oslo og omegn. She is also a board member of Telenor ASA, Export Credit Norway AS and Norsk Bremuseum. Ms Hatlen held 1,163 shares in Entra as of 31.12.16

Katarina Staaf
Board member

Katarina Staaf has been a member of the board of directors of Entra ASA since 2016. Ms Staaf has a Bsc Economics degree from the School of Economics at the University of Gothenburg. She serves as member of the board of directors of FastPartner AB, Sensys Gatso Group AB, Länsförsäkringar Fondförvaltning, Staaf&Partners AB and as consultant for executive search of senior management with Poolia Executive Search AB. Ms Staaf held no shares in Entra as of 31.12.16

Hans Petter Skogstad
Board member

Hans Petter Skogstad has been an employee representative on the board of directors of Entra ASA since 2016. Mr Skogstad has a Cand Oecon degree from the University of Oslo. He serves as Head of Customer Research in the Group. Mr Skogstad held 4,931 shares in Entra as of 31.12.16

Kjell Bjordal
Deputy Chair

Kjell Bjordal has been a member of the board of directors of Entra ASA (Entra Eiendom AS) since 2012. Mr Bjordal has a MSC ("Siviløkonom") degree from the Norwegian School of Economics (NHH). He is an independent business advisor and serves as the chair of the board of directors of Sparebank 1 SMN, Axess Holding AS, Axess AS, Brødr Dyrøy AS, Broodstock Capital partners AS, Nordlaks Oppdrett AS, Nordlaks Produkter AS and Smolten AS. He is also a board member in Florvaag Bruk Holding AS and Bc Spv1 AS. Mr Bjordal held 44,704 shares in Entra as of 31.12.16

Widar Salbuvik
Board member

Widar Salbuvik has been a member of the board of directors of Entra ASA since 2016. Mr Salbuvik completed the Graduate Programme in Economics and Business Administration from the Norwegian School of Economics (NHH). He is an independent business advisor and investor and serves as member of the board of directors of among others Oslo Børs ASA/Oslo Børs VPS Holding ASA, HitecVision AS, Asset Buyout Partners AS, HR Gruppen AS, Herøya Næringspark AS, Kings Bay AS/Bjørnøen AS, Zeiner Gruppen AS, Skolt Holding AS, View Software AS, Havfonn AS and Hotell Refsnes Gods AS. Mr Salbuvik held no shares in Entra as of 31.12.16

Arthur Sletteberg
Board member

Arthur Sletteberg has been a member of the board of directors of Entra ASA (Entra Eiendom AS) since 2012. Mr Sletteberg has a MSC ("Siviløkonom") degree from the Norwegian School of Economics (NHH) and a Master of International Economics degree from the Kiel Institute for the World Economy. He serves as CEO of The Norwegian Microfinance Initiative. He also serves as the chair of the board of Bahati Invest AS and as a board member of Arctic Securities. Mr Sletteberg held 775 shares in Entra as of 31.12.16

Cathrine Vaar Austheim
Board member

Cathrine Vaar Austheim has been an employee representative on the board of directors of Entra ASA since 2016. Ms Austheim has a MSc in Business ("Siviløkonom") from the Norwegian Business School (BI). She serves as a Project Controller in the Group. Ms Austheim held 1,640 shares in Entra as of 31.12.16

Report of the Board of Directors 2016

During 2016 Entra has continued to grow and improve the overall quality of the portfolio with the ambition to own and develop modern, large and flexible office buildings centrally located in the four largest cities in Norway. The management portfolio grew by 78,000 sqm. during 2016 and the occupancy ratio increased from 95 per cent to 97 per cent. As a result, Entra can report significant income and asset value growth of 8 per cent and 16 per cent respectively. The strong top-line growth combined with continuous cost savings and efficiency initiatives improved Entra's cash earnings by 271 million (34 per cent) year-on-year. The Board propose to pay a semi-annual dividend of NOK 1.75 per share for the second half of 2016 and thus NOK 3.45 per share for the full year, up from NOK 3.00 per share in 2015.

In 2016 Entra had operating revenues of 1,899 million (1,760 million) . Net operating income was 1,740 million (1,574 million) and net income from property management was 1,070 million (799 million). Net positive value changes were 1,991 million (1,818 million) and profit before tax was 3,306 million (3,075 million).

During 2016, Entra signed new and renegotiated leases with an annual rent totalling 434 million (193,000 sqm.) and received notices of termination on leases with an annual rent of 67 million (28,000 sqm.).

Entra finalised the new-build projects Sundtkvartalet in Oslo and Gullfaks at Hinna Park in Stavanger as well as the renovation projects in Strømsveien 96, Cort Adelers gate 30 and Fredrik Selmers vei 4 (one block) in Oslo. Four large new-build projects in Oslo and Trondheim and one renovation project were commenced in 2016.

Entra continued to be active in the transaction market and acquired a portfolio of three properties (61,000 sqm.) at Skøyen in Oslo, Kristian Augusts gate 13 (3,300 sqm.) in Oslo and a land plot in Lars Hilles gate 25 in Bergen. Entra also sold eight non-core properties totalling around 50,000 sqm. during the year.

This is Entra

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

The property portfolio is characterised by solid tenants, long leases and a high occupancy ratio. As of 31 December 2016, Entra owned and managed 1.3 million sqm. in 94 buildings. At the end of the year the real estate portfolio had a market value of 36 billion and the average remaining lease period was 7.7 years.

Entra is a solid and well-run company. The values Responsible, Ambitious and Hands-on characterise all activities in the Group. Entra's business concept is to develop, let and manage attractive and environmentally-leading buildings. The Group's business strategy has three pillars: Profitable growth, Customer satisfaction and Environmental leadership.

The Group is organised into two geographic units: Oslo and Regional Cities. Entra has its head office in Oslo. Approximately 70 per cent of the property values are located in Oslo.

The business in 2016

The Board's work

The Board has supervised management and monitored the Group's business in accordance with good corporate governance. In 2016, the Board has focused on the business strategy, hereunder active portfolio management (acquisitions and divestments), new and ongoing development projects, cost-efficiency initiatives, corporate social responsibility and development of the organisation. Focus has also been directed to innovation in the property industry, both in terms of new technology and new products and services.

The letting market

As of year-end Oslo office vacancy was about eight per cent, according to Entra´s consensus report. The vacancy level is expected to decrease due to continuous office-to-residential conversion, low construction activity in the office market in Oslo, and increasing employment.

During the last quarter Oslo rents have seen a broad uplift and further growth in rents is expected according to Entra's consensus report, primarily driven by limited net supply of office space.

In Bergen, office vacancy seems to be levelling out at about 10 per cent. Office vacancy in Bergen is mainly related to properties situated around the oil and gas intensive office areas outside the city centre. Rents in Bergen city centre are increasing due to a low supply of modern, centrally located office premises.

In Stavanger, overall office vacancy has continued to rise to around 11 per cent at the end of the year. There is a downward pressure on rents in "oil and gas intensive" areas like Forus. In Stavanger city centre, vacancy is at about six per cent and the rent levels are more stable.

Rent level in Trondheim has remained unchanged throughout 2016 and the vacancy level is currently around 10 per cent. There has been little new office space coming into the market, however the volume of new office space will increase next year and the office vacancy is expected to rise somewhat.

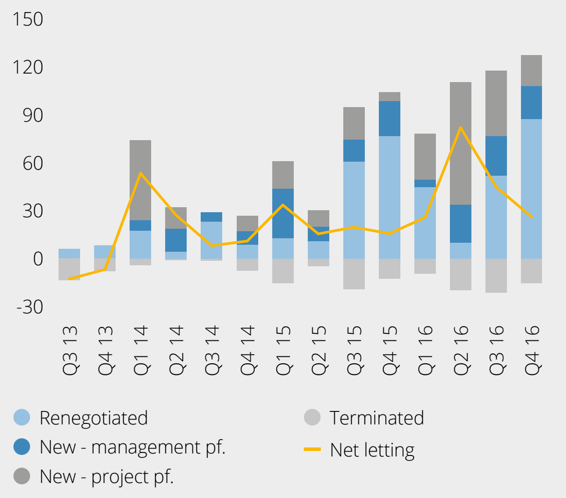
Letting activity in 2016

For 2016, gross letting including re-negotiated contracts was 434 million and lease contracts with a total value of 67 million were terminated. Net letting in the period came in at 176 million.

The largest contracts signed in 2016 were:

- New lease contract for 25 years and 20,000 sqm. at Tullinkvartalet in Oslo with the University of Oslo
- New and renegotiated lease contract for 15 years and a total of 17,500 sqm. at Strømsveien 96 and Tollbugata 1 in Oslo with the Directorate of Norwegian Customs
- Renegotiated contract for 5 years and 14,000 sqm. in Allehelgens gate 6 in Bergen with the Police District West
- Renegotiated contract for 10 years and 6,900 sqm. in Drammensveien 134 in Oslo (Skøyen) with Høegh LNG and Høegh Autoliners
- New lease contract for 20 years and 8,300 sqm. in Brattørkaia 16 in Trondheim with BI Norwegian Business School

Quarterly net letting



- New lease contract for 10 years and 4,700 sqm. in Cort Adelersgate 30 in Oslo with the Oslo Municipality Education Authority
- New lease contract for 10 years and 4,000 sqm. at Biskop Gunnerus`gate 14 in Oslo with the Railway Directorate
- New lease contract for 10 years and 4,000 sqm. in Sundtkvartalet in Oslo with Knowit

Occupancy in Entra's portfolio has increased during the year and the Group had an occupancy level of 96.8 per cent as at 31 December 2016 compared to 95.0 per cent at 31 December 2015. The occupancy level was highest in Bergen at 99.4 per cent and lowest with 87.4 per cent in Sandvika.

Customer satisfaction

One of Entra's goals is to be the best in its sector in terms of customer satisfaction. The Norwegian Tenant Index is used to measure customer satisfaction. In 2016 Entra achieved an aggregate customer satisfaction score of 85 against a national average for the sector of 77. On environmental matters, Entra achieved a score of 83 compared with a national average of 72, showing that customers truly value Entra's environmental efforts. Entra's customer centre handling fault reports achieved a score of 85 compared to a national sector average of 73 points. The customer centre contributes to increasing customer satisfaction and is important for efficient management of properties.

Project development

The following key projects were completed in 2016:

- Phase two of the project in Fredrik Selmersvei 4 in Oslo was completed in the first quarter 2016. The project involved completion of remaining interior works covering 7,400 sqm. in one block, of which 3,700 sqm. is let to the Norwegian Tax Administration
- The new-built 17,900 sqm. office building “Gullfaks” at Hinna Park in Stavanger was finalised in August. The property was forward sold to Wintershall for 727 million and the transaction was closed in October 2016. The property was 50 per cent owned by Entra through Hinna Park Eiendom AS
- Sundtkvartalet in Oslo was completed in December 2016. Sundtkvartalet is a new environmentally friendly office building of 31,300 sqm. built to achieve a BREEAM Excellent classification. The property is a multi-tenant building where the main tenants are Skanska and Manpower. The property is currently 91 per cent let. The property is owned through a jointly controlled company with Skanska Commercial Development, where Skanska and Entra own 50 per cent each
- The renovation of Strømsveien 96 in Oslo was completed in December 2016. The property comprises 18,100 sqm. and is fully let to the Norwegian Medicines Agency and the Norwegian Customs Directorate. The renovated building has aimed for a BREEAM Very Good classification
- Cort Adelers gate 30 was refurbished during the year and was completed in December 2016. The 4,700 sqm. renovated school building is fully let to the Oslo Municipality Education Authority.

The following are the most important projects that are ongoing or were started during 2016:

- In January, Entra started construction of Trondheimsporten, a new building centrally located in Holtermanns veg 70 in Trondheim. When completed, the property will be a 15-storey building of 28,600 sqm. of offices/educational facilities and parking. The property is 88 per cent pre-let to Trondheim Municipality and the Norwegian Labour and Welfare Administration on 10-year leases. The building is expected to be completed during the fourth quarter of 2017 with a BREEAM Very Good classification
- In December, Entra started construction of a new 21,000 sqm. campus building at Tullinløkka in Oslo for the Faculty of Law of University of Oslo. The property is 92 per cent let to the University of Oslo on a 25-year lease. The newbuild project will involve Entra’s properties in Kristian Augusts gate 15, 19, and parts of 21, which to a large extent are being demolished and re-built. The final zoning plan was approved on 1 February 2017, engineering, planning and demolition is currently ongoing, and the project will be finalised in the end of 2019. The new-build project aims for a BREEAM Excellent classification.
- In December, Entra also started building a new 8,400 sqm. campus building at Brattørkaia 16 in Trondheim. The property is fully let to BI Norwegian Business School on a 20-year lease. The project has high environmentally ambitions and aims for a BREEAM Excellent classification. Construction has commenced and the project will be finalised in the summer 2018.
- In December, Entra decided to start construction of a new powerhouse at Brattørkaia 17 A in Trondheim. Powerhouse Brattørkaia will be an energy positive and environmentally leading office building of approximately 18,200 sqm., of which 2,500 sqm. will be a parking basement. The property is approximately 50 per cent pre-let. The project is aiming for the environmental classification BREEAM Outstanding and Energy class A. Construction has commenced and the project will be finalised in the first quarter of 2019.
- Refurbishment of the third block at Kjørbo in Sandvika into a new Powerhouse was started up during the second quarter of 2016. The property aims for a BREEAM Excellent classification. A powerhouse shall during its lifetime produce more renewable energy than it uses for materials, production, operation, renovation and demolition. The property comprises 4,200 sqm. and is 54 per cent pre-let to Asplan Viak
- In Lars Hilles gate 30 in Bergen, the Media City Bergen project is getting close to completion. When completed in August 2017 the project will create a media cluster, hosting the largest media companies in Bergen and involves the total renovation of 35,000 sqm. and a newbuild of 10,000 sqm. The project is currently 83 per cent pre-let. The property is 50 per cent owned by Entra through Entra OPF Utvikling
- The project in Youngskvartalet in Oslo involves both a new building and refurbishment of an existing building. The project consists of 9,400 sqm. and will be completed in the fourth quarter of 2017. The project has been sold on a forward contract to Industri Energi.

At year-end 2016, Entra’s project portfolio totalled 90,000 sqm.

The transaction market

In 2016 the volume of transactions in the Norwegian market totalled around NOK 70 billion, which is high in a normalised perspective but lower than the record year 2015. There are relatively few properties for sale and demand from both national and international investors remains strong. The yield gap remains attractive despite the recent increase in interest rates and the Norwegian economy has proven resilient through the recent period of low oil prices. The strong residential market also results in high demand for office properties that can be converted to residential use, which has brought a new set of investors into the office transaction market. The prime yield in Oslo has decreased from around 4.1 per cent at the beginning of 2016 to 3.8 per cent by year-end, while the overall high level of demand for Norwegian real estate has led to a contraction in yield levels in all cities and property segments.

Property transactions in Entra

In accordance with the strategy of growth in the four largest cities, Entra acquired the following properties during 2016:

- In June, Entra signed an agreement to buy three high quality office properties at Skøyen in Oslo from Norwegian Property ASA. The portfolio comprises about 61,000 sqm. gross area, of which around 43,100 sqm. are offices and 2,700 sqm. retail.

The total transaction value was 2.5 bn. and closing took place on 1 September 2016
- In April, Entra acquired a land plot at Lars Hillesgate 25 in Bergen for 53 million. The land plot has a prime location opposite Lars Hilles gate 30 where Entra is developing the property MediaCity Bergen through Entra OPF. Entra has started preparing for a zoning process with a view to building a new office property
- In October, Entra signed an agreement to acquire the property Kristian Augusts gate 13 in Oslo for 155 million. The property comprises 3,300 sqm. and is currently let on short-term leases. Kristian Augusts gate 13 is located in the Tullin quarter and is adjacent to the properties where Entra will develop the new university building for the Faculty of Law and the new office property at Universitetsgate 7-9. The acquisition of Kristian Augusts gate 13 will secure a more comprehensive redevelopment of the Tullin quarter, and the property has development potential itself. Closing took place on 20 January 2017.

Entra has furthermore taken advantage of the strong transaction market and sold eight properties in 2016.

- The property Strandveien 13 in Tromsø was sold for 158 million in 2015 but closing took place 28 January 2016
- In Q1 2016 Entra sold the remaining part of the Ringstabekk project for 114 million. Closing took place on 6 April 2016
- In Q2 2016 Entra sold the property Fritznersgate 12 in Oslo. The transaction value was 53 million, and closing took place on 15 September 2016
- In Q2 2016 Entra sold the property Telemarksgata 11 in Skien. The transaction value was 11 million, and the transaction closed on 1 July 2016
- In Q2 2016 Entra sold Kalfarveien 31 in Bergen for 85 million. Closing took place on 1 February 2017
- In Q3 2016 Entra also closed the sale of Gullfaks at Hinna Park in Stavanger. Total transaction value was 727 million
- In Q4 2016 Entra sold the property Lervigsveien 32/Tinngata 8 in Stavanger for 56 million. Closing took place on 30 November 2016
- In Q4 2016 Entra sold the property Kongensgate 85/Erling Skakkesgate 60 in Trondheim for 16 million. Closing will take place on 31 March 2017
- In Q4 2016 Entra sold the property Moloveien 10 in Bodø for 83 million. Closing took place on 15 February 2017

Associates and jointly-controlled entities

Papirbredden Eiendom AS (60 per cent ownership)
Entra and Drammen Municipality own Papirbredden Eiendom AS. The company owns six office properties totalling 59,000 sqm. and land with future development potential totalling 60,000 sqm. in Drammen. Papirbredden Eiendom is consolidated in the Group's financial statements.

Hinna Park Eiendom AS (50per cent ownership)
Entra and Camar Eiendom own Hinna Park Eiendom. The company owns three office properties totalling 30,000 sqm. and land with development potential for two new office properties totalling 39,000 sqm. Hinna Park Eiendom AS is consolidated in the Group's financial statements as Entra has a controlling vote on the Board of Directors.

Entra OPF Utvikling AS (50 per cent ownership)
Entra and Oslo Pensjonsforsikring (OPF) own Entra OPF Utvikling. The company owns two office properties: In Lars Hilles gate 30, Media City Bergen (MCB) is under development, while the property Allehelgens gate 6 is fully let to the police with a remaining lease period of 7.3 years as of 31 December 2016.

According to the agreement between Entra and Oslo Pensjonsforsikring, Entra OPF Utvikling is not to be financed with debt, thus any capital requirements are to be financed with equity contributions from the owners. Entra OPF Utvikling is not consolidated in the Group's financial statements.

Sundtkvartalet Holding AS (50 per cent ownership)
Entra and Skanska Commercial Development own Sundtkvartalet Holding. The company owns a new-built office property of 31,000 sqm. in Sundtkvartalet in Oslo. Sundtkvartalet Holding is not consolidated in the Group's financial statements.

Oslo S Utvikling AS (OSU) (33.33 per cent ownership)
OSU is a property development company that is undertaking the development of parts of the city district Bjørvika in Oslo. Entra's share of the market value of the properties and projects in OSU is estimated at approximately 1.6 billion as of 31 December 2016. The estimate is based on valuations from two external appraisers. Entra's share of the net asset value as at 31 December 2016 was 0.9 billion after taking into account estimated latent deferred tax of 10 per cent. Oslo S Utvikling is not consolidated in the Group's financial statements.

Corporate Social Responsibility

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

HSE and organisation

It should be safe to work, visit and live in and around Entra's properties and construction projects. Entra's goal of being a zero-harm workplace for people, the environment and society underpins all the Group's health, safety and environmental work. The main HSE requirements for the business are specified in the Group's HSE policy.

Entra's LTI rate (the number of work-related injuries resulting in absence per million work-hours) was 3.6 as of 31 December 2016, compared with 5.2 as of 31 December 2015. In 2016, five personnel injuries with leave of absence from work were registered. HSE is an important focus area in Entra and for the Board. The Board is satisfied with the dedicated HSE work in the organisation and the initiatives taken to prevent serious incidents.

At the end of 2016, the Group had 166 employees. Entra's employees have varied backgrounds and expertise from different professional and technical areas. The average age is 46 years. Sickness absence in Entra was 2.0 per cent in 2016 versus 2.6 per cent in 2015. This is low compared to a country average of 6.3 [1]. The Group works systematically to prevent sickness absence and monitors the progress of staff on sick leave closely.

As part of Entra's work to prevent corruption and undesirable incidents, the Group has developed and implemented ethical guidelines. The ethical guidelines are signed by new employees, and then re-signed by all employees on an annual basis. It is important to Entra that all employees are familiar with the content and commit to follow the guidelines.

Cooperation with the employee organisations was good and constructive during 2016 and made a positive contribution to the operation of the Group.

Equality and diversity

At 31 December 2016, 31 per cent (30 per cent) of the Group's 166 employees were women, three out of seven of the Senior Executives were women and three out of seven of the Board members were women. The Group believes in the benefits of diversity, and this goal is incorporated into Entra's recruitment procedures. The Group's recruitment processes encourage all qualified candidates to apply, regardless of their age, gender, ethnic background or any disabilities.

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

Statement of income, balance sheet and statement of cash flows

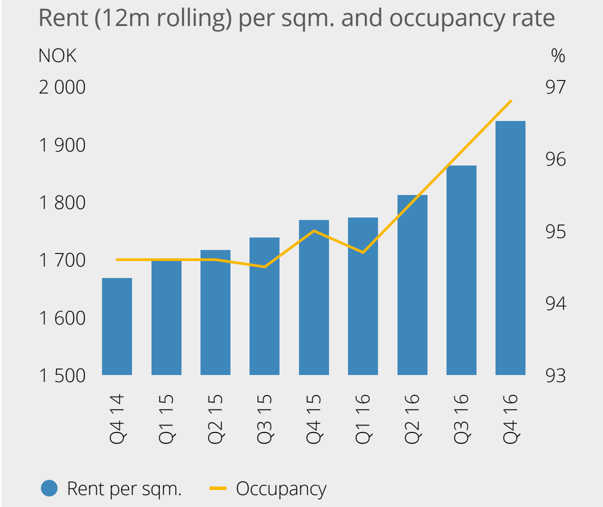
Income

Rental income was up by 8 per cent from 1,760 million in 2015 to 1,899 million in 2016.

The increased rental income is explained in the table below.

All amounts in NOK million	2016
Rental income in 2015	1 760
Development projects	46
Acquisitions	110
Disposals	-49
Other*	-27
Like-for-like growth	60
Rental income	**1 899**

* Extraordinary lease buy-out in Q3-15 (30 mill)



On a like-for-like basis the rental growth was 4.1 per cent, compared to 2015. The annual indexation of the lease contracts constituted 2.8 per cent. The remaining growth is mainly driven by increased occupancy in the Oslo portfolio.

Average 12 months rolling rent per sqm. was 1,940 (1,768) as of 31 December 2016. The increase is mainly related to portfolio rotations towards higher quality assets, hereunder the acquisitions of Oslo City and the Skøyen portfolio combined with divestments of non core properties. Near all of Entra´s lease contracts are 100 per cent linked to positive changes in CPI. The annual adjustment is mostly made on a November to November basis.

The occupancy rate increased to 96.8 per cent (95.0 per cent) as of 31 December 2016. The rental value of vacant space as of 31 December 2016 was approximately 66 million (88 million) on an annualised basis.

Total property costs amounted to 159 million (185 million) and are split as follows:

All amounts in NOK million	2016	2015
Maintenance	**50**	**56**
Tax, leasehold, insurance	30	35
Letting and prop. adm.	38	42
Direct property costs	42	52
Total property costs	**159**	**185**

As a consequence of the effects explained above, net operating income came in at 1,740 million (1,574 million) for the financial year 2016.

[1] Source: Statistics Norway as of 30.09.16

Other revenues was 950 million (240 million) in 2016. 638 million was related to the sale of the Gullfaks building, 220 million was related to Youngskvartalet in Oslo, 19 million was related to the sale of apartments at Ringstadbekk in Bærum and 65 million was related to other services provided to tenants.

Other costs was 927 million (224 million). 586 million was related to the Gullfaks building, 220 million was related to Youngskvartalet, 20 million was related to sale of apartments at Ringstadbekk in Bærum and 43 million was related to other services provided to tenants. In addition other costs includes amortisation of goodwill of 37 million related to sale of the property Gullfaks in Stavanger. Other costs also consists of costs mainly related to depreciation and rental expenses.

Administrative expenses amounted to 152 million (168 million). The reduction is mainly a result of further streamlining of the cost base.

Entra's share of profit from associates and JVs was 150 million (44 million). In the first quarter of 2016, 33 per cent of Oslo City Kjøpesenter was recognised as a jointly controlled entity. From, and including, the second quarter 2016, Entra has consolidated the office section of the property. The parking section in Oslo City of which Entra owned 50 per cent was treated as a jointly controlled entity in Entra`s accounts until Entra´s share of the company was demerged into a wholly owned subsidiary of Entra at the end of the third quarter of 2016.

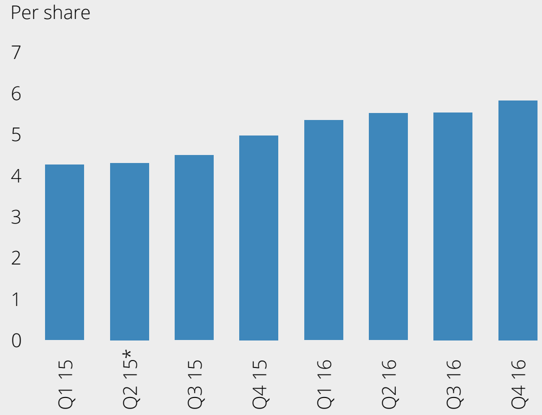
Entra`s share of profit from associates and JVs is composed as follows:

All amounts in NOK million	2016	2015
Income from property management	30	3
Changes in market value	109	46
Tax	-34	-17
Other income and costs	45	12
Results from associates and JVs	**150**	**44**

Net realised financials amounted to 572 million (625 million) and is composed as follows:

All amounts in NOK million	2016	2015
Interest and other financial income	14	19
Interest and other financial cost	-586	-645
Net realised financials	**-572**	**-625**

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



* Q2 15 adjusted for 115 million swap termination fee.

Net income came in at 1,190 million (840 million). When including only the income from property management in the results from JVs, the net income from property management was 1,070 million (799 million) for 2016, representing a year-on-year increase of 34 per cent. The difference between net income and net income from property management is explained below:

All amounts in NOK million	2016	2015
Net income	1 190	840
Less:		
Value changes in associates and JVs	109	46
Tax from associates and JVs	-34	-17
Other income and costs	45	12
Net income from property management	**1 070**	**799**

The valuation of the property portfolio resulted in a net positive value change of 1,991 million (1,818 million) for the financial year 2016. About 900 million of the value change is related to yield compression in the largest cities, while 550 million relates to the projects portfolio and 400 million is a result of new and renegotiated lease contracts.

Net changes in the value of financial instruments was 125 million (417 million) for 2016. 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.

The Group, except for certain partly owned companies with marginal tax effect, is currently not in a tax payable position due to tax loss carry forward. At year-end 2016, the tax loss carry forward for the Group was 953 million. The change in deferred tax was -580 million (-354 million) in 2016. The corporate income tax (CIT) rate was 25 per cent in 2016, reduced to 24 per cent from 1 January 2017. However, the effective tax rate is less than the CIT mainly due to the sale of properties without tax effect.

Profit before tax was 3,306 million (3,075 million) whereas profit after tax was 2,722 million (2,721 million). Comprehensive income after tax was 2,705 million (2,750 million) in 2016.

Balance sheet

The Group's assets amounted to 38,890 million (33,618 million) as at 31 December 2016. Of this, investment property amounted to 35,629 million (28,823 million) and investment property held for sale to 168 million (165 million). 4 properties were classified as held for sale as at 31 December 2016. Intangible assets were 124 million (161 million) at the end of 2016, of which 109 million is goodwill related to Hinna Park in Stavanger. The goodwill in Hinna Park was amortised by 37 million in the quarter due to the sale of the property Gullfaks.

Investments in associates and jointly controlled entities were 1,561 million (2,789 million). The decrease is mainly attributable to the establishment of Oslo City Kontor AS and Oslo City Parkering AS as 100 per cent owned companies subsequent to demergers realised in 2016, partly offset by an increase of 284 million related to a capital increase in the jointly controlled entity Entra OPF that is developing MediaCity Bergen, as this company is funded only by equity.

Property and housing-units for sale amounted to 0 (589 million) at 31 December 2016, impacted by the sale of Gullfaks at Hinna Park and the Ringstabekk project.

Other receivables was 476 million (206 million) at the end of December 2016. The increase compared to 2015 was affected by capitalised construction costs of 219 million, related to the property Youngskvartalet that will be delivered to the buyer in the fourth quarter of 2017.

The Group held 243 million (212 million) in cash and cash equivalents at 31 December 2016. In addition, the Group has 3,830 million (3,435 million) in unutilised credit facilities.

The Group had interest bearing debt of 18,113 million (15,205 million) as of 31 December 2016. The increase is mainly explained by the acquisition of the Skøyen portfolio for approximately 2.5 billion and payment of dividends of 863 million during the financial year 2016. In addition, the jointly controlled entity Hinna Park Eiendom AS has paid 70 million to the non-controlling interest of the Group.

Book equity totalled 15,124 million (13,354 million), representing an equity ratio of 39 per cent (40 per cent). Book equity per share was 82 (73). Equity per share was 101 (89) based on the EPRA NAV standard and 93 (81) based on EPRA NNNAV. Outstanding shares at 31 December 2016 totalled 183.7 million (183.7 million)

Cash flow statement

Net cash flow from operating activities was 1,097 million (850 million) in 2016. The change mainly relates to higher net income from property management.

The net cash flow from investments was -2,972 million (-1,010 million) for 2016. Proceeds from property transactions amounted to 1,021 million (1,792 million) and relates to the sale of Gullfaks and five other properties. Purchase of investment properties amounted to -2,536 million (-132 million) and relates to the acquisition of the Skøyen portfolio in Oslo and the land plot Lars Hillesgate 25 in Bergen.

The cash effect from upgrades of investment properties amounted to -1,001 million (911 million). Investment in property and housing units for sale of -233 million (-82 million) is mainly related to investments in the property "Gullfaks" in Stavanger that was sold with closing in November 2016 and Youngskvartalet in Oslo.

Net payments in associates and jointly controlled entities amounted to 253 million (-1,720 million) of which -284 million relates to the capital increase in Entra OPF partly offset by the repayment related to the Oslo City closing.

Net cash flow from financing acitivites was 1,906 million (174 million). Net proceeds of interest bearing debt was 2,841 million (634 million). During 2016 Entra has made a net repayment of 1,083 million and 200 million in bank loans and certificates, respectively, and net issued bond loans amounted to 4,129 million.

Dividens paid amounted to 934 million (459 million) in 2016 of which 863 was paid out to the shareholders in Entra (551 million paid in May 2016 for Financial year 2015 and 312 million paid in October for first half of 2016). In addition the jointly controlled entity Hinna Park Eiendom AS has paid a dividend of 140 million (net 70 million) to the owners of which 50 per cent was to the other shareholder Camar Eiendom AS.

The net change in cash and cash equivalents was 31 million (14 million) for 2016.

Going concern

The financial statements have been prepared based on the going concern assumption, and the Board confirms that this assumption is valid. The company is in a healthy financial position and has good liquidity. The Board confirms that the company had sufficient equity and liquidity as at 31 December 2016. There have not been any events since 31 December 2016 that have a significant impact on the financial statements.

Financial structure and exposure

The Group´s financing is diversified between various bank and capital market instruments. At year-end 2016, the nominal interest-bearing debt was 17,697 million (14,851) million. The interest-bearing debt has a diversified maturity structure, with an average time to maturity of 4.4 years. As a general principle Entra's financing is based on a negative pledge of the Group´s assets that enables a broad and flexible financing mix.

The capital markets funding as at 31 December 2016 consisted of bonds and commercial paper outstanding of 10,629 million and 1,700 million, respectively, which accounted for 70 per cent of total interest-bearing debt. Bank funding of 5,368 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 243 million (212 million) as at 31 December 2016. In addition, the Group had committed, unutilised credit facilities totalling 3,830 million (3,435 million).

The Group's average interest cost as at 31 December 2016 was 3.48 per cent (3.69 per cent), and 53 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 3.6 years (3.6 years). The decrease in the average interest rate is mainly due to an increase in interest-bearing debt and lower NIBOR-interest rates during 2016. The latter contributing to a reduction in the interest cost on the floating rate debt.

The Group has adopted a conservative financial strategy with a moderate loan-to-value ratio that secures financial flexibility throughout the economic cycle. In this respect, Entra targets a loan-to-value ratio of approximately 50 per cent. The Group´s loan-to-value ratio as at 31 December 2016 was 47.6 per cent, representing an increase from 46.1 per cent at year-end 2015. The increase in the loan-to-value ratio is mainly due to large debt financed investments during 2016.

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

Corporate governance

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

The following elements are central in these guidelines:

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

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

Shareholder information

Entra's share capital is 183,732,461 divided into 183,732,461 shares, with each share having a par value of NOK 1.00. All the shares have been issued in accordance with the Norwegian Public Limited Companies Act and are fully paid. Entra has one class of shares. All shares provide equal rights, including the right to any dividends. Each of the shares carries one vote. There are no share options or other rights to subscribe for or acquire shares issued by Entra. Neither Entra nor any of its subsidiaries directly or indirectly owns shares in the company.

FINANCIAL RISK

	31.12.2016	Financial policy
Financial leverage		
Loan-to-value (LTV)	47.6	approx. 50 %
Financing risk		
Financing commitments next 12m	117 %	Min. 100 %
Average time to maturity (debt)	4.4	Min. 3 years
Debt maturities <12 months	19 %	Max. 30 %
Interest rate risk		
Interest coverage ratio (ICR)	2.7	Min. 1.65x
Average time to maturity (hedges)	3.6	2-6 years
Maturity of hedges <12 months	47 %	Max 50 %
Credit risk / currency exposure		
Counterpart's credit rating	Fulfilled	Min. A-/A3
Share of debt per counterparty	11 %	Max. 40 %
Currency exposure	Fulfilled	0

THE 10 LARGEST SHAREHOLDERS AS OF 31 DECEMBER 2016

NAME	SHAREHOLDING	%
Norwegian Ministry of Trade Industry and Fisheries	61 368 893	33.4
Folketrygdfondet	15 697 035	8.5
Geveran Trading	14 967 560	8.1
State Street Bank (Nominee)	5 031 279	2.7
Danske Invest Norske	3 966 216	2.2
The Bank of New York (Nominee)	3 316 681	1.8
J.P. Morgan Bank Luxemburg (Nominee)	2 488 114	1.4
The Bank of New York (Nominee)	2 413 649	1.3
Danske Invest Norske	1 955 706	1.1
State Street Bank (Nominee)	1 816 499	1.0
Total 10 largest shareholders	**113 021 632**	**61.5**
Other	70 710 829	38.5
Total	**183 732 461**	**100.0**

As of 31 December 2016, Entra had 5,686 shareholders. Norwegian investors held 59 per cent of the share capital. The 10 largest shareholders as of 31 December 2016 were as shown in the table above.

Dividend policy
Entra targets a dividend payout ratio of approximately 60 per cent of Cash Earnings defined as net income from property management less tax payable. On 28 April 2016 the AGM decided that Entra should start paying out semi-annual dividends instead of annual dividends. This was implemented in 2016 and NOK 1.7 per share for the first six months of 2016 was paid out in October 2016.

In line with the dividend policy, the Board of Entra proposes to pay a semi-annual dividend of NOK 1.75 per share for the last six months of 2016, representing around 60 per cent of Cash Earnings in the period from 1 July 2016 to 31 December 2016. For the financial year 2016 Entra will then have paid NOK 3.45 per share in dividend vs. NOK 3.00 per share for 2015.

Risks associated with the business

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

Entra's commercial risk includes the risk associated with signing and renegotiating contracts. Economic downturns may lead to changes in market rents. The Group achieves stable and predictable cash flows through long-term leases with a balanced maturity profile. The Group aims to reduce rental risks through systematic customer support, by keeping track of when contracts expire and planning how to attract new tenants. 70 per cent of the Group's customers are from the public sector as of 31 December 2016, and changes in operating parameters and efficiency improvements in the public sector may affect the Group's risk exposure.

The market value of the Group's property portfolio is affected by cyclical fluctuations in the economy. A decrease in the market value will reduce the Group's Equity- and increase Loan-to-Value ratios.

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

The Group is exposed to project risk in conjunction with the construction and renovation of properties. The Group takes this type of risk into account in its investment analysis prior to deciding to start work on a project, as well as by continuously monitoring the risk throughout the project period. A risk premium is added to the equity return requirement related to, among other things, letting risk, cost developments during the construction period, delays and contract matters. When making investment decisions, market risk is also taken into account when determining cash flow and the required rate of return.

Operational risk is managed through procedures for day-to-day operations, compliance and HSE work. Business and strategic risks include the possible impact on the Group's operations of political decisions, regulations and significant unforeseen non-recurring events. Entra will be exposed to property tax on its properties in Oslo, effective from 2017.

The Group has identified strategic risk factors and considers these to be carefully managed through ongoing work and the measures implemented.

Profit for the year and allocations

In 2016, Entra ASA, the parent company of the Group, made a profit after tax of 207 million (390 million), as set out in the financial statements prepared in accordance with the Norwegian Accounting Act and Norwegian generally accepted accounting principles.

In accordance with the defined dividend policy the Board proposes that Entra ASA distributes a dividend of 322 million (NOK 1.75 per share) for the last six months of 2016.

The profit after tax from Entra ASA of 207 million will be distributed as dividend. In addition, the company will distribute 115 million from retained earnings.

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

Outlook

The Norwegian economy has been influenced by a weaker macroeconomic development and general uncertainty but there has been a positive development in certain key macro indicators over several quarters.

The downturn in the oil sector and related industries has turned into a moderate recovery. The downturn has primarily had a negative impact in the southern and western part of Norway, and sub markets with a high level of oil exposure have experienced increasing vacancies and pressure on rents. Entra is in a relatively good position having a low presence in the geographical areas hit by the downturn, long lease contracts with solid tenants and a low exposure towards the oil sector.

In Oslo, that constitutes around 66 per cent of Entra's revenues, we expect vacancy levels to see a falling trend going forward as net new office space coming into the market in 2017 and 2018 is marginal due to low new building activity and high conversion from commercial to residential buildings. Decreasing vacancy is thus expected to lead to increasing market rent levels in Oslo going forward.

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

Market interest rates for longer dated maturities have increased in recent months, and there is risk for further increase from current historical low levels. However Entra, with its strong balance sheet, predictable cash flow and well-balanced interest rate hedge position is in a very good position to secure favourable financing also going forward.

Property investors seek quality properties with good locations and long and secure cash flows. The yield compression in the Norwegian market is expected to level out. However, Entra's portfolio with a healthy mix of attractive properties, value enhancing development projects and a positive rental market outlook should provide a continued positive portfolio value development, albeit at a significantly slower pace.

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

Oslo, 8 March 2017
The Board of Directors of Entra ASA

Siri Hatlen
Chair of the Board

Kjell Bjordal
Deputy Chair

Arthur Sletteberg
Board member

Katarina Staaf
Board member

Widar Salbuvik
Board member

Cathrine Vaar Austheim
Board member

Hans Petter Skogstad
Board member

Arve Regland
CEO

Consolidated financial statements Entra ASA

Statement of total comprehensive income 1 January to 31 December

All amounts in NOK million

	Note	2016	2015
Rental income	6	1 899	1 760
Repairs & maintenance	10	-50	-56
Operating costs	10	-109	-129
Net operating income		**1 740**	**1 574**
Other revenue	9, 11	950	240
Other costs	9, 12	-927	-224
Administrative costs	13	-152	-168
Share of profit from associates and JVs	20	150	44
Net realised financials	16	-572	-625
Net income		**1 190**	**840**
- of which net income from property management		**1 070**	**799**
Changes in value of investment properties	19	1 991	1 818
Changes in value of financial instruments		125	417
Profit before tax		**3 306**	**3 075**
Tax payable	27	-4	0
Change in deferred tax	27	-580	-354
Profit for the year		**2 722**	**2 721**
Actuarial gains and losses	29	-23	39
Change in deferred tax on comprehensive income	27	6	-10
Total comprehensive income for the year		**2 705**	**2 750**
Profit attributable to:			
Equity holders of the Company		2 619	2 648
Non-controlling interest		103	73
Total comprehensive income attributable to:			
Equity holders of the Company		2 602	2 677
Non-controlling interest		103	73
Earnings per share			
Continuing operations			
Basic=Diluted (NOK)	35	14	15

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

Balance sheet – assets

All amounts in NOK million

	Note	31.12.2016	31.12.2015
NON-CURRENT ASSETS			
Intangible assets	17, 18	124	161
Investment property	19	35 629	28 823
Other operating assets	18	26	35
Investments in associates and JVs	20	1 561	2 789
Financial derivatives	7	472	530
Long-term receivables	21	163	53
TOTAL NON-CURRENT ASSETS		**37 976**	**32 391**
CURRENT ASSETS			
Property and housing-units for sale		0	589
Investment property held for sale	19	168	165
Trade receivables	22	27	55
Other receivables	9, 23	476	206
Cash and bank deposits	24	243	212
Total current assets		**914**	**1 226**
TOTAL ASSETS		**38 890**	**33 618**

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	31.12.2016	31.12.2015
EQUITY			
Shareholders equity	25, 36	14 732	12 995
Non-controlling interests		392	359
TOTAL EQUITY		**15 124**	**13 354**
LIABILITIES			
Interest-bearing debt	26	14 734	12 083
Deferred tax liability	27	3 855	3 324
Financial derivatives	7	894	1 121
Other non-current liabilities	28, 29	358	237
Total non-current liabilities		**19 841**	**16 764**
Interest-bearing debt	26	3 379	3 123
Trade payables		290	142
Other current liabilities	30	257	236
Total current liabilities		**3 926**	**3 501**
TOTAL LIABILITIES		**23 766**	**20 265**
TOTAL EQUITY AND LIABILITIES		**38 890**	**33 618**

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

Oslo, 8 March 2017
The Board of Directors of Entra ASA

Siri Hatlen
Chair of the Board

Kjell Bjordal
Deputy Chair

Arthur Sletteberg
Board member

Katarina Staaf
Board member

Widar Salbuvik
Board member

Cathrine Vaar Austheim
Board member

Hans Petter Skogstad
Board member

Arve Regland
CEO

Statement of changes in equity

All amounts in NOK million

	Share capital	Other paid-in capital	Retained earnings	Non-controlling interest	Total equity
Equity at 31.12.2014	**184**	**3 556**	**7 039**	**286**	**11 064**
Profit for period			2 648	73	2 721
Other comprehensive income			28		28
Dividend			-459		-459
Acquired own shares - employee saving scheme	-0	-6	-1		-7
Sold own shares - employee saving scheme	0	6	0		6
Equity 31.12.2015	**184**	**3 556**	**9 255**	**359**	**13 354**
Profit for period			2 619	103	2 722
Other comprehensive income			-17		-17
Dividend			-864	-70	-934
Net equity effect of employee share saving scheme			-1		-1
Net equity effect of LTI share program			-0		-0
Equity 31.12.2016	**184**	**3 556**	**10 992**	**392**	**15 124**

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	2016	2015
Profit before tax		3 306	3 075
Net expensed interest and fees on loans	16	589	645
Net interest and fees paid on loans		-520	-584
Share of profit from associates and jointly controlled entities	20	-150	-44
Depreciation and amortisation	18	46	18
Changes in value of investment properties	19	-1 991	-1 818
Changes in value of financial instruments	7, 26	-125	-417
Change in working capital		-59	-26
Net cash flow from operating activities		**1 097**	**850**
Proceeds from property transactions		1 021	1 792
Purchase of investment properties	19	-2 536	-132
Upgrades of investment properties	19	-1 001	-911
Investment in property and housing-units for sale	9	-233	-82
Purchase of intangible and other operating assets	18	-15	-41
Net payment financial assets		-5	-30
Net repayment of loans to associates and JVs		-1	62
Net payments in associates and JVs	20	-253	-1 720
Dividends from associates and JVs	20	51	51
Net cash flow from investment activities		**-2 972**	**-1 010**
Proceeds interest-bearing debt	26	17 536	19 126
Repayment interest-bearing debt	26	-14 695	-18 492
Proceeds from/repayment of equity	25	-1	-1
Dividends paid	36	-934	-459
Net cash flow from financing activities		**1 906**	**174**
Change in cash and cash equivalents		31	14
Cash and cash equivalents at beginning of period		212	198
Cash and cash equivalents at end of period		**243**	**212**

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

Summary of Notes

Notes

NOTE 1 GENERAL INFORMATION

Entra ASA ("the Company") is listed on Oslo Stock Exchange with the ticker ENTRA. Entra ASA and its subsidiaries (together "Entra" or "the Group") is one of Norway's leading real estate companies, focusing on high quality, flexible office buildings with central locations. The Group owns and manages 94 (96) buildings with a total area of approximately 1.3 (1.2) million sqm. As of 31.12.16 the real estate portfolio had a market value of around NOK 35.8 (29.6) billion. The public sector represents approximately 70 per cent (74 per cent) of the total customer portfolio. Entra's strategic areas are Oslo and the surrounding region, Bergen, Stavanger and Trondheim. The Group is organised in two units: Oslo and Regional cities. Entra has its head office in Oslo.

The consolidated financial statements were adopted by the Company's Board on 8 March 2017.

NOTE 2 ACCOUNTING POLICIES

In 2016 the Group did some changes to how the profit and loss statement is presented in order to better reflect the underlying operational results and to a greater extent be harmonised with how peer companies and equity analysts present their figures. The major changes are:

- Stating a Net operating income (from property management)
- Including Net realised financials in Net Income /Net income from property management
- Including profit from associated and JVs in Net income
- Establishing "Net income from property management" as Net income minus values changes and tax from associates and JVs and profit from the jointly controlled entity Oslo S Utvikling.

In addition, some changes in the balance sheet have been done in order to improve the presentation.

ACCOUNTING POLICIES

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

BASIC PRINCIPLES

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

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

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

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

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

Application of new and revised International Financial Reporting Standards (IFRSs) in 2016.

No new or amended IFRS or IFRIC interpretations came into effect for the 2016 financial year that have a significant impact on the consolidated financial statements.

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

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 January 2016, and have not been applied in preparing these consolidated financial statement. None of these is expected to have a significant effect on the consolidated financial statements of the Group, except the following set out below:

IFRS 9 Financial Instruments

The standard addresses the classification, measurement and recognition of financial assets and financial liabilities. The complete version of IFRS 9 was issued in July 2014. It replaces the guidance in IAS 39 that relates to the classification and measurement of financial instruments. IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through OCI and fair value through P&L. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. The standard is effective for accounting periods beginning on or after 1 January 2018. Early adoption is permitted. The Group does not intend to adopt IFRS 9 before its mandatory date.

The Group currently applies the fair value option when measuring fixed rate bonds. The standard opens to make a new assessment of whether the Group should continue to use the fair value option ahead or measuring loans at amortised cost. Such an assessment will be performed during 2017. In connection with this assessment, the Group will also consider whether it is appropriate to implement hedge accounting under IFRS 9. Beyond the possible changes it entails, the Group considered that the implementation of IFRS 9 will not have any significant effect on the Groups accounting.

IFRS 15 Revenue from Contracts with Customers
The standard deals with the recognition of revenue and establishes principles for reporting valuable information to users of the financial statements regarding the origin, amount, time and uncertainty of revenue and cash flows related to an enterprise's contracts with customers. Revenue shall be posted to the financial statements when a customer obtains control over goods or a service, and thereby has the ability to control the use and obtain the benefits from the goods or service. The standard replaces IAS 18 Operating Revenues and IAS 11 Construction Contracts and the associated interpretations. Leases that are covered by IAS 17 (and IFRS 16) fall outside the area of operation of IFRS 15.

The standard comes into force for financial years that begin on or after 1 January 2018. Earlier implementation is permitted. The Group is assessing the effects of IFRS 15, including for the existing property Youngskvartalet. Youngskvartalet was reclassified from an investment property to a construction contract after the start of a project in 2015. Current practice for revenue recognition regarding construction contracts for real estate is regulated by IFRIC 15. Under this interpretation it is essential for accrual of revenue to establish to what material extent the customer can influence/ specify the most important building elements on the property or change these underway.

IFRS introduces a new approach as to how revenue shall be accrued. Under IFRS 15 an assessment must be made as to whether a seller has a right to require payment for a delivery at the date, given that it does not have an alternative use. This is an alternative area of application for the enterprise and the enterprise has an enforceable right to payment for work already carried out. If this is fulfilled the revenue is to be accrued over time. The Group considers that IFRS 15 will not have a material impact on the financial statements following implementation of the new standard.

IFRS 16 Leases
The current distinction between operational and financial leases is removed for lessees and replaced by a model which is to be used for all leases, with certain specific exceptions. The consequence is that leases that are posted to the financial statements in accordance with the new model will have to be entered in the balance sheet in the financial statements of the lessee in the form of a lease obligation and an asset that represents the lessee's right to use the underlying asset. For a lessor the current rules, IAS 17, are mainly continued unchanged.

The new standard must be brought into use from the financial year 2019. Early implementation will be possible provided that the new standard for revenue recognition, IFRS 15 Revenue from contracts with customers, is implemented at the latest at the same time. Early implementation is also conditional on the EU having approved the standard. As a consequence of IFRS 16, changes have been made to IAS 40, including the deletion of IAS 40.6. Under IFRS 16 will be obligatory to enter all rights to use the asset at fair value in the financial statements. The Group has not yet assessed the full accounting effect that IFRS 16 will have when implemented, but it is expected that there will be no material effect on the financial statements from implementation of the new standard.

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

CONSOLIDATION PRINCIPLES

Subsidiaries

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

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

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

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

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

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

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

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

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

Transactions with non-controlling interests

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

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

Jointly controlled entities

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

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

Associates

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

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

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

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

CURRENCY

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Buildings under construction
Sales of property projects are measured at cost and presented under inventories. The sales price is recognised in the income statement on handover. For construction contracts where the

design and delivery schedule have been negotiated with the buyer, costs and revenues are recognised in the income statement in accordance with the percentage of completion method described in IAS 11.

Borrowing costs

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

INTANGIBLE ASSETS

Goodwill

Goodwill is the difference between the cost and the fair value of the Group's share of net identifiable assets in the entity on the acquisition date. Goodwill arising from the acquisition of subsidiaries is classified as an intangible asset. For the purposes of impairment testing, goodwill is allocated to the relevant cash flow generating units. Goodwill is allocated to the cash flow generating units or groups of cash flow generating units that are expected to benefit from the acquisition from which the goodwill arose. Goodwill is tested for impairment annually and is recognised at cost less any impairment losses. Impairment of goodwill is not reversed. Gains and losses on the sale of an operation include the carrying amount of goodwill relating to the sold operation.

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

Software

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

Development projects

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

Impairment of non-financial assets

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

FINANCIAL INSTRUMENTS

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

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

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

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

Trade receivables and other financial assets

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

Cash and cash equivalents

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

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

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

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

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

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

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

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

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

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

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

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

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

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 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 24 per cent from 31 December 2016. For investment properties acquired through the purchase of shares in property companies or not acquired through a business combination, in the event of an adjustment in value, deferred tax is calculated on the property's fiscal value.

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

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

PROVISIONS

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

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

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

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

REVENUE RECOGNITION

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

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

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

LEASE CONTRACTS

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

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

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

STATEMENT OF CASH FLOWS

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

DIVIDENDS

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

NOTE 3 CRITICAL ACCOUNTING ESTIMATES AND SUBJECTIVE JUDGEMENTS

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 2016 were obtained from Akershus Eiendom AS and Cushman & Wakefield Realkapital. The valuations are mainly based on the discounted cash flow method, which involves discounting future cash flows over a specified period using an estimated discount rate and then adding a residual value at the end of the period. Future cash flows are calculated on the basis of cash flows from signed leases, as well as future cash flows based on an expected market rent at the end of the lease terms. The fair value of investment properties is therefore mainly affected by expected market rents, discount rates and inflation. The market rent for each property takes into account the property's situation, standard and leases signed for comparable properties in the area. For the duration of existing lease terms, the discount rate is mainly based on an assessment of the individual tenants' financial solidity and classification. After the end of the lease term, cash flows are discounted using a discount rate that takes into account the risk relating to letting and location. Inflation is estimated using the consensus of a selection of banks and official statistics.

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

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

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

Change variable	Change in per cent	Value change (NOKm)[1)]
Inflation	+ 1,00	244
Market rent	+ 10,00	2 785
Discount rates	+ 0,25	-1 030
Exit yield	+ 0,25	-982

[1)] Estimates by Cushman & Wakefield Realkapital in conjunction with valuations at 31 December 2016.

Fair value of financial liabilities

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

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

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

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

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

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

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

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

Pension

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

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

The Group determines the relevant discount rate at the end of each year. This is the interest rate used to calculate the present value of the future estimated outgoing cash flows required to fulfil the pension obligations. When determining the relevant discount rate, the Group looks at the interest rate for high-quality corporate bonds or bonds with preference rights, which mature around the same time as the related pension obligations. At 31 December 2016, 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 %	19	10.4
Discount rate at 31.12.2016	2.60 %	0	0.0
0.5 percentage point increase	3.10 %	-17	-9.0

Wage growth		Impact on liabilities (NOKm)	Impact as a percentage
0.5 percentage point reduction	2.00 %	-1	-0.4
Expected wage growth at 31.12.2016	2.50 %	0	0.0
0.5 percentage point increase	3.00 %	1	0.4

NOTE 4 FINANCIAL RISK MANAGEMENT

All amounts in NOK million

Governance structure, exposure and reporting

The Board of Entra ASA has defined limits for the financial exposure of the Group through the financial policy. The financial policy regulates the following:

- Allocation of responsibility for financial management
- Overall limits and principles for management of financial exposure
- Principles for borrowing
- Definitions of financial risk parameters and key controls that must be in place to ensure adequate risk management
- Requirements for reporting and monitoring. The Group's overall financial risk exposure is reported regularly to the Board.

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

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

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

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

- Financing risk
- Capital management and solvency
- Interest 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 of approximately 50 per cent over the economic cycle. There are covenants in the Group's loan agreements that specify requirements in relation to the company's financial strength.

Interest rate risk

Interest rate risk arises from the 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.

Currency risk

The Group shall not incur any currency risk. The Group did not have any currency exposure at 31 December 2016.

Financial covenants

There are covenants in the Group's bank loan agreements relating to the value-adjusted equity ratio (VEK), interest cover ratio (ICR) and the loan-to-value of property (LTV). At 31 December 2016, the Group was not in breach of any covenants.

There are no covenants in relation to the Group's bond or commercial paper loans, but the bonds have cross-default clauses.

MATURITY PROFILE OF ALL FINANCIAL INSTRUMENTS

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

	REMAINING TERM								
31.12.2015	Under 3 months	4-12 months	1-2 years	2-4 years	4-6 years	6-8 years	8-10 years	Over 10 years	Total
Interest-bearing bank loans – principal	-	1 200	802	2 644	1 276	-	-	339	6 261
Interest-bearing bank loans – amortising	6	17	23	45	39	24	24	12	190
Interest-bearing bank loans – estimated interest	30	103	120	161	46	12	11	6	488
Bonds – principal	-	-	1 600	2 200	700	900	-	1 100	6 500
Bonds – estimated interest	41	190	217	323	201	161	102	254	1 489
Commercial paper – principal	1 300	600	-	-	-	-	-	-	1 900
Commercial paper – estimated interest	7	5	-	-	-	-	-	-	13
Financial instruments	-	-	-	-	-	-	-	-	-
- interest rate derivatives	45	91	133	191	51	-29	-20	-94	370
Trade payables	142	-	-	-	-	-	-	-	142
Other financial liabilities	79	-	-	-	-	-	-	-	79
Total	**1 651**	**2 206**	**2 895**	**5 565**	**2 313**	**1 068**	**116**	**1 617**	**17 432**

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

UNUSED CREDIT FACILITIES

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

UNUSED CREDIT FACILITIES

	TERM TO MATURITY								
31.12.2015	Under 3 months	4-12 months	1-2 years	2-4 years	4-6 years	6-8 years	8-10 years	Over 10 years	Total
Unused credit facilities Entra ASA	-	1 000	1 000	-	1 250	-	-	-	3 250
Unused credit facilities subsidiaries	-	-	48	56	82	-	-	-	185
Total unused credit facilities	**-**	**1 000**	**1 048**	**56**	**1 332**	**-**	**-**	**-**	**3 435**

At 31 December 2016, the Group had NOK 210 (NOK 179) million of available liquid assets. See Note 24.

Interest rate risk

The Group's liabilities are subject to fixed interest rates (53 per cent of liabilities). The Group uses a variety of derivatives to adapt its portfolio to the chosen fixed rate structure. The choice of fixed interest profile is based on an evaluation of the Group's financial strength and ability to generate long-term, stable cash flow.

At 31 December 2016, the weighted average remaining term to maturity was 3.6 (3.6) years. The average interest rate was 3.48 (3.69) per cent at 31 December 2016.

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

As at 31.12.2015	31.12.2016	31.12.2017	31.12.2019	31.12.2021	31.12.2023	31.12.2025	31.12.2025+	
Term to maturity	Up to 1 year	1-2 years	2-4 years	4-6 years	6-8 years	8-10 years	Over 10 years	Total
Percentage	45.8	1.6	11.8	15.8	4.7	14.8	5.5	100
Amount	6 799	242	1 750	2 350	700	2 200	810	14 851

KEY FIGURES FOR THE GROUP'S FINANCIAL INSTRUMENTS

	2016	2015
Nominal value of interest rate derivatives on the balance sheet date [1]	14 692	13 522
of which		
- Fixed-to-variable swaps [1]	3 700	3 700
- Variable-to-fixed swaps	10 992	9 822
Range of fixed interest rates	From 1.1050 % to 5.800 %	From 1.976 % to 5.800 %
Variable rate basis	NIBOR	NIBOR
Average fixed rate excl. forward starting swaps	3.55 %	4.06 %
Average fixed rate incl. forward starting swaps	2.67 %	3.19 %
Fair value of derivatives on the balance sheet date (NOKm)	421	591
Change in fair value of bonds over the year	-44	205
Change in fair value of interest rate derivatives over the year	169	212
Total change in fair value of financial instruments	**125**	**417**

[1] NOK 3 700 (NOK 3 700) million of swaps linked to the fixed-interest bonds issued by the Group are included in the volume of interest rate swaps. These bonds are swapped to a variable rate in order to ensure that the Group is in a position to manage its interest rate fixing independently of the bonds. The real volume used for interest rate fixing is therefore NOK 10 992 (NOK 9 822) million. At 31 December 2016 the Group has no interest rate options or option-related products.

NOTE 5 RISK LEASE MANAGEMENT

All amounts in NOK million

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

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

	2016	2015
≤ 1 year	2 192	1 691
1 year < 5 years	8 002	6 455
≥ 5 years	7 601	5 520
Total [1)]	**17 795**	**13 666**

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

	2016			2015		
Remaining term	No. of contracts	Contract rent	Contract rent, %	No. of contracts	Contract rent	Contract rent, %
≤ 1 year	279	212	9.5	334	92	5.2
1 year < 5 years	333	796	35.6	300	740	41.4
5 years < 10 years	131	676	30.2	94	464	26.0
≥ 10 years	41	552	24.7	43	491	27.5
Total	**784**	**2 236**	**100.0**	**771**	**1 787**	**100.0**

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

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

OTHER PARAMETERS RELATING TO THE GROUP'S LEASE PORTFOLIO

	2016				2015			
	Area (sqm)	Occupancy (%)	Wault (yrs)	Share of public sector tenants (%)	Area (sqm)	Occupancy (%)	Wault (yrs)	Share of public sector tenants (%)
Oslo	622 910	97.4	6.4	70	514 532	95.8	7.1	71
Trondheim	115 227	98.2	6.1	80	117 186	96.7	6.6	90
Sandvika	94 589	87.4	10.2	62	100 047	90.1	10.7	69
Stavanger	72 680	96.3	9.8	41	78 921	93.8	10.2	48
Drammen	70 068	97.4	8.5	81	70 814	89.7	9.1	87
Bergen	57 119	99.4	4.9	84	57 119	99.4	5.4	84
Kristiansand	45 158	94.2	9.8	98	45 158	93.4	9.1	98
Other	5 531	93.5	4.0	100	21 384	90.7	6.8	95
Total management portfolio	**1 083 282**	**96.8**	**7.0**	**70**	**1 005 162**	**95.0**	**7.6**	**73**
Project portfolio	89 875		18.7	79	95 103		14.9	43
Regulated development sites	101 558		0.6	51	129 711		0.2	-
Total property portfolio	**1 274 716**		**7.7**	**71**	**1 229 976**		**7.8**	**72**

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

NOTE 6 SEGMENT INFORMATION

All amounts in NOK million

The Group is organised into two geographic units: Oslo and Regional Cities. These units are supported by a Letting and Business Development division and a Development and Technology division. In addition, Entra has group and support functions within accounting and finance, legal, procurement, communication and HR.

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

The geographic units do not have their own profit responsibility. The geographical units are instead followed up on economical and non-economical key figures ("key performance indicators"). These key performance indicators are reported and analysed by geographic area to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance. Hence, the Group report their segment information based upon these seven geographic areas.

	No. of properties	Area	Occupancy	Wault	Market value		12 month rolling rent		Net yield	Market rent	
31.12.2016	(#)	(sqm)	(%)	(yrs)	(NOKm)	(NOK/sqm)	(NOKm)	(NOK/sqm)	(%)	(NOKm)	(NOK/sqm)
Oslo	40	622 910	97.4	6.4	23 266	37 350	1 394	2 238	5.5	1 392	2 235
Trondheim	9	115 227	98.2	6.1	2 503	21 724	179	1 555	6.5	171	1 481
Sandvika	9	94 589	87.4	10.2	2 176	23 010	128	1 355	5.4	127	1 342
Stavanger	5	72 680	96.3	9.8	2 033	27 978	137	1 879	6.2	123	1 696
Drammen	8	70 068	97.4	8.5	1 914	27 311	119	1 704	5.9	107	1 527
Bergen	6	57 119	99.4	4.9	1 264	22 135	85	1 491	6.1	84	1 479
Kristiansand	7	45 158	94.2	9.8	669	14 821	52	1 152	6.8	54	1 198
Other	1	5 531	93.5	4.0	79	14 283	7	1 193	7.2	7	1 195
Total management portfolio	**85**	**1 083 282**	**96.8**	**7.0**	**33 905**	**31 299**	**2 101**	**1 940**	**5.7**	**2 065**	**1 906**
Project portfolio	5	89 875		18.7	1 422	15 819					
Regulated development sites	4	101 558		0.6	458	4 508					
Total property portfolio	**94**	**1 274 716**		**7.8**	**35 785**	**28 073**					

Youngsgt. 7-9 is included in market value of the management portfolio at sales price of NOK 60 million.

The calculation of net yield is based on the valuers' assumption of ownership costs, which at 31 December 2016 corresponds to 8.7 per cent of market rent.

31.12.2015	No. of properties (#)	Area (sqm)	Occupancy (%)	Wault (yrs)	Market value (NOKm)	Market value (NOK/sqm)	12 month rolling rent (NOKm)	12 month rolling rent (NOK/sqm)	Net yield (%)	Market rent (NOKm)	Market rent (NOK/sqm)
Oslo	38	514 532	95.8	7.1	17 533	34 076	1 068	2 076	5.6	1 062	2 065
Trondheim	9	117 186	96.7	6.6	2 408	20 546	178	1 516	6.6	165	1 408
Sandvika	10	100 047	90.1	10.7	2 170	21 693	127	1 274	5.4	127	1 274
Stavanger	6	78 921	93.8	10.2	2 075	26 290	138	1 750	6.2	131	1 661
Drammen	7	70 814	89.7	9.1	1 701	24 024	107	1 514	5.9	104	1 466
Bergen	6	57 119	99.4	5.4	1 202	21 042	85	1 492	6.3	92	1 605
Kristiansand	8	45 158	93.4	9.1	608	13 464	50	1 110	7.2	48	1 069
Other	3	21 384	90.7	6.8	228	10 650	23	1 090	8.9	25	1 181
Total management portfolio	**87**	**1 005 162**	**95.0**	**7.6**	**27 925**	**27 782**	**1 777**	**1 768**	**5.9**	**1 755**	**1 746**
Project portfolio	3	95 103		14.9	1 228	12 909					
Regulated development sites	6	129 711		0.2	446	3 436					
Total property portfolio	**96**	**1 229 976**		**7.8**	**29 598**	**24 064**					

Ringstabekk housing project is included in market value of management portfolio at cost price of NOK 19 million.Youngsgt. 7-9 is included in market value of management portfolio at sales price of NOK 60 million. The calculation of net yield is based on the valuers' assumption of ownership costs, which at 31 December 2015 corresponds to 8.1 per cent of market rent.

NOTE 7 CATEGORIES OF FINANCIAL INSTRUMENTS

All amounts in NOK million

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

31.12.2015	Loans and receivables	Financial assets available for sale	Financial assets at fair value through profit or loss	Total		Financial liabilities at fair value through profit or loss		Financial liabilities at amortised cost	Total
			Held for trading			Held for trading	Designated upon initial recognition		
Assets					**Liabilities**				
Financial investments - shares					Interest-bearing non-current liabilities		4 054	8 029	**12 083**
- other financial assets	30			**30**	Interest-bearing current liabilities		1 900	1 223	**3 123**
Financial derivatives			530	**530**	Financial derivatives	1 121			**1 121**
Trade receivables	56			**56**	Other non-current liabilities			75	**75**
Other current receivables	206			**206**	Trade payables			142	**142**
Cash and cash equivalents	212			**212**	Other current liabilities			79	**79**
Total financial assets	**503**	**-**	**530**	**1 033**	**Total financial liabilities**	**1 121**	**5 954**	**9 547**	**16 622**

NOTE 8 INFORMATION ABOUT FAIR VALUE

All amounts in NOK million

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

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

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

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

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

The Group uses the following hierarchy to classify 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

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

LIABILITIES MEASURED AT FAIR VALUE

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

ASSETS MEASURED AT FAIR VALUE

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

LIABILITIES MEASURED AT FAIR VALUE

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

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

	2016		2015	
	Fair value	Carrying amount	Fair value	Carrying amount
Loans to associates	1	1	-	-
Loans to external	35	35	30	30
Trade receivables	27	27	56	56
Closing balance	**62**	**62**	**86**	**86**

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

	2016		2015	
	Fair value	Carrying amount	Fair value	Carrying amount
Seller credit and withheld purchase price	71	71	75	75
Closing balance	**71**	**71**	**75**	**75**

The difference between the fair value and the amortised cost of interest-bearing liabilities with variable interest rates is described in note 26. Other financial liabilities, except for the amounts above, are short term and the difference between the fair value and the amortised cost is marginal.

NOTE 9 CONSTRUCTION CONTRACTS

All amounts in NOK million

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

Settlement of the sale price of NOK 60 million and the accrued construction costs will not be made until the completion and handover of the project in 2017. The project management fee is recognised in the income statement according to the stage of completion measured by reference to the contract costs incurred up to the end of the reporting period as percentage of total estimated costs. In 2016 a management fee of NOK 3 million has been recognised.

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

	2016	2015
Amounts due from customers for contract work	324	102
Total	**324**	**102**
The net position relates to:		
Amounts due from sales of investment property	60	60
Amounts due from pre-phase work on the property	30	30
Aggregate costs incurred	234	12
Total	**324**	**102**

NOTE 10 TOTAL PROPERTY COSTS

All amounts in NOK million

	2016	2015
Property Costs		
Maintenance	50	56
Tax, leasehold, insurance	30	35
Letting and property administration	38	42
Direct property costs	42	52
Total property costs	**159**	**185**

NOTE 11 OTHER REVENUE

All amounts in NOK million

	2016	2015
Other Revenue		
Sales of services provided to tenants	65	17
Construction contract revenue	220	12
Sales of housing-units for sale	19	186
Sales of property for sale	638	0
Other revenue	8	25
Total other revenue	**950**	**240**

NOTE 12 OTHER COSTS

All amounts in NOK million

	2016	2015
Other costs		
Rental costs	12	1
Development costs - property and housing-units for sale [1)]	606	186
Construction contract costs	220	12
Depreciation and write-downs	46	18
Other costs	43	7
Total other costs	**927**	**224**

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

NOTE 13 ADMINISTRATIVE COSTS

All amounts in NOK million

	2016	2015
Administrative costs		
Payroll and personnel expenses	92	98
Office expenses, furnishings and equipment	23	23
Consultancy fees	24	29
Other administrative owner costs	12	19
Total administrative costs	**152**	**168**

NOTE 14 PERSONNEL COSTS

All amounts in NOK million

PERSONNEL COSTS

	2016	2015
Salaries, performance-related pay and other taxable benefits [1]	158	155
Employers' National Insurance contributions	23	19
Pension expenses	14	24
Other personnel costs	12	13
Total personnel costs	**206**	**211**
Of which capitalised as projects under development	-36	-31
Of which shared costs to be distributed amongst tenants	-37	-44
Of which related to the ongoing operation of properties	-5	-3
Total salary and personnel costs	**127**	**133**
Number of full-time equivalents.	159	163
Number of employees at 31.12	166	162

[1] Salaries, performance-related pay and other taxable benefits includes a NOK 14 (NOK 13) million provision for performance-related pay for all employees in 2016, 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 support 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 2017

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 2017 and up until the annual shareholders' meeting in 2018.

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 2017 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, which as of 2017 consist of the following KPI´s and topics:

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

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

LTI scheme

The LTI scheme is based on two Key Performance Indicators (KPIs); Return on Equity after tax (RoE) and Total Shareholder Return (TSR), each weighting 50 per cent. The Board believes that these KPIs align the interest of corporate management and shareholders in a beneficial manner, even though both KPIs to some extent are also influenced by external factors beyond the control of management.

Actual performance is determined on a linear target scale between a hurdle at 80 per cent and a cap at 120 per cent for both KPIs.

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

OVERVIEW OF REMUNERATION SCALE LTI SCHEME 2017

	Target scale 2017 (%)			Maximum LTI result Senior Executives (%) [1]	Maximum LTI result CEO (%) [1]
	80	100	120		
RoE	4.6	**5.7**	6.8	10	15
TSR	80 % of index	**100 % of index**	120 % of index	10	15
Result LTI	0	**50**	100	20	30

[1] Calculated as actual achieved RoE / TSR divided by target RoE / TSR ("Result"). This Result is compared to the target scale for 2017 and if between 80 and 120 per cent, the linear percentage achievement is multiplied by the maximum LTI result. I.e.if the Result is 100 per cent on the target scale, LTI remuneration is calculated as 50 per cent multiplied by the maximum LTI of 20 per cent and 30 per cent for Senior Executives and CEO, respectively. The maximum LTI payout is 20 and 30 per cent of the base salary for Senior Executives and CEO, respectively.

The LTI remuneration will be distributed in shares, based on the total LTI payout after tax, which will have a vesting period of one year and a lock-up period of three years. LTI remuneration is not included in the basis for pensionable salary.

Share purchase scheme

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

Pension benefits

From 1 January 2016, Entra closed the defined benefit-based scheme in the Norwegian Public Service Pension Fund (SPK) for a majority of the current employees, including Senior Executives, and established a contribution-based service pension scheme for all employees. The contributions are 5 per cent of salaries between 0G and 7.1G and 15 per cent of salaries from 7.1G to 12G.

Board compensation for company management and other employees

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

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

Severance package arrangements

The CEO has the right to 6 months' severance pay based on the base salary in cases where the Board takes the initiative to terminate the employment. No other Senior Executives have pre-agreed severance pay agreements.

Determination of remuneration in 2016

Determination of senior executive remuneration for 2016 has been carried out in accordance with the guidelines determined by the Board in 2016. The base salary of the Senior Executives increased by on average 2.4 per cent in 2016. Performance-related pay for 2015 was determined and paid in 2016 on the basis of the principles determined in 2015. Performance-related pay for 2016 will be determined and paid in 2017 on the basis of the principles determined in 2016.

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

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

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

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

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

Total loans given by Entra to senior executives were NOK 162 (223) at 31 December 2016.

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

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

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

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

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

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

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

All amounts in NOK thousand	Board fees	Committee fees	Total remuneration 2016 [1]	Total remuneration 2015 [1]
Board				
Siri Hatlen, Chair	430	46	476	460
Kjell Bjordal, Deputy Chair from 28 April 2016	216	26	242	234
Arthur Sletteberg	216	65	281	272
Widar Salbuvik from 28 April 2016	147	31	178	-
Katarina Staaf from 28 April 2016	147	31	178	-
Cathrine Vaar Austheim, employee representative from 28 April 2016 [2]	147	-	147	-
Hans Petter Skogstad, employee representative from 28 April 2016 [2]	147	-	147	-
Martin Mæland, Deputy Chair until 28 April 2016	69	15	83	253
Ingrid Tjøsvold until 28 April 2016	69	15	83	253
Birthe Smedsrud Skeid, employee representative until 28 April 2016 [2]	69	-	69	209
Frode Halvorsen, employee representative until 28 April 2016 [2]	69	-	69	209
Total [1]	**1 726**	**228**	**1 955**	**1 890**

[1] The overview of the remuneration of the Board of Directors shows remuneration earned in the financial year.
[2] Does not include ordinary salary.

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

NOTE 16 NET REALISED FINANCIALS

All amounts in NOK million

	2016	2015
Interest income	9	16
Other finance income	5	3
Interest expenses	-567	-550
- of which capitalised borrowing costs	22	32
Other finance expenses	-41	-126
Total interest and other finance expense	**-572**	**-626**
Average interest on capitalised borrowing costs	3.7 %	4.0 %

NOTE 17 GOODWILL

All amounts in NOK million

MOVEMENT IN CARRYING AMOUNT OF GOODWILL

	2016	2015
Opening balance at 01.01	146	146
Amortisation from impairment	37	-
Closing balance at 31.12	**109**	**146**

The goodwill relates to the acquisiton of 50 per cent of the shares of the business in Hinna Park Eiendom AS with effect from 1 February 2014. The excess value between the purchase price and the carrying amount of the business at the date of the acquisition has been allocated on the properties in the company. The goodwill derive from the deferred tax provision on the allocated excess value and is not identifiable. Hinna Park AS sold the shares of Gullfaks AS and the amortisation of the goodwill is related to derecognition of deferred tax and corresponding goodwill.

NOTE 18 INTANGIBLE ASSETS AND OTHER OPERATING ASSETS

All amounts in NOK million

	2016			2015		
	Intangible assets [1]	Property used by owner	Other property, plant and equipment	Intangible assets [1]	Property used by owner	Other property, plant and equipment
Acquisition cost at 01.01.	31	8	38	78	8	59
Acquisitions	5	0	1	26	0	10
Reclassified to investment property	0	0	-6	-38	0	0
Disposals	0	0	0	-34	0	-31
Acquisition cost at 31.12.	**36**	**8**	**33**	**31**	**8**	**38**
Accumulated depreciation and write-downs at 01.01.	16	1	10	43	1	25
Depreciation and write-downs	5	0	4	7	0	11
Disposals	0	0	0	-34	0	-27
Accumulated depreciation and write-downs at 31.12.	**21**	**1**	**14**	**16**	**1**	**10**
Carrying amount at 31.12.	**15**	**7**	**20**	**15**	**7**	**28**

[1] Intangible assets mainly relate to software.

NOTE 19 INVESTMENT PROPERTIES

All amounts in NOK million

VALUE OF INVESTMENT PROPERTIES

	2016	2015
Opening balance at 01.01.	**28 989**	**28 230**
Other movements		
Purchase of investment property	4 183	213
Investment in the property portefolio	1 004	807
Capitalised borrowing costs	11	22
Sale of investment property	-379	-1 548
Reclassified to property and housing-units for sale	-	-493
Reclassified to construction contracts	-	-60
Change in value from operational lease	-28	-59
Change in value from investment properties	2 018	1 877
Closing balance at 31.12	**35 798**	**28 989**
Of which investment properties held for sale	168	165
Investment properties	**35 629**	**28 823**

Investment properties held for sale comprise 4 (2) investment properties for which the sales process had started, but not been completed, on the balance sheet date. Assuming that acceptable offers are received, the properties are expected to be sold within 12 months.

At 31 December 2016 investment properties held for sale include the properties Molovegen 10 in Bodø, Kalfarveien 31 in Bergen and Erling Skakkesgate 60 and Kongensgate 85 in Trondheim. The following properties have been sold during 2016: Strandveien 13 in Tromsø, Lervigsveien 32/Tinngata 8 in Stavanger, Telemarksgata 11 in Skien, Ringstabekkveien 105 in Bærum and Fritzners gate 12 in Oslo.

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

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

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

Pursuant to the lease agreements entered into between Entra and the Norwegian Ministry of Culture on 22 April 2005, 15 October 2003 and 30 June 2005, respectively, the tenant has an option to acquire the three buildings comprising the National Library in Henrik Ibsens gate 110/Observatoriegaten 1 in Oslo Municipality (the rehabilitated building, the "Magazine" and the office building "Halvbroren"). The tenant has the right to acquire the rehabilitated building and the "Magazine" at expiry of each 25 year lease period (expiring on 6 June 2030 and 31 December 2029, respectively). The leases include an unlimited number of 25-year extension periods, at market rents. Further, the tenant has the right to, upon six months' notice, acquire "Halvbroren" if the tenant itself leases and uses more than 50 per cent of the building. As of 31 December 2016, the tenant leased and used 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 NOK 1,642 (1,566) million as of 31 December 2016.

Pursuant to the lease agreement entered into between Entra and Bærum Municipality on 23 June 2005, which expires on 27 January 2027, the tenant has an option to acquire Vøyenenga School in Bærum Municipality. The option is exercisable after ten years lease at a purchase price of NOK 97.1 million; after fifteen years lease at a purchase price of NOK 86.9 million; and after 20 years lease at a purchase price of NOK 63.3 million. The market value of the property was NOK 116 (103) million as of 31 december 2016.

Pursuant to deed registered in the Land Registry on 18 August 1980, Bergen Municipality has an option to acquire Kunsthåndverkskolen in Strømgaten 1 in Bergen Municipality. Bergen Municipality has claimed the right to exercise the option effective from the point in time Kunsthåndverkskolen vacates the property and the property shall at such time be returned to Bergen Municipality without any compensation. The lease agreement is during 2015 extended and expires on 30 September 2017. The market value of the property was NOK 2 (4) million as of 31 December 2016.

Pursuant to the ground lease agreement entered into between Entra and Oslo Havn KF on 4 October 1979 relating to the Langkaia properties, the ground lessor has an option to acquire the buildings without any compensation and free of any encumbrances upon expiry of the ground lease agreement on 1 January 2031. As the property is valued based on the cash flow until expiry of the ground lease agreement (i.e. no residual value), there will be an ongoing decrease in the balance sheet value until 2030. The market value of the property was NOK 668 (649) million as of 31 December 2016.

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 (building and land) after 15 years and 25 years after the lease agreements commences. The lease agreement would most likely commence in third 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 wault of fifteen years of the lease agreement. The gross yield has a cap at 5.25 per cent (gross yield < 5.25 per cent). The option to acquire must be called twelve months ahead of the two points in time at the latest (most likely year 2033 and 2043). If the option to acquire is called at the first possible point in time (after 15 years), the remaining rent compensation paid by UiO to Entra regarding St. Olavs Plass 5/Domus Nova (todays existing lease agreement), must be paid in full together with the purchase price for the property.

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

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

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

NOTE 20 ASSOCIATES AND JOINTLY CONTROLLED ENTITES

All amounts in NOK million

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

31.12.2016	Acquisition date	Business office	Shareholding/ voting rights (%)
Associated companies			
Ullandhaug Energi AS	07.07.09	Stavanger	44.00
Greenfield Property AS	26.09.11	Måløy	33.00
Youngstorget Parkeringshus AS	16.11.05	Oslo	21.26
Jointly controlled entities			
Entra OPF Utvikling AS	21.04.12	Oslo	50.00
Sundtkvartalet Holding AS	02.01.14	Oslo	50.00
Oslo S Utvikling AS	01.07.04	Oslo	33.34
Hinna Park Facility Management AS	18.11.16	Stavanger	50.00

31.12.2015	Acquisition date	Business office	Shareholding/ voting rights (%)
Associated companies			
Ullandhaug Energi AS	07.07.09	Stavanger	44.00
Greenfield Property AS	26.09.11	Måløy	33.00
Youngstorget Parkeringshus AS	16.11.05	Oslo	21.26
Jointly controlled entities			
Entra OPF Utvikling AS	21.04.12	Oslo	50.00
Sundtkvartalet Holding AS	02.01.14	Oslo	50.00
Oslo S Utvikling AS	01.07.04	Oslo	33.34
Oslo City Kjøpesenter AS	31.12.15	Oslo	33.30

MOVEMENT IN CARRYING AMOUNT OF ASSOCIATES AND JOINTLY CONTROLLED ENTITIES

	Carrying amount 31.12.2015	Share of profit for 2016	Capital injection/ reduction	Carrying amount 31.12.2016	Change in value in share of profit [1]
Associated companies	**7**	**1**	**-1**	**7**	**0**
Jointly controlled entities					
Entra OPF Utvikling AS	492	51	284	827	63
Sundtkvartalet Holding AS	157	35	0	192	46
Oslo S Utvikling AS	540	45	-50	535	22
Oslo City Kjøpesenter AS [2]	1 592	19	-1 611	0	0
Hinna Park Facility Management AS		0	0	0	0
Total associates and jointly controlled entities	**2 789**	**150**	**-1 378**	**1 561**	**131**

MOVEMENT IN CARRYING AMOUNT OF ASSOCIATES AND JOINTLY CONTROLLED ENTITIES

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

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

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

AGGREGATE FINANCIAL INFORMATION FOR ASSOCIATES AND JOINTLY CONTROLLED ENTITIES

(Figures stated refer to Entra's ownership interest)

	Associates and Jointly controlled entities	
	2016	2015
Rental income	67	37
Net operating income	63	76
Net income	**37**	**7**
Changes in value of investment properties	109	46
Changes in value of financial instruments	22	15
Profit before tax	**168**	**68**
Tax expense	-18	-24
Profit after tax	**150**	**44**
Total comprehensive income	**150**	**44**
Total assets	2 765	3 854
Equity	1 561	2 784
Total liabilities	1 203	1 070

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

There has not been any change in the share of ownership or voting rights in this jointly controlled company in 2016.

SUMMARY OF SIGNIFICANT ACCOUNTING ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS OF OSLO S UTVIKLING AS AFTER IFRS ADJUSTMENTS FOR 2016 AND 2015 (100 PER CENT)

	2016	2015
Income statement:		
Rental income	89	76
Repairs & maintenance	0	0
Operating costs	0	0
Net operating income	**89**	**76**
Other revenue	706	383
Other costs	-629	-351
Administrative costs	-44	-40
Net realised financials	-96	-54
Net income	**25**	**14**
Changes in value of financial instruments	66	45
Profit before tax	**91**	**59**
Tax expense	54	-22
Profit for the year	**145**	**36**
Total comprehensive income	**145**	**36**
Balance sheet:		
Current assets	3 255	3 335
of which cash and cash equivalents	61	90
Non-current assets	104	46
Current liabilities	626	501
of which current financial liabilities other than accounts payable and provisions	0	0
Non-current liabilities	1 269	1 411
of which non-current financial liabilities other than accounts payable and provisions	1 269	1 411

RECONCILIATION OF CARRYING AMOUNT

	Shareholding (%)	2016	2015
Net assets	100.00	1 464	1 469
Group's shareholding in the company	33.33	488	490
Added value	33.33	47	51
Carrying amount of Group's shareholding	**33.33**	**535**	**540**

CONTRACTUAL OBLIGATIONS

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

	2016	2015
Property, plant and equipment	300	218
Total contractual obligations	**300**	**218**

NOTE 21 LONG-TERM RECEIVABLES

All amounts in NOK million

	2016	2015
External loans	35	30
Receivable at the University of Oslo	80	0
SIC 15 asset	7	0
Accrued rent exemption	22	0
Other long-term receivables	19	23
Total Long-term receivables	**163**	**53**

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

NOTE 22 TRADE RECEIVABLES

All amounts in NOK million

	2016	2015
Trade receivables	33	59
Provisions for bad debts	-6	-4
Net trade receivables	**27**	**55**

At 31 December 2016, NOK 27 (NOK 28) million in trade receivables were overdue. Provisions for a loss of NOK 6 (NOK 4) million have been made for overdue trade receivables. The age analysis of these trade receivables is as follows:

TRADE RECEIVABLES

	2016	2015
Up to 3 months	17	17
Over 3 months	10	11
Total overdue	**27**	**28**

NOTE 23 OTHER RECEIVABLES

All amounts in NOK million

OTHER RECEIVABLES

	2016	2015
VAT owed	40	8
Accrued interest	48	45
Accrued not invoiced	10	34
Advance payments and accruals	15	6
Deferred payment sales of Youngskvartalet	60	60
Accrued not invoiced construction cost Youngskvartalet	262	42
Other current receivables	40	10
Total other receivables	**476**	**206**

NOTE 24 CASH AND BANK DEPOSITS

All amounts in NOK million

	2016	2015
Bank deposits	210	179
Tied bank deposits	33	32
Total bank deposits	**243**	**212**

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

NOTE 25 SHARE CAPITAL AND SHAREHOLDER INFORMATION

Entra's share capital is NOK 183,732,461 divided into 183,732,461 shares, with each share having a par value of NOK 1.00. All the shares have been issued in accordance with the Norwegian Public Limited Companies Act and are fully paid. Entra has one class of shares. All shares provide equal rights, including the right to any dividends. Each of the shares carries one vote. There are no share options or other rights to subscribe for or acquire shares issued by Entra. Neither Entra nor any of its subsidiaries directly or indirectly owns shares in the Company.

As of 31 December 2016 Entra had 5.686 (5,847) shareholders. On 15 September 2016 the Norwegian Ministry of Trade, Industry and Fisheres, sold a total of 30 million shares through a secondary placement and reduced its holdings from 49.7 to 33.4 per cent. Norwegian investors held 59 (69) per cent of the share capital and foreign investors 41 (31) per cent at 31 December 2016.

The table below sets out the change in share capital, the average number of shares in the last two years, the largest shareholders at year end, and shares owed by directors at 31 December 2016.

	No. of shares	Share capital (NOKm)	Share premium (NOKm)	Face value (NOK)
Beginning of year 01.01.2014	142 194	142		1 000
Share split (1:1000)	142 194 000	142		1
Issue of shares	41 538 461	42	2 658	1
IPO costs	-	-	-40	1
End of year 31.12.2014	183 732 461	184	2 619	1
End of year 31.12.2015	183 732 461	184	2 619	1
End of year 31.12.2016	183 732 461	184	2 619	1

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

Entra ASA has a share purchase scheme, offering all employees, including management, the opportunity to purchase shares in Entra ASA at a 20 per cent discount. The shares are subject to two-year lock-in period. The purchase price in the employee offering is calculated as the average share price the last 30 days (VWAP) until and including 29 May 2016 less a 20 per cent discount. Total subscription amounted to NOK 7.5 (4.9) million in 2016 after discount. Entra has acquired in 2016 a total of 120,050 (83,129) of its own shares. The total amount paid to acquire the shares was NOK 9.5 (6.1) million. All shares were sold to the employees in connection with the share purchase scheme to employees in June 2016.

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 2016 were as follows:

Shareholder	No of shares per 31.12.2016	Shareholding %	Country
Norwegian Ministry of Trade, Industry and Fisheries	61 368 893	33.4	Norway
Folketrygdfondet	15 697 035	8.5	Norway
Geveran Trading	14 967 560	8.1	Cyprus
State Street Bank (Nominee)	5 031 279	2.7	USA
Danske Invest Norske	3 966 216	2.2	Norway
The Bank of New York (Nominee)	3 316 681	1.8	Belgium
J.P Morgan Bank Luxemburg (Nominee)	2 488 114	1.4	UK
The Bank of New York (Nominee)	2 413 649	1.3	Belgium
Danske Invest Norske	1 955 706	1.1	Norway
State Street Bank (Nominee)	1 816 499	1.0	USA
Illmarine Mutual Pension Fund	1 800 000	1.0	Belgium
State Street Bank (Nominee)	1 786 879	1.0	USA
State Street Bank (Nominee)	1 599 275	0.9	USA
Verdipapirfondet DnB	1 427 461	0.8	Norway
State Street Bank (Nominee)	1 359 457	0.7	USA
BNP Paribas Securities (Nominee)	1 328 376	0.7	France
BNP Paribas Securities (Nominee)	1 325 708	0.7	France
MP Pensjon	1 296 960	0.7	Norway
State Street Bank (Nominee)	1 260 800	0.7	Irland
KLP Aksje Norge Indeks	1 183 739	0.6	Norway
Total 20 largest shareholders	**127 390 287**	**69.3**	
Total	**183 732 461**	**100.0**	

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

Shareholder	Position	Number of shares 2016	Number of shares 2015
Board of directors			
Siri Hatlen	Chair	1 163	1 163
Kjell Bjordal	Deputy Chair	44 704	14 704
Arthur Sletteberg	Board member	775	775
Widar Salbuvik	Board member	-	-
Katarina Staaf	Board member	-	-
Cathrine Vaar Austheim	Employee representative	1 640	1 640
Hans Petter Skogstad	Employee representative	4 931	3 323
Senior executives			
Arve Regland	Chief Executive Officer	37 599	21 066
Anders Olstad	Chief Financial Officer	31 536	15 000
Sonja Horn	EVP Oslo	13 899	7 182
Mona Aarebrot	EVP Regional Cities	12 611	6 451
Kristin Haug Lund	EVP Project Development and Technology	10 521	6 451
Tom Bratlie	EVP HR and Communication	6 366	2 683
Anders Solaas	EVP Letting and Business Development	4 566	1 699
Shares held by board of directors and senior executives		**170 311**	**82 137**

NOTE 26 INTEREST-BEARING LIABILITIES AND ACCRUED INTEREST

All amounts in NOK million

NON-CURRENT INTEREST-BEARING LIABILITIES

	Nominal value 2016	Market value 2016	Carrying amount 2016	Nominal value 2015	Market value 2015	Carrying amount 2015
Bank loans	5 233	5 233	5 233	5 229	5 222	5 229
Bonds	9 100	9 501	9 501	6 500	6 848	6 854
Total non-current interest-bearing liabilities	**14 333**	**14 734**	**14 734**	**11 729**	**12 070**	**12 083**

CURRENT INTEREST-BEARING LIABILITIES

	Nominal value 2016	Market value 2016	Carrying amount 2016	Nominal value 2015	Market value 2015	Carrying amount 2015
Bank loans	136	136	136	1 223	1 222	1 223
Bonds	1 529	1 543	1 543	-	-	-
Commercial paper	1 700	1 700	1 700	1 900	1 900	1 900
Total current interest-bearing liabilities	**3 365**	**3 379**	**3 379**	**3 122**	**3 122**	**3 123**

The average risk premium on the Group's loans at 31.12.2016 was 1.02 (1.00) per cent.

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

THE GROUP'S BONDS AT 31.12.2016

ISIN	Issue limit	Coupon rate	Term to maturity	Amount	Repurchased [1]	Net balance [1]
NO0010552466	1 500	5.55 %	25.11.19	500	-	500
NO0010592363	1 500	4.70 %	06.12.17	500	-	500
NO0010740061	1 500	2.45 %	13.06.22	800	-	800
NO0010641806	1 500	3M Nibor + 1.25%	10.04.17	1 100	71.0	1 029
NO0010673700	1 500	3M Nibor + 1.25%	20.09.18	1 200	-	1 200
NO0010686660	1 500	4.25 %	02.09.20	700	-	700
NO0010670995	1 500	5.00 %	08.02.23	500	-	500
NO0010715931	1 500	3M Nibor + 0.61%	08.08.19	1 200	-	1 200
NO0010766363	1 500	3M Nibor + 1.05%	02.06.21	1 000	-	1 000
NO0010774797	1 500	3M Nibor + 0.94%	22.09.23	1 000	-	1 000
NO0010766389	1 500	2.45 %	02.06.23	1 100	-	1 100
NO0010282031	1 100	4.62 %	29.05.30	1 100	-	1 100
						10 629

THE GROUP'S COMMERCIAL PAPER AT 31.12.2016

ISIN	Issue limit	Coupon rate	Term to maturity	Amount	Repurchased [1]	Net balance [1]
NO0010770027	500	1.38 %	20.01.17	400	-	400
NO0010773930	500	1.39 %	10.02.17	300	-	300
NO0010776586	500	1.50 %	10.03.17	400	-	400
NO0010778533	600	1.55 %	10.05.17	600	-	600
						1 700

THE GROUP'S BONDS AT 31.12.2015

ISIN	Issue limit	Coupon rate	Term to maturity	Amount	Repurchased [1]	Net balance [1]
NO0010552466	1 500	5.55 %	25.11.19	500	-	500
NO0010592363	1 500	4.70 %	06.12.17	500	-	500
NO0010740061	1 500	2.45 %	13.06.22	400	-	400
NO0010641806	1 500	3M Nibor + 1.25%	10.04.17	1 100	-	1 100
NO0010673700	1 500	3M Nibor + 1.25%	20.09.18	1 200	-	1 200
NO0010686660	1 500	4.25 %	02.09.20	700	-	700
NO0010670995	1 500	5.00 %	08.02.23	500	-	500
NO0010715931	1 500	3M Nibor + 0.61%	08.08.19	500	-	500
NO0010282031	1 100	4.62 %	29.05.30	1 100	-	1 100
						6 500

THE GROUP'S COMMERCIAL PAPER AT 31.12.2015

ISIN	Issue limit	Coupon rate	Term to maturity	Amount	Repurchased [1]	Net balance [1]
NO0010747363	400	1.84 %	12.01.16	300	-	300
NO0010747603	400	1.80 %	15.02.16	300	-	300
NO0010751761	600	1.69 %	10.05.16	600	-	600
NO0010748825	400	1.70 %	09.03.16	300	-	300
NO0010754047	400	1.78 %	16.03.16	400	-	400
						1 900

[1] nominal values

MORTGAGES

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

For projects/properties with special characteristics, separate mortgage-based financing can be arranged. At 31 December 2016, a long-term bond of NOK 1,100 (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.

	2016	2015
Carrying amount of liabilities secured through mortgages	2 906	3 257
Carrying amount of mortgaged assets		
Buildings and sites	4 354	4 119

NOTE 27 TAX

All amounts in NOK million

INCOME TAX EXPENSE

	2016	2015
Tax payable	4	-
Change in deferred tax on profit and loss	580	354
Change in deferred tax on comprehensive income	-6	10
Income tax expense	**574**	**364**

INCOME TAX PAYABLE IS CALCULATED AS FOLLOWS

	2016	2015
Profit before tax	3 306	3 075
Share of profit/loss at associates and jointly controlled entities	-150	-44
Other permanent differences	-172	-788
Changes in temporary differences	-2 660	-1 967
Changes in loss carry-forwards	-309	-276
Profit for tax purposes	**15**	**0**
Tax payable on the balance sheet	4	-
Tax payable on the balance sheet	**4**	**-**

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

	2016	%	2015	%
Profit for accounting purposes multiplied by nominal tax rate	826	25.0	830	27.0
Tax on share of profit/loss at associates and jointly controlled entities	-38	-1.1	-12	-0.4
Tax on permanent differences	-43	-1.3	-213	-6.9
Effect of change in applied estimated tax rate subsidiary		0.0	13	0.4
Effect of change in tax rate from 25 (27) per cent to 24 (25) per cent	-161	-4.9	-265	-8.6
Profit/loss on disposal of deferred tax	-6	-0.2	0	-
Tax expense for accounting purposes	**580**	**17.5**	**354**	**11.5**

From the income year 2017 the tax rate on normal income is reduced from 25 per cent to 24 per cent. Deferred tax as at 31 December 2016 was measured using the new rate. The effect on tax for the period is NOK - 161 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:

	2016	2015
Deferred tax liability	4 288	3 880
Deferred tax assets	433	556
Net deferred tax	**3 855**	**3 324**

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

	Non-current assets [1)]	Financial instruments	Current assets	Gains/ losses account	Provisions	Loss carried forward	Total
31.12.14	**3 604**	**-337**	**10**	**158**	**-36**	**-414**	**2 984**
Transferred between categori	-69	-	69	0	0	0	0
Recognised in profit and loss	482	90	-11	-31	15	75	619
Recognised in comprehensive income	-	-	-	-	10	-	10
Acquisition and disposal of subsidiaries	-16	-	-	-5	-	-4	-24
Effect of change in tax rate	-296	18	-5	-9	1	25	-266
31.12.15	**3 704**	**-229**	**62**	**113**	**-10**	**-318**	**3 324**
Recognised in profit and loss	699	35	-63	-14	-2	77	731
Recognised in comprehensive income					-6		-6
Acquisition and disposal of subsidiaries	-9		0	-27		2	-33
Effect of change in tax rate	-176	8	0	-3	1	10	-161
31.12.16	**4 219**	**-186**	**-1**	**69**	**-17**	**-229**	**3 855**

1) The Group has applied the main rule for recognition of deferred tax in connection with the purchase of shares in property companies that are not acquired through a business combination. This means that deferred tax is recognised as the difference between the tax value and accounting value of investment property in the subsidiary, and value changes of the investment property. Deferred tax linked to the retrospective accumulated change in the value of investment properties at 31 December 2016 is NOK 3,297 (2,787) million.

NOTE 28 OTHER NON-CURRENT LIABILITIES

All amounts in NOK million

	2016	2015
Pension liabilities (see note 29)	64	40
Prepayments from customers	85	79
Subordinated loans	21	25
Seller credit and withheld purchase price	71	75
Provisions for onerous contract	87	0
Provisions for non-current liabilities	30	18
Total non-current liabilities	**358**	**237**

MOVEMENTS IN PROVISIONS FOR NON-CURRENT LIABILITIES

	2016	2015
Movements in provisions		
Opening balance at 01.01.	18	28
Additional provisions during the year	115	1
Provisions used during the year	-10	-10
Provisions in sold entities	-5	0
Unused provisions reversed during the year	0	0
Closing balance at 31.12.	**117**	**18**

DETAILS OF PROVISIONS

Tullinkvartalet AS has signed a lease contract with the University of Oslo for the planned new-build at Tullinkvartalet in Oslo. The new-build is expected to be finalised in 2019. As part of the lease agreement, Tullinkvartalet has agreed to assume the contractual obligations under the existing lease contract of the University of Oslo for the remaining lease period from 2019 to 2025 at St. Olavs Plass 5/Domus Nova. The University of Oslo is only compensating part of the contract obligations under this contract and Tullinkvartalet has accordingly entered into an onerous contract. The provision for the onerous contract of NOK 87 million represents the Group´s best estimate of the assumed contract obligation. For further explanation, see note 21.

Hinna Park AS has signed an agreement with Stavanger Municipality to acquire and develop municipal development areas in the southern part of Jåttåvågen. The Group has recognised a liability of NOK 8 (14) million at 31 December 2016, which represents the Group's best estimate of the remaining infrastructure obligation to Stavanger Municipality.

NOTE 29 PENSIONS

All amounts in NOK million

The Group closed with effect from 31 December 2015 the defined benefit pension plan in Statens Pensjonskasse ("SPK") for employees born before 1960 as Entra ASA no longer fulfilled the conditions of having their pension plan in SPK as a listed company. From 1 July 2015 a defined contribution pension plan was established for employees in Entra ASA. The defined benefit pension plan for the group cover a total of 29 (32) current employees and 65 (60) pensioners. The defined benefit contribution plan includes 138 (13) employees in the Group.

DEFINED CONTRIBUTION PLANS

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

DEFINED BENEFIT PLANS

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

The Group also has a contractual early-retirement scheme (AFP) from the age 62. At 31 December 2016, 10 (11) former employees had chosen to make use of the AFP scheme. Employees can cut back on their working week or retire completely. If they choose to cut back, they must continue to work 60 per cent of a full-time position. Between the ages of 62 and 65, pensions are calculated in accordance with the National Insurance Scheme's stipulations. On reaching the age of 65, the pension is calculated using either the National Insurance Scheme's rules or the Norwegian Public Service Pension Fund's rules, depending on which is better for the member. At 31 December 2016, the net pension liabilities associated with the AFP scheme amounted to NOK 22 (NOK 16) million, which is included under total pension liabilities in the table below.

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

THE BALANCE SHEET LIABILITIES HAVE BEEN CALCULATED AS FOLLOWS

	2016	2015
Present value of accrued pension liabilities in defined-benefit schemes in unit trusts	198	172
Fair value of pension scheme assets	-141	-137
Employers' NICs accrued	8	5
Net pension liabilities on the balance sheet at 31.12	**64**	**40**

CHANGE IN DEFINED-BENEFIT PENSION LIABILITIES OVER THE YEAR

	2016	2015
Pension liabilities at 01.01	172	198
Present value of pensions earned this year	4	23
Interest expense	5	4
Pension benefits paid	-6	-6
Settlement	-	-17
Plan amendment	-	0
Actuarial losses (+)/gains (-)	22	-30
Pension liabilities at 31.12	**198**	**172**

CHANGE IN FAIR VALUE OF PENSION SCHEME ASSETS

	2016	2015
Pension scheme assets at 01.01	137	126
Anticipated return on pension scheme assets	4	3
Contributions from employer	4	23
Pension benefits paid	-6	-6
Settlement	0	-14
Actuarial losses (-)/gains (+)	2	4
Pension scheme funds at 31.12	**141**	**137**

TOTAL COST RECOGNISED IN THE INCOME STATEMENT

	2016	2015
Cost of pension benefits accrued during current period	4	23
Impact on this years plan assets	0	-3
Employers' National Insurance contributions	1	3
Contribution scheme	9	1
Total pension benefits accrued during the period	**13**	**24**
Net interest expense	1	1
Total pension benefits accrued in income statement	**14**	**25**
Estimate difference accrued in comprehensive income	23	-39
Total pension benefits accrued in total comprehensive income	**37**	**-14**

The actual return on pension scheme assets was NOK 6 (7) million.

THE FOLLOWING ECONOMIC ASSUMPTIONS HAVE BEEN USED

	2016	2015
Discount rate	2.60 %	2.70 %
Anticipated return on pension scheme assets	2.60 %	2.70 %
Annual wage growth	2.50 %	2.50 %
Annual adjustment to the National Insurance Scheme's basic amount ("G")	2.25 %	2.25 %
Annual adjustment of pensions	1.50 %	1.50 %
Mortality rates	K2013	K2013
Disability rates	200 % * K63	200 % * K63
Proportion of entitled employees making use of AFP	20 %	20 %

The actuarial assumptions are based on generally accepted assumptions in the insurance industry with regard to demographic factors. The pension scheme assets are invested in government bonds.

AMOUNTS FOR THE CURRENT YEAR AND FOR THE FOUR PREVIOUS YEARS

	2016	2015	2014	2013	2012
Gross defined-benefit pension liabilities	198	172	198	154	148
Fair value pension funds 31.12	-141	-137	-126	-107	-97
Net defined-benefit pension liabilities	**56**	**35**	**72**	**47**	**52**

Expected payments to the defined-benefit pension plan for the period 1 January 2017 - 31 December 2017 are NOK 2 (3) million and for the defined contribution plan NOK 9 (7) million.

NOTE 30 OTHER CURRENT LIABILITIES

All amounts in NOK million

	2016	2015
Holiday pay owed	16	15
Unpaid government taxes and duties	14	14
Interest accrued	122	89
Tenant prepayments	80	74
Provisions for current liabilities	14	15
Other liabilities	12	30
Total other current liabilites	**257**	**236**

MOVEMENTS IN PROVISIONS FOR CURRENT LIABILITIES

	2016	2015
Movements in provisions		
Opening balance at 01.01.	15	18
Additional provisions during the year	14	15
Provisions used during the year	-15	-18
Unused provisions reversed during the year	0	0
Closing balance at 31.12.	**14**	**15**

Provisions mainly consist of provisions for salaries and fees.

NOTE 31 SUBSIDIARIES

The Group comprises the following legal entities at 31 December 2016.

Subsidiary of Entra ASA			
Akersgata 32 AS	Fredrik Selmers vei 4 AS	Middelthuns gate 29 AS	Tollbodalmenningen 2A AS
Akersgata 34-36 AS	Hagegata 22 og 24 AS	Moloveien 10 AS	Tollbugata 1A AS
AS Lilletorget 1	Hagegata 23 Eiendom AS	Nonnen Utbygging AS	Tordenskiolds gate 12 AS
Biskop Gunnerus gate 6 AS	Hinna Park Eiendom AS [1]	Nygård Panorama AS	Tullinkvartalet AS
Biskop Gunnerusgate 14 AS	Holtermanns veg 1-13 AS	Nytorget 1 AS	Tungasletta 2 AS
Bispen AS	Kalfarveien 31 AS	Oslo City Kontor AS	Universitetsgaten 2 AS
Brattørkaia AS [3]	Karoline Kristiansens vei 2 AS	Oslo City Parkering 2 AS	Universitetsgaten 7 AS
Brattørkaia 13B AS	Kjørboparken AS	Oslo Z AS	Vahlsgate 1-3 ANS
Brynsengfaret 4 og 6 AB+F AS	Kongens gate 85 AS	Otto Sverdrups plass 4 AS	Vahlsgate 1-3 AS
Drammensveien 134 II AS	Konggata 51 AS	Papirbredden Eiendom AS [2]	Vahlsgate 1-3 KS
Drammensveien 134 Utearealer AS	Kongsgård allé 20 AS	Pilestredet 19-21 AS	Vestre Strandgate 21 AS
Drammensveien 134 P-Hus AS	Kr Augustsgate 23 AS	Pilestredet 28 AS	Verkstedveien 1 Monier AS
Entra AS	Kvartal 71 AS	Prof. Olav Hanssens vei 10 AS	Verkstedveien 3 AS
Entra Felleskost AS	Langkaia 1 AS	Schweigaards gate 15 AS	Wergelandsveien 29 AS
Entra Kultur 1 AS	Lømslands vei 23 AS	Schweigaards gate 16 AS	Wexelsplass Garasje AS
Entra Service AS	Lømslands vei 6 AS	Sorgenfri Trondheim AS	Youngskvartalet AS
Entra Utleie AS	Marken 37 AS	Sørlandet Kunnskapspark Eiendom AS	Aasta Hansteens vei 10 AS

Shares in subsidiaries owned through subsidiaries		
Hinna Park Eiendom AS [1]	**Papirbredden Eiendom AS [2]**	**Brattørkaia AS [3]**
Hinna Park AS	Grønland 51 AS	Brattørkaia 14 AS
HP Stadionblokken C AS	Grønland 56 AS	Brattørkaia 15AB-16 AS
Fjordpiren AS	Grønland 58 AS	Brattørkaia 17A AS
Troll Næring AS	Grønland 60 AS	Brattørkaia 17B AS
Ormen Lange AS	Kreftingsgate 33 AS	Brattørkaia Energi AS
Oseberg Næring AS		
Hinna Park Logistikk AS		
Hinna Park Utvikling AS		

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

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

3) Brattørkaia AS is owned by Entra ASA with 100 per cent.

NOTE 32 RELATED PARTIES

All amounts in NOK million

The Group's transactions and balances with associates and jointly controlled entities in 2016 mainly related to administrative fees, loans, interest payments on loans and dividends. The aggregate figures are shown in the table below.

	2016	2015
Income statement		
Other revenue	6	2
Dividends	51	51
Balance sheet		
Receivables	2	1
Loans	1	-

NOTE 33 CONTINGENCIES

Entra is currently involved in legal arbitration proceedings with Norwegian Datasenter Group AS/ Greenfield Property AS.

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

Entra has not made any provision for the claims as the Group considers it not probable that an outflow of resources will be required.

NOTE 34 AUDITOR'S FEE

All amounts in NOK thousand

	2016	2015
Statutory audit	2 449	2 629
Tax advice	2 752	569
Other services not related to auditing	268	555
Other assurance services	906	606
Total auditor's fee (excl. VAT)	**6 374**	**4 359**

The total fee to the auditor in 2016 amounts to NOK 6.4 (4.4) million, of which a total of NOK 3.3 (1.4) million is related to the jointly controlled entity Hinna Park AS. The fee related to the statutory audit of Hinna Park AS amounts to NOK 0.5 (0.5) million. Tax advice is mainly related to Hinna Park AS as the company has used the auditor as a tax advisor in relation with the sale of Gullfaks AS and various tax and VAT inquiries.

NOTE 35 EARNINGS PER SHARE

Basic earnings per share is calcuated 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.

	2016	2015
Total comprehensive income for the year attributable to equity holders of the Company (NOK million)	2 602	2 677
Average number of outstanding shares (Note 25)	183 732 461	183 732 461
Basic earnings per share (NOK)	14	15

NOTE 36 DIVIDEND PER SHARE AND DIVIDEND POLICY

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

In 2016 Entra changed the dividend policy from paying out annual dividends to semi-annual dividends. In line with the dividend policy of distributing approximately 60 per cent of Cash Earnings, the board of Entra will propose to distribute a semi-annual dividend of NOK 1.75 per share for the second half of 2016, which corresponds to a total dividend of NOK 321.5 million (NOK 551.2 million). In October 2016, Entra paid out NOK 1.7 per share for the first six months of 2016. For the financial year 2016 Entra will thus have paid out NOK 3.45 per share compared to NOK 3 per share for 2015, which corresponds to a total dividend of NOK 633.8 million in 2016.

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

NOTE 37 SUBSEQUENT EVENTS

All amounts in NOK million

The Group has in January 2017 signed an agreement regarding the divestment of a property portfolio in Kristiansand with a total property value of 675 million. The buyer is Samhällsbyggnadsbolaget i Norden AB (publ) and the transaction is subject to the buyer obtaining satisfactory debt financing.

Closing and settlement is expected to take place around 31 March 2017 for all properties totalling approximately 45,000 sqm, except for the 2,250 sqm. new school building under construction in Kongsgård Allé 20, where closing will take place when the new building is completed, estimated to be in June 2018.

Key figures for the property portfolio in total are listed below:

	2016	2015
Rental income	50	47
Repairs & maintenance	-4	-3
Operating costs	-2	-2
Net operating income	**44**	**43**
Book value as of 31.12.	**675**	**613**

In addition, Molovegen 10 in Bodø was sold in the January 2017 with closing in February 2017, the property Kalfarveien 31 in Bergen was sold 23 June 2016 and had closing in February 2017 and the property Erling Skakkesgate 60/Kongensgate 85 in Trondheim was sold in November 2016 and has closing 31 March 2017.

The hearing of the dispute with Evry ASA took place in the Court of Appeal in October 2016 and Entra prevailed on all counts. The judgment was appealed to the Supreme Court by the counterparty. The Supreme Court rejected the appeal in March 2017.

Financial statements Entra ASA

Statement of income 1 January to 31 December

All amounts in NOK million

	Note	2016	2015
Revenue	4	25	0
Total revenue		**25**	**0**
Operating costs	5, 22	-29	0
Other property costs	6	-8	0
Administrative costs	7, 8, 21	-149	-11
Total operating costs		**-187**	**-11**
Operating profit		**-162**	**-11**
Income from investment in subsidiary		729	568
Income from investments in associates and jointly controlled entities		51	0
Interest income from Group companies		92	1
Other financial income	9	67	0
Interest expense		-452	0
Other financial costs	10	-80	-10
Net financials		**407**	**559**
Profit before tax		**245**	**548**
Tax expense	11	-38	-157
Profit for the year		**207**	**390**

Balance sheet – assets

All amounts in NOK million

	Note	31.12.16	31.12.15
NON-CURRENT ASSETS			
Deferred tax assets	11	50	83
Other intangible assets	12	9	12
Total intangible assets		**60**	**95**
Property and equipment	12	8	10
Total property & equipment		**8**	**10**
Investment in subsidiaries	13	16 225	11 148
Investments in associates and jointly controlled entities	13	1 111	2 419
Loan to associates and jointly controlled entities	14	1	0
Loan to Group companies	14, 19	2 665	2 600
Other long-term receivables	14	65	108
Total non-current financial assets		**20 067**	**16 276**
Total non-current assets		**20 134**	**16 380**
CURRENT ASSETS			
Trade receivables		4	29
Receivables on Group companies	19	762	2 039
Other current receivables		68	34
Total current receivables		**834**	**2 102**
Cash and bank deposits		116	153
Total current assets		**950**	**2 255**
TOTAL ASSETS		**21 084**	**18 635**

Balance sheet
– equity and liabilities

All amounts in NOK million

	Note	31.12.16	31.12.15
EQUITY			
Share capital	15, 16	184	184
Share premium reserve	15	2 619	2 619
Other paid-in capital	15	937	937
Total paid-in capital		**3 739**	**3 739**
Retained earnings	15	1 168	1 614
Total equity		**4 908**	**5 353**
NON-CURRENT LIABILITIES			
Interest-bearing debt	17	11 720	8 650
Pension liability	18	61	38
Other non-current liabilities		86	86
Total non-current liabilities		**11 867**	**8 774**
CURRENT LIABILITIES			
Interest-bearing debt	17	3 229	3 100
Trade payables		6	15
Liabilities to Group companies	19	620	739
Proposed dividend		322	551
Other current liabilites		133	104
Total current liabilities		**4 310**	**4 509**
Total liabilities		**16 177**	**13 282**
TOTAL EQUITY AND LIABILITIES		**21 084**	**18 635**

Oslo, 8 March 2017
The Board of Directors of Entra ASA

Siri Hatlen
Chair of the Board

Kjell Bjordal
Deputy Chair

Arthur Sletteberg
Board member

Katarina Staaf
Board member

Widar Salbuvik
Board member

Cathrine Vaar Austheim
Board member

Hans Petter Skogstad
Board member

Arve Regland
CEO

Statement of cash flows 1 January to 31 December

All amounts in NOK million

	2016	2015
Profit before tax	245	548
Net expensed interest and fees on loans	513	0
Net interest and fees paid on loans	-430	0
Income from investment in subsidiaries, associates and joint controlled entities	-780	-568
Gain and loss on sale of shares	-47	0
Depreciation and write-downs of non-current assets	7	10
Change in trade receivables	-9	0
Change in trade payables	23	0
Change in working capital	-35	-9
Net cash flow from operating activities	**-512**	**-20**
Proceeds from sales of investments	110	0
Payments made on investments in subsidiaries	-3 028	0
Payments made on investments in associates and jointly controlled entities	-284	0
Proceeds from subsidiaries - Group contribution/dividends	983	500
Proceeds from associates and jointly controlled entities - dividends	51	0
Net cash from merger	0	153
Proceeds from loans to subsidiaries	43	0
Payments made on loans to associates and jointly controlled entities	-1	0
Purchase of intangible assets and other property, plant and equipment	-3	0
Payments made on loans to external	-5	0
Net change in cash pool balance	275	0
Net cash flow from investing activities	**-1 858**	**653**
Proceeds interest-bearing debt	15 880	0
Repayment interest-bearing debt	-12 681	0
Net change in overdraft facility	0	-21
Repayment of equity	-1	0
Dividends paid	-864	-459
Net cash flow from financing activities	**2 334**	**-480**
Change in cash and cash equivalents	-37	153
Cash and cash equivalents at beginning of period	153	0
Cash and cash equivalents at end of period	**116**	**153**

Summary of Notes

Notes

NOTE 1 GENERAL INFORMATION

Entra ASA ("Entra" or "the Company") is listed on Oslo Stock Exchange with the ticker ENTRA. Entra ASA and its subsidiaries is one of Norway's leading real estate companies, focusing on high quality, flexible office buildings with central locations. The Group owns and manages 94 (96) buildings with a total area of approximately 1.3 (1.2) million sqm. As of 31 December 2016 the real estate portfolio had a market value of around NOK 35.8 (29.6) billion. The public sector represents approximately 70 (74) per cent of the total customer portfolio. Entra's strategic areas are Oslo and the surrounding region, Bergen, Stavanger and Trondheim. The Group is organised in two units: Oslo and Regional cities. Entra has its head office in Oslo.

The financial statements were adopted by the Company's Board on 8 March 2017.

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 income, the 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 expensed 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 17. 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 contribution 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 COMPARATIVE FIGURES

At 31 December 2015 Entra ASA merged with Entra Eiendom AS. Entra Eiendom AS was dissolved. The accounting effect was from 31 December 2015 and Entra ASA took over assets and liabilities from that date. The result after tax amounting to NOK 385 million for 2015 in Entra Eiendom AS was booked against equity in Entra ASA in the merger. The statement of income for 2016 are therefore not comparable with the statement of income for 2015.

NOTE 4 REVENUE

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

NOTE 5 OPERATING COSTS

All amounts in NOK million

	2016	2015
Letting and property administration	29	0
Total operating costs	**29**	**0**

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

NOTE 6 OTHER PROPERTY COSTS

All amounts in NOK million

	2016	2015
Development costs	1	0
Depreciation and write-downs	7	0
Total other property costs	**8**	**0**

NOTE 7 ADMINISTRATIVE COSTS

All amounts in NOK million

	2016	2015
Payroll and personnel expenses	89	4
Office expenses, furnishings and equipment	33	1
Consultancy fees	18	5
Other administrative owner costs	10	2
Total administrative costs	**149**	**11**

NOTE 8 PERSONNEL COSTS

All amounts in NOK million

	2016	2015
Salaries, performance-related pay and other taxable benefits [1)]	147	3
Employers' National Insurance contributions	22	0
Pension expenses	12	0
Other personnel costs	11	1
Total personnel costs	**191**	**4**
Of which billed and capitalised as projects under development in subsidiaries/JV	-31	0
Of which billed as shared costs to be distributed amongst tenants in subsidiaries/JV	-43	0
Total salary and personnel costs	**118**	**4**
Number of full-time equivalents	146	0
Number of employees at 31.12.	152	0

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 Directors.

NOTE 9 OTHER FINANCIAL INCOME

All amounts in NOK million

	2016	2015
Gain on sales of shares	63	0
Other interest income	4	0
Total other financial income	**67**	**0**

NOTE 10 OTHER FINANCIAL COSTS

All amounts in NOK million

	2016	2015
Fees and premiums	62	0
Loss on sales of shares	16	0
Write-downs of financial assets	0	10
Other financial costs	3	0
Total other financial costs	**80**	**10**

NOTE 11 TAX

All amounts in NOK million

	2016	2015
Tax expense		
Change in deferred tax recognised in profit and loss	38	157
Total tax expense	**38**	**157**
Income tax payable is calculated as follows		
Profit before tax	245	548
Dividend received	-60	-
Other permanent differences	-41	10
Change in temporary differences	78	61
Change in loss carry-forwards	-222	-619
Profit for tax purposes	**0**	**0**

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

	Non-current assets	Financial instruments	Current assets	Gains/losses account	Provisions	Loss carried forward	Total
31.12.14	**0**	**0**	**0**	**0**	**0**	**-19**	**-19**
Recognised in profit and loss	4	0	0	-20	0	167	150
Effect of change in tax rate	1	-1	0	-6	1	11	7
Merger	-13	9	0	100	-18	-299	-221
31.12.15	**-8**	**8**	**0**	**74**	**-17**	**-140**	**-83**
Recognised in profit and loss	1	0	0	-15	-10	56	32
Recognised directly in equity	0	0	0	0	-1	0	-1
Effect of change in tax rate	0	0	0	-2	1	3	2
31.12.16	**-7**	**8**	**0**	**57**	**-27**	**-81**	**-50**

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:

	2016	%	2015	%
Profit for accounting purposes multiplied by nominal tax rate	61	25.0 %	148	27.0 %
Tax on dividend	-15	-6.2 %	-	0.0 %
Tax on permanent differences	-10	-4.1 %	3	0.5 %
Effect of change in tax rate	2	0.9 %	7	1.2 %
Tax expenses for accounting purposes	**38**	**15.6 %**	**157**	**28.7 %**

From the income year 2017 the tax rate on normal income is reduced from 25 per cent to 24 per cent. Deferred tax as at 31 December 2016 was measured using the new rate. The effect on tax for the period is NOK 2 million.

NOTE 12 INTANGIBLE ASSETS, PROPERTY AND EQUIPMENT

All amounts in NOK million

	Intangible assets [1]	Property and equipment
Acquisition cost at 01.01.2016	27	13
Acquisition	2	1
Acquisition cost at 31.12.2016	**30**	**14**
Accumulated depreciation at 01.01.2016	16	3
Depreciation	5	3
Accumulated depreciation at 31.12.2016	**20**	**6**
Carrying amount at 31.12.2016	**9**	**8**
Anticipated useful life	3 years	3-5 years
Depreciation schedule	linear	linear

[1] Intangible assets mainly relate to software.

NOTE 13 SUBSIDIARIES, JOINTLY CONTROLLED ENTITIES AND ASSOCIATES

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

SUBSIDIARY

	Acquisition date	Business office	Shareholding/ voting rights %
Akersgata 32 AS	05.01.15	Oslo	100
Akersgata 34-36 AS	01.06.15	Oslo	100
AS Lilletorget 1	01.07.14	Oslo	100
Biskop Gunnerus gate 6 AS	05.01.15	Oslo	100
Biskop Gunnerusgate 14 AS	26.03.01	Oslo	100
Bispen AS	24.10.07	Oslo	100
Brattørkaia 13B AS	31.12.16	Oslo	100
Brattørkaia AS	31.01.06	Oslo	100
Brynsengfaret 4 og 6 AB+F AS	01.01.14	Oslo	100
Drammensveien 134 II AS	01.09.16	Oslo	100
Drammensveien 134 P-hus AS	01.09.16	Oslo	100
Drammensveien 134 Utearealer AS	01.09.16	Oslo	100
Entra AS	24.04.12	Oslo	100
Entra Felleskost AS	01.06.15	Oslo	100
Entra Kultur 1 AS	28.02.02	Oslo	100
Entra Service AS	01.06.15	Oslo	100
Entra Utleie AS	05.01.15	Oslo	100
Fredrik Selmers vei 4 AS	01.06.15	Oslo	100
Hagegata 22 og 24 AS	01.10.08	Oslo	100
Hagegata 23 Eiendom AS	29.03.10	Oslo	100
Hinna Park Eiendom AS	20.12.13	Oslo	50
Holtermanns veg 1-13 AS	24.09.10	Oslo	100
Kalfarveien 31 AS	05.01.15	Oslo	100
Karoline Kristiansens vei 2 AS	15.02.11	Oslo	100
Kjørboparken AS	21.12.05	Oslo	100
Kongens gate 85 AS	20.10.16	Oslo	100
Konggata 51 AS	05.01.15	Oslo	100
Kongsgård Allé 20 AS	20.10.16	Oslo	100
Kr Augustsgate 23 AS	01.02.03	Oslo	100
Kvartal 71 AS	01.01.14	Oslo	100
Langkaia 1 AS	21.11.03	Oslo	100
Lømslands vei 23 AS	01.01.14	Oslo	100
Lømslands vei 6 AS	01.01.14	Oslo	100
Marken 37 AS	20.10.16	Oslo	100
Middelthuns gate 29 AS	01.01.14	Oslo	100
Moloveien 10 AS	01.01.14	Oslo	100
Nonnen Utbygging AS	10.02.03	Oslo	100
Nygård Panorama AS	01.08.16	Oslo	100
Nytorget 1 AS	01.06.15	Oslo	100
Oslo City Kontor AS	19.02.16	Oslo	100
Oslo City Parkering 2 AS	19.10.16	Oslo	100
Oslo Z AS	20.09.00	Oslo	100
Otto Sverdrups plass 4 AS	01.06.15	Oslo	100
Papirbredden Eiendom AS	12.01.11	Oslo	60
Pilestredet 19-21 AS	20.10.16	Oslo	100
Pilestredet 28 AS	07.05.08	Oslo	100
Prof. Olav Hanssensvei 10 AS	20.10.16	Oslo	100
Schweigaards gate 15 AS	01.01.14	Oslo	100

Continued

Schweigaards gate 16 AS	20.02.13	Oslo	100
Sorgenfri Trondheim AS	22.12.15	Oslo	100
Sørlandet Kunnskapspark Eiendom AS	02.06.05	Oslo	100
Tollbodallmenningen 2A AS	20.10.16	Oslo	100
Tollbugata 1A AS	01.01.14	Oslo	100
Tordenskiolds gate 12 AS	05.01.15	Oslo	100
Tullinkvartalet AS	21.11.11	Oslo	100
Tungasletta 2 AS	01.01.14	Oslo	100
Universitetsgaten 2 AS	03.09.01	Oslo	100
Universitetsgaten 7 AS	01.04.12	Oslo	100
Vahlsgate 1-3 ANS	01.07.13	Oslo	100
Vahlsgate 1-3 AS	01.07.13	Oslo	100
Vahlsgate 1-3 KS	01.07.13	Oslo	90
Verkstedveien 1 Monier AS	01.09.16	Oslo	100
Verkstedveien 3 AS	01.09.16	Oslo	100
Vestre Strandgate 21 AS	01.01.14	Oslo	100
Wergelandsveien 29 AS	05.01.15	Oslo	100
Wexelsplass Garasje AS	11.06.12	Oslo	100
Youngskvartalet AS	30.03.11	Oslo	100
Aasta Hansteens vei 10 AS	01.01.14	Oslo	100

JOINTLY CONTROLLED ENTITIES

	Acquisition date	Business office	Shareholding/ voting rights %
Entra OPF Utvikling AS	21.04.12	Oslo	50
Oslo S. Utvikling AS	01.07.04	Oslo	33.33
Sundtkvartalet Holding AS	19.06.14	Oslo	50
Hinna Park Facility Management AS	18.11.16	Stavanger	50

ASSOCIATED COMPANIES

	Acquisition date	Business office	Shareholding/ voting rights %
Ullandhaug Energi AS	07.07.09	Stavanger	44
Youngstorget Parkeringshus AS	16.11.05	Oslo	21.26
Greenfield Property AS	26.09.11	Måløy	33.33

NOTE 14 RECEIVABLES WHICH FALL DUE AFTER MORE THAN ONE YEAR

All amounts in NOK million

	2016	2015
Loan to associates and jointly controlled entities	1	0
Loan to Group companies	2 665	2 600
Receivable buy-out agreement	18	20
Subordinated loans	35	30
Prepaid fees	12	59
Total	**2 730**	**2 708**

NOTE 15 EQUITY

All amounts in NOK million

	Share capital	Share premium reserve	Other paid-in capital	Retained earnings	Total equity
Equity at 31.12.2014	**184**	**2 619**	**937**	**28**	**3 768**
Acquired own shares - employee saving scheme		-6		-1	-7
Sold own shares - employee saving scheme		6		0	6
Merger				1 747	1 747
Profit for the year				390	390
Dividend				-551	-551
Equity at 31.12.2015	**184**	**2 619**	**937**	**1 614**	**5 353**
Net equity effect of employee share saving scheme				-1	-1
Net equity effect of LTI share programme				0	-0
Profit for the year				207	207
Equity effect of actuarial gains and losses				-17	-17
Dividend				-634	-634
Equity at 31.12.2016	**184**	**2 619**	**937**	**1 168**	**4 908**

NOTE 16 SHARE CAPITAL AND SHAREHOLDER INFORMATION

Entra's share capital is NOK 183,732,461 divided into 183,732,461 shares, with each share having a par value of NOK 1.00. All the shares have been issued in accordance with the Norwegian Public Limited Companies Act and are fully paid. Entra has one class of shares. All shares provide equal rights, including the right to any dividends. Each of the shares carries one vote. There are no share options or other rights to subscribe for or acquire shares issued by Entra. Neither Entra nor any of its subsidiaries directly or indirectly owns shares in the company.

As of 31 December 2016 Entra had 5.686 (5,847) shareholders. On 15 September 2016 the Norwegian Ministry of Trade, Industry and Fisheries, sold a total of 30 million shares through a secondary placement and reduced its holdings from 49.7 to 33.4 per cent. Norwegian investors held 59 (69) per cent of the share capital and foreign investors 41 (31) per cent at 31 December 2016.

The table below sets out the change in share capital, the average number of shares in the last two years, the largest shareholders at year end, and shares owned by directors at 31 December 2016.

	No. of shares	Share capital (NOKm)	Share premium (NOKm)	Face value (NOK)
Beginning of year 01.01.2016	183 732 461	184	2 619	1
End of year 31.12.2016	183 732 461	184	2 619	1

Entra ASA has a share purchase scheme, offering all employees, including management, the opportunity to purchase shares in Entra ASA at a 20 per cent discount. The shares are subject to two-year lock-in period. The purchase price in the employee offering is calculated as the average share price the last 30 days (VWAP) until and including 29 May 2016 less a 20 per cent discount. Total subscription amounted to NOK 7.5 million (4.9 million) in 2016 after discount. Entra has acquired in 2016 a total of 120,050 (83,129) of its own shares. The total amount paid to acquire the shares was NOK 9.5 million (6.1 million). All shares were sold to the employees in connection with the share purchase scheme for employees in June 2016.

The 20 largest shareholders as registered in the VPS as of 31 December 2016 were as follows:

Shareholder	No of shares per 31.12.2016	Shareholding %	Country
Norwegian Ministry of Trade, Industry and Fisheries	61 368 893	33.4	Norway
Folketrygdfondet	15 697 035	8.5	Norway
Geveran Trading	14 967 560	8.1	Cyprus
State Street Bank (Nominee)	5 031 279	2.7	USA
Danske Invest Norske	3 966 216	2.2	Norway
The Bank of New York (Nominee)	3 316 681	1.8	Belgium
J.P Morgan Bank Luxemburg (Nominee)	2 488 114	1.4	UK
The Bank of New York (Nominee)	2 413 649	1.3	Belgium
Danske Invest Norske	1 955 706	1.1	Norway
State Street Bank (Nominee)	1 816 499	1.0	USA
Illmarine Mutual Pension Fund	1 800 000	1.0	Belgium
State Street Bank (Nominee)	1 786 879	1.0	USA
State Street Bank (Nominee)	1 599 275	0.9	USA
Verdipapirfondet DnB	1 427 461	0.8	Norway
State Street Bank (Nominee)	1 359 457	0.7	USA
BNP Paribas Securities (Nominee)	1 328 376	0.7	France
BNP Paribas Securities (Nominee)	1 325 708	0.7	France
MP Pensjon	1 296 960	0.7	Norway
State Street Bank (Nominee)	1 260 800	0.7	Irland
KLP Aksje Norge Indeks	1 183 739	0.6	Norway
Total 20 largest shareholders	**127 390 287**	**69.3**	
Total	**183 732 461**	**100.0**	

SHARES HELD BY DIRECTORS AND SENIOR EXECUTIVE OFFICERS AT 31.12.

Shareholder	Position	Number of shares 2016	Number of shares 2015
Board of directors			
Siri Hatlen	Chair	1 163	1 163
Kjell Bjordal	Board member	44 704	14 704
Arthur Sletteberg	Board member	775	775
Widar Salbuvik	Board member	-	-
Katarina Staaf	Board member	-	-
Cathrine Vaar Austheim	Employee representative	1 640	1 640
Hans Petter Skogstad	Employee representative	4 931	3 323
Senior executives			
Arve Regland	Chief Executive Officer	37 599	21 066
Anders Olstad	Chief Financial Officer	31 536	15 000
Sonja Horn	EVP Oslo	13 899	7 182
Mona Aarebrot	EVP Regional Cities	12 611	6 451
Kristin Haug Lund	EVP Project Development and Technology	10 521	6 451
Tom Bratlie	EVP HR and Communication	6 366	2 683
Anders Solaas	EVP Letting and Business Development	4 566	1 699
Shares held by board of directors and senior executives		**170 311**	**82 137**

NOTE 17 INTEREST-BEARING DEBT AND FINANCIAL INSTRUMENTS

All amounts in NOK million

	Carrying amount 2016	Carrying amount 2015
Non-current interest-bearing debt		
Bank loans	3 720	3 250
Bond loans	8 000	5 400
Total non-current interest-bearing debt	**11 720**	**8 650**
Current interest-bearing debt		
Bank loans	-	1 200
Bond loans	1 529	-
Commercial paper	1 700	1 900
Total current interest-bearing debt	**3 229**	**3 100**

MATURITY STRUCTURE OF DEBT

Year	Loan amount 2016	Loan amount 2015
2016		3 100
2017		2 350
2018	1 200	1 200
2019	3 360	2 500
2020	2 760	1 700
2021	1 000	-
2022	800	-
Later than 5 years	2 600	900
Total	**11 720**	**11 750**

UNUSED CREDIT FACILITIES

At 31 December 2016, the maturity structure of the company's new unused credit facilities was as follows:

MATURITY STRUCTURE OF COMMITTED, UNUSED CREDIT FACILITIES

Year	Loan amount 2016	Loan amount 2015
2016	-	1 000
2017	1 750	1 000
2018	-	-
2019	840	-
2020	1 190	1 250
2021	-	-
2022	-	-
2023	-	-
Total	**3 780**	**3 250**

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 2016 the weighted average remaining term to maturity was 3.9 years (4.5 years). The company's average interest rate was 3.4 per cent at 31 December 2016.

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

	%	Loan amount 2016
Up to 1 year	45 %	6 699
1-2 years	2 %	350
2-4 years	7 %	1 100
4-6 years	6 %	950
6-8 years	18 %	2 750
Over 8 years	21 %	3 100
Total	**100 %**	**14 949**

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

INTEREST-BEARING DEBT ASSOCIATED WITH HEDGING ACTIVITIES

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

The company's debt financing consists of bank loans, as well as commercial paper and bonds. The bank loans are subject to variable interest rates. Commercial paper is subject to variable interest rates. The company has issued both fixed-rate and variable-rate bonds. Outstanding fixed-rate bonds are hedged using fixed-to-variable interest rate swaps. As a result, the hedged bonds are classified as part of the company's portfolio of variable rate loans. Fixed rate bonds without hedging amounted per 31 December 2016 to NOK 1.500 million. These bonds are fixed rate and are included as part of the company's cash flow hedges.

NOT VALUE HEDGED FIXED RATE BONDS IN 2016

	Maturity	Nominal value	Market value
ISIN NO0010740061	13.06.22	400	403
ISIN NO0010766389	02.06.23	1 100	1 098
Total		**1 500**	**1 500**

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 is 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, 55 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 45 per cent of the company's interest-bearing debt.

CASH FLOW HEDGING

	2016	2015
Hedged item		
Variable interest rate liabilities	14 949	11 750
Hedge		
Interest rate swaps (variable-to-fixed)	8 250	8 450
Hedge ratio (unhedged position)	**6 699**	**3 300**
Hedge ratio (% hedged)	**55 %**	**72 %**

Changes in the cash flow hedges over the financial year:

CHANGE IN VALUE

	2016	2015
Opening balance market value of liability 01.01.	937	
Change in value	-190	
Transferred in connection with merger 31.12.2015	0	937
Closing balance – market value of liability	**747**	**937**

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 2016 is mainly a result of higher market interest rates and reduced maturity of interest rate swaps.

FAIR VALUE HEDGING

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

FAIR VALUE HEDGING 2016

	Total	Maturity structure up to 1 year	Maturity structure 1-5 years	Maturity structure > 5 years
Hedged item				
Fixed interest rate liabilities	4 100	500	1 200	2 400
Hedge				
Interest rate swaps (fixed-to-variable)	2 600	500	1 200	900
Hedge ratio (unhedged position)	**37 %**	**0 %**	**0 %**	**63 %**
Hedge ratio (% hedged)	**63 %**	**100 %**	**100 %**	**38 %**

FAIR VALUE HEDGING 2015

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

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

CHANGE IN VALUE

	2016	2015
Opening balance – market value of liabilities (+) /receivables (-)	-223	-
Transferred in connection with merger - market value of liabilities (+) /receivables (-)	-	-223
Change in value	64	-
Closing balance – market value of liabilities (+) /receivables (-)	**-158**	**-223**

At 31 December 2016, the market value of the company's fair value hedges represented a receivable for the company.

NOTE 18 PENSIONS

All amounts in NOK million

The Company closed with effect from 31 December 2015 the defined benefit pension plan in Statens Pensjonskasse (""SPK"") for employees born before 1960 as Entra ASA no longer fulfilled the conditions of having their pension plan in SPK as a listed company. From 1 July 2015 a defined contribution pension plan was established for employees. The defined benefit pension plan cover a total of 19 (22) current employees and 61 (60) pensioners. The defined benefit contribution plan includes 133 (10) employees in the Company.

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

The company also has a contractual early-retirement scheme (AFP) from the age of 62. At 31 December 2016, 10 (11) former employees had chosen to make use of the AFP scheme. Employees can cut back on their working week or retire completely. If they choose to cut back, they must continue to work 60 per cent of a full-time position. Between the ages of 62 and 65, pensions are calculated in accordance with the National Insurance Scheme's stipulations. On reaching the age of 65, the pension is calculated using either the National Insurance Scheme's rules or the Norwegian Public Service Pension Fund's rules, depending on which is better for the member. At 31 December 2016, the net pension liabilities associated with the AFP scheme amounted to NOK 22 (NOK 16) million, which is included under total pension liabilities in the table below.

THE BALANCE SHEET LIABILITIES HAVE BEEN CALCULATED AS FOLLOWS

	2016	2015
Present value of accrued pension liabilities in defined-benefit schemes in unit trusts	187	164
Fair value of pension scheme assets	-133	-130
Employers' NICs accrued	8	5
Net pension liabilities on the balance sheet at 31.12	**61**	**38**

CHANGE IN DEFINED-BENEFIT PENSION LIABILITIES OVER THE YEAR

	2016	2015
Pension liabilities at 01.01	164	191
Present value of pensions earned this year	3	21
Interest expense	4	4
Pension benefits paid	-6	-6
Settlement	0	-17
Actuarial losses/(gains)	22	-30
Pension liabilities at 31.12	**187**	**164**

CHANGE IN FAIR VALUE OF PENSION SCHEME ASSETS

	2016	2015
Pension scheme assets at 01.01	130	121
Anticipated return on pension scheme assets	3	3
Contributions from employer	3	23
Pension benefits paid	-6	-6
Settlement	-	-14
Actuarial (gains)/losses	2	4
Pension scheme funds at 31.12	**133**	**130**

TOTAL COST RECOGNISED IN THE INCOME STATEMENT

	2016
Cost of pension benefits accrued during current period	3
Impact on this years plan assets	0
Employers' National Insurance contributions	0
Contribution scheme	9
Total pension benefits accrued during the period	**12**
Net interest expense	1
Total pension benefits accrued in income statement	**13**
Estimate difference accrued in equity	23
Total pension benefits accrued in total comprehensive income	**35**

The actual return on pension scheme assets was NOK 6 million (NOK 7 million).

THE FOLLOWING ECONOMIC ASSUMPTIONS HAVE BEEN USED

	2016	2015
Discount rate	2.60 %	2.70 %
Anticipated return on pension scheme assets	2.60 %	2.70 %
Annual wage growth	2.50 %	2.50 %
Annual adjustment to the National Insurance Scheme's basic amount ("G")	2.25 %	2.25 %
Annual adjustment of pensions	1.50 %	1.50 %
Mortality rates	K2013	K2013
Disability rates	200 % * K63	200 % * K63
Proportion of entitled employees making use of AFP	20 %	20 %

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

The pension scheme assets are invested in government bonds.

	2016	2015
Gross defined-benefit pension liabilities	187	164
Fair value pension funds 31.12	-133	-130
Net defined-benefit pension liabilities	**53**	**34**

Expected payments to the defined-benefit pension plan for the period 01.01.2017 - 31.12.2017 are NOK 1 million and for the defined contribution plan NOK 9 million.

NOTE 19 RELATED PARTY TRANSACTIONS AND INTRA-GROUP BALANCE

All amounts in NOK million

Transactions with related parties	Counterparty	2016	2015
General manager fee [1]	Subsidiary	1	1
Accounting and management fee	Subsidiary	14	
Accounting and management fee	Jointly controlled entity	6	
Other income	Subsidiary	0	
Broker fee	Jointly controlled entity	1	
Project management	Subsidiary	16	
Project management	Jointly controlled entity	4	
Rental cost	Subsidiary	12	
Invoiced payroll expenses [2]	Subsidiary	43	
Invoiced payroll expenses [2]	Jointly controlled entity	0	
Group contribution/dividends	Subsidiary	729	568
Dividends	Jointly controlled entity	51	
Interest income	Subsidiary	92	1

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

RECEIVABLES

	2016	2015
Long term loan to Group companies	2 665	2 600
Trade receivables from Group companies	2	1
Short term receivables to Group companies	42	1 471
Group contributions/dividends from subsidiary	720	568
Total	**3 429**	**4 640**

LIABILITIES

	2016	2015
Payables to Group companies	0	0
Short term liabilites to Group companies	620	659
Group contribution to subsidiary	-	80
Total	**620**	**739**

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 20 CONTINGENCIES

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

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

The hearing of the dispute with Evry ASA/Evry AS took place in Oslo District Court in February 2015 and Evry ASA/Evry AS prevailed. Entra disagrees with the verdict and the ruling has been appealed. The hearing of the dispute took place in the Court of Appeal in October 2016 and Entra prevailed on all counts. The judgment has been appealed to the Supreme Court by the counterparty. The Supreme Court will at latest by March 2017 decide if the appeal will be treated.

Entra has not made any provision for the claims as the Group considers it not probable that an outflow of resources will be required.

NOTE 21 AUDITOR'S FEE

All amounts in NOK thousand

	2016	2015
Remuneration to auditor (excluding VAT)		
Statutory audit	750	1 073
Tax advice	38	-
Other services not related to auditing	44	301
Other assurance services	84	217
Total	**916**	**1 591**

NOTE 22 SPECIFICATION OF OPERATING EXPENSES ACCORDING TO THEIR NATURE

All amounts in NOK million

	2016	2015
Salary and personnel costs	191	4
Of which billed and capitalised as projects under development in subsidiaries/JV	-31	0
Of which billed as shared costs to be distributed amongst tenants in subsidiaries/JV	-43	0
Net personnel costs	**118**	**4**
Depreciation	7	0
Other operating expenses	62	7
Total	**187**	**11**

NOTE 23 SUBSEQUENT EVENTS

Entra ASA has in January 2017 signed an agreement regarding the divestment of the shares in Vestre Strandgt 21 AS, Lømslandsvei 6 AS, Kvartal 71 AS and Kongsgård Allé 20 AS. The buyer is Samhällsbyggnadsbolaget i Norden AB (publ) and the transaction is subject to the buyer obtaining satisfactory debt financing. Closing is expected to take place around 31 March 2017.

In addition the shares in Kalfarveien 31 AS and Kongens gate 85 AS were sold in 2016, and Moloveien 10 AS was sold in 2017, all with closing in 2017.

Responsibility statement

We declare to the best of our knowledge that

- the Entra ASA consolidated financial statements for 2016 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 2016 have been prepared in accordance with the Norwegian Accounting Act and generally accepted accounting practice in Norway, and that
- the information presented in the financial statements gives a true and fair view of the assets, liabilities, financial position and results for Entra ASA and the Entra Group for period as a whole, and that
- the Board of Directors' Report includes a true and fair review of the development, performance and financial position of Entra ASA and the Entra Group, together with a description of the principal risks and uncertainties that they face, and that
- the Board of Directors' Report gives a true and fair view of the development, performance, financial position, principle risks and uncertainties of Entra ASA and the Entra Group

Oslo, 8 March 2017
The Board of Directors of Entra ASA

Siri Hatlen
Chair of the Board

Kjell Bjordal
Deputy Chair

Arthur Sletteberg
Board member

Katarina Staaf
Board member

Widar Salbuvik
Board member

Cathrine Vaar Austheim
Board member

Hans Petter Skogstad
Board member

Arve Regland
CEO

Powerhouse Brattørkaia, Trondheim

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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 2016, and the income statement, statement of changes in equity and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and
- The financial statements of the group, which comprise the balance sheet as at 31 December 2016 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 2016, 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 2016, 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 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 the audit
The majority of the Group's assets consist of Investment property. Investment property is recognised at fair value, based on fair values identified by independent valuers. Each quarter, all properties are valued by two independent, external valuers. We refer to	The Group has established internal controls to ensure that all relevant property information is included in the external valuations. We have assessed the design of these controls, and for a sample of these controls we have tested if they have operated effectively in the reporting period.

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Valuation of investment property, cont.

Key audit matter	How the matter was addressed in the audit
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.	For a sample of the investment properties, we tested if the property information from the property management system was accurate and correctly applied in the external valuers' reports. We assessed the external valuers' qualifications and expertise as well as the valuation methods used against generally accepted valuation standards and practices. For a sample of investment properties, we obtained the external valuers' valuation reports and reconciled the values used in the financial statements to the valuation reports. For a sample of investment properties, we assessed the changes in fair value from quarter to quarter. We obtained and assessed the Group's analysis and rationale for the fair value changes. In carrying out the procedures related to valuation of investment property, we included our internal valuation specialists. We assessed whether the disclosures in note 3, 8 and 19 regarding valuation of investment properties was adequate.

Revenue recognition

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

Other information

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

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

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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 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 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

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the date of our auditor's report. However, future events or conditions may cause the Company 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 statements on Corporate Governance and Corporate Social Responsibility concerning the financial statements, the going concern assumption, and the proposal for the allocation of the profit is consistent with the financial statements and complies with the law and regulations.

Opinion on Registration and Documentation

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

Oslo, 8 March 2017
Deloitte AS

Eivind Skaug

Eivind Skaug
State Authorised Public Accountant (Norway)

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	2016	2015
A	EPRA NAV per share	NOK	101.3	89.0
B	EPRA earnings per share (EPS)	NOK	4.3	3.2
C	EPRA cost ratio (including direct vacancy costs)	%	15.9	19.1
D	EPRA net initial yield	%	5.6	5.8
E	EPRA vacancy rate	%	3.8	4.9

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

A. EPRA NAV

The objective with EPRA NAV is to demonstrate the fair value of net assets given a long-term investment horizon. EPRA NAV is calculated as the net asset value adjusted to include the market value of all properties in the portfolio and interest-bearing debt, and to exclude certain items not expected to crystallise in a long-term investment property business model such as e.g. financial derivatives and deferred tax on the market value of investment properties.

The objective with EPRA NNNAV is to report the fair value of net assets in the Group on the basis that these are immediately realised. EPRA NNNAV is EPRA NAV adjusted to reflect the fair value of debt and derivatives and in order to include deferred tax on value changes.

All amounts in NOK million

	2016	2015
Book value of investment properties	35 798	28 989
Net interest-bearing debt	17 870	14 994
Other debt-like items	2 804	642
Total equity	**15 124**	**13 354**
Less: Non-controlling interests	392	359
NAV per financial statement	**14 732**	**12 995**
Add: Adjustment to property portfolio	1	89
Add: Revaluation of investments made in the JV	368	118
Add: Net market value of financial derivatives	421	591
Add: Deferred tax arising on revaluation moments	3 091	2 550
EPRA NAV	**18 613**	**16 342**
Market value of property portfolio	35 785	29 598
Tax value of property portfolio	15 007	12 476
Basis for calculation of tax on gain on sale	20 778	17 122
Less: Market value of tax on gain on sale (5 % tax rate)	**1 039**	**856**
Net market value of financial derivatives	421	591
Tax expense on realised financial derivatives [1)]	101	148
Less: Net result from realisation of financial derivatives	**320**	**443**
Book value of interest bearing debt	18 113	15 205
Nominal value of interest bearing debt	17 696	14 851
Basis for calculation of tax on realisation of interest-bearing debt	416	354
Less: Market value of tax on realisation*	**100**	**89**
EPRA NNNAV	**17 154**	**14 954**

1) 24 per cent from 2016, 25 per cent from 2015.

B. 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

	2016	2015
Profit for period/year - Earnings per IFRS income statement	2 722	2 721
Add:		
Changes in value of investment properties	-1 991	-1 818
Tax on changes in value of investment properties [1]	498	491
Reversal of deferred tax arising from sales of properties (tax excempted)	-14	-218
Changes in value of financial instruments	-125	-417
Tax on changes in value of financial instruments [1]	31	112
Profit or losses on disposal of inventory in Oslo S Utvikling	-60	-38
Share of profit jointly controlled entities – fair value adjustments	-110	-46
Reversal of deferred tax EPRA adjusments jointly controlled entities	18	24
Net income non-controlling interests of subsidiaries	-37	-34
Reversal of tax non-controlling interests of subsidiaries	9	8
Significant one-off items	0	85
Tax on significant one-off items	0	-23
Change in tax rate [2]	-161	-252
Tax payable	2	
EPRA earnings	**784**	**597**
Reversal of tax adjustment above	-384	-142
Reversal of change in deferred tax from income statement	580	354
Reversal of tax payable from income statement	4	0
Reversal of tax JVs	16	24
EPRA earnings net of tax	**1 000**	**832**

[1] 25 per cent from Q1 2016, 27 per cent previous periods.
[2] From 27 per cent to 25 per cent in 2015 and from 25 per cent to 24 per cent for 2016 figures.

C. EPRA COST RATIO

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

All amounts in NOK million

	2016	2015
Maintenance	-50	-56
- Tax, leasehold, insurance	-30	-35
- Letting and prop. adm.	-38	-42
- Direct property costs	-42	-52
Total operating costs	-109	-129
Administrative costs	-152	-168
- Entra OPF	-5	-5
- Sundtkvartalet AS	0	0
Share of joint ventures expences	-5	-5
Less: Ground rent cost	12	18
EPRA Cost (including direct vacancy cost)	**-304**	**-341**
Direct vacancy cost	-38	-49
EPRA Cost (excluding direct vacancy cost)	**-267**	**-292**
Gross rental income less ground rent	**1 899**	**1 772**
- Entra OPF	10	10
- Sundtkvartalet AS	0	0
Share of jount ventures and fund (GRI)	10	10
Total gross rental income less ground rent	**1 909**	**1 782**
Epra cost ratio (inkluding direct vacancy cost)	**15.9 %**	**19.1 %**
Epra cost ratio (excluding direct vacancy cost)	**14.0 %**	**16.4 %**

D. EPRA NET INTIAL YIELD

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

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

All amounts in NOK million

2016

	Oslo	Trond-heim	Sandvika	Stavanger	Drammen	Bergen	Kristian-sand	Other	Total
Investment property - wholly owned	23 935	3 318	2 324	1 158	249	1 325	685	79	33 072
Investment property - share of JVs/Funds	625	0	0	524	999	896	0	0	3 043
Total property portfolio	**24 560**	**3 318**	**2 324**	**1 682**	**1 248**	**2 221**	**685**	**79**	**36 115**
Less projects and land and developments	-669	-815	-147	-86	0	-823	-15	0	-2 556
Completed management portfolio	**23 891**	**2 503**	**2 176**	**1 596**	**1 248**	**1 397**	**669**	**79**	**33 559**
Allowance for estimated purchasers' cost	50	14	9	4	5	7	5	1	95
Gross up completed management portfolio valuation	**23 941**	**2 517**	**2 185**	**1 600**	**1 253**	**1 404**	**674**	**80**	**33 654**
12 months rolling rent	1 415	179	128	104	80	95	52	7	2 060
Estimated ownership cost	119	17	11	8	5	9	7	1	176
Annualised net rents	**1 296**	**162**	**118**	**97**	**75**	**86**	**45**	**6**	**1 884**
Add: Notional rent expiry of rent free periods ot other lease incentives	-2	0	0	0	0	0	0	0	-2
Topped up net annualised net rents	**1 295**	**162**	**118**	**97**	**75**	**86**	**45**	**6**	**1 882**
EPRA NIY (net initial yield)	**5.4 %**	**6.4 %**	**5.4 %**	**6.0 %**	**6.0 %**	**6.1 %**	**6.7 %**	**7.2 %**	**5.6 %**
EPRA "topped-up" NIY (net initial yield)	**5.4 %**	**6.4 %**	**5.4 %**	**6.0 %**	**6.0 %**	**6.1 %**	**6.7 %**	**7.2 %**	**5.6 %**

2015

	Oslo	Trond-heim	Sandvika	Stavanger	Drammen	Bergen	Kristian-sand	Other	Total
Investment property - wholly owned	17 946	2 818	2 241	1 163	228	1 202	623	228	26 448
Investment property - share of JVs/Funds	364	0	0	838	884	531	0	0	2 618
Total property portfolio	**18 310**	**2 818**	**2 241**	**2 002**	**1 112**	**1 733**	**623**	**228**	**29 067**
Less projects and land and developments	-777	-410	-70	-384	0	-419	-15	0	-2 075
Completed management portfolio	**17 533**	**2 408**	**2 170**	**1 618**	**1 112**	**1 315**	**608**	**228**	**26 991**
Allowance for estimated purchasers' cost	44	13	11	6	5	6	5	2	92
Gross up completed management portfolio valuation	**17 578**	**2 421**	**2 181**	**1 623**	**1 116**	**1 321**	**613**	**230**	**27 083**
12 months rolling rent	1 068	178	127	104	72	95	50	23	1 718
Estimated ownership cost	80	18	10	8	5	10	6	3	140
Annualised net rents	**988**	**160**	**117**	**97**	**67**	**85**	**44**	**20**	**1 578**
Add: Notional rent expiry of rent free periods ot other lease incentives	0	0	0	0	0	0	0	0	0
Topped up net annualised net rents	**988**	**160**	**117**	**97**	**67**	**85**	**44**	**20**	**1 578**
EPRA NIY (net initial yield)	**5.6 %**	**6.6 %**	**5.4 %**	**6.0 %**	**6.0 %**	**6.4 %**	**7.2 %**	**8.8 %**	**5.8 %**
EPRA "topped-up" NIY (net initial yield)	**5.6 %**	**6.6 %**	**5.4 %**	**6.0 %**	**6.0 %**	**6.4 %**	**7.2 %**	**8.8 %**	**5.8 %**

E. EPRA VACANCY

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

All amounts in NOK million

2016

	Oslo	Trond-heim	Sandvika	Stavanger	Drammen	Bergen	Kristian-sand	Other	Total
Market rent vacant areas	48	3	16	3	2	0	3	0	77
Total market rent	1 410	171	127	93	71	96	54	7	2 028
Vacancy	**3.4 %**	**1.8 %**	**12.6 %**	**3.5 %**	**2.6 %**	**0.5 %**	**5.8 %**	**6.5 %**	**3.8 %**

[1] all figures are adjusted for actual share of ownership of each property.

2015

	Oslo	Trond-heim	Sandvika	Stavanger	Drammen	Bergen	Kristian-sand	Other	Total
Market rent vacant areas	45	5	13	8	6	1	3	2	83
Total market rent	1 062	165	127	99	69	102	48	25	1 698
Vacancy	**4.2 %**	**3.3 %**	**9.9 %**	**8.0 %**	**9.3 %**	**0.5 %**	**6.6 %**	**9.3 %**	**4.9 %**

[1] all figures are adjusted for actual share of ownership of each property.

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

The property portfolio

Management portfolio

The following table sets forth the properties with management area as of 31 December 2016.

Group/ JV	Property name	City	Type of asset	Share of owenership	Occupancy	Management area	Project area	Land & dev. area	Total area
Group	Kaigaten 9	Bergen	Office	100 %	100 %	9 996	-	-	9 996
Group	Kalfarveien 31	Bergen	Office	100 %	100 %	8 441	-	-	8 441
Group	Nonnesetergaten 4	Bergen	Office	100 %	100 %	17 207	-	-	17 207
Group	Strømgaten 1 / Marken 37	Bergen	Education	100 %	100 %	6 366	-	-	6 366
Group	Tollbuallmenningen 2A	Bergen	Office	100 %	100 %	1 823	-	-	1 823
Group	Valkendorfs gate 6	Bergen	Office	100 %	98 %	13 287	-	-	13 287
Group	Moloveien 10	Bodø	Office	100 %	93 %	5 531	-	-	5 531
Group	Grønland 32	Drammen	Office	100 %	96 %	7 353	-	-	7 353
Group	Grønland 51	Drammen	Office	60 %	100 %	15 424	-	-	15 424
Group	Grønland 53	Drammen	Office	60 %	92 %	11 435	-	-	11 435
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 %	100 %	8 854	-	-	8 854
Group	Konggata 51	Drammen	Education	100 %	100 %	3 576	-	-	3 576
Group	Kreftings gate 33	Drammen	Office	60 %	100 %	1 450	-	-	1 450
Group	Kongsgård Allé 20	Kristiansand	Education	100 %	100 %	14 141	-	-	14 141
Group	Lømslands vei 23	Kristiansand	Office	100 %	100 %	1 432	-	-	1 432
Group	Lømslands vei 24	Kristiansand	Office	100 %	100 %	172	-	-	172
Group	Lømslands vei 6	Kristiansand	Office	100 %	100 %	1 445	-	-	1 445
Group	St. Hans gate 1	Kristiansand	Office	100 %	100 %	469	-	-	469
Group	Tordenskiolds gate 65	Kristiansand	Office	100 %	91 %	24 831	-	14 000	38 831
Group	Tordenskjolds gate 67	Kristiansand	Office	100 %	90 %	656	-	-	656
Group	Vestre Strandgate 21	Kristiansand	Office	100 %	100 %	2 014	-	-	2 014
Group	Aasta Hansteens vei 10	Oslo	Office	100 %	100 %	5 913	-	-	5 913
Group	Akersgaten 32	Oslo	Office	100 %	79 %	2 109	-	-	2 109
Group	Akersgaten 34-36	Oslo	Office	100 %	87 %	6 143	-	-	6 143
Group	Akersgaten 51 / Apotekergaten 6	Oslo	Office	100 %	100 %	17 848	-	-	17 848
Group	Biskop Gunnerus' gate 14	Oslo	Office	100 %	98 %	50 572	-	-	50 572
Group	Biskop Gunnerus' gate 6	Oslo	Office	100 %	100 %	9 300	-	-	9 300
Group	Brynsengfaret 4 og 6 AB+F	Oslo	Office	100 %	100 %	35 505	-	13 600	49 105
Group	Brynsengfaret 6 C,D "leilighetene"	Oslo	Residential	100 %	100 %	349	-	-	349
Group	Cort Adelers gate 30 - Kontorbygg	Oslo	Office	100 %	97 %	12 309	-	-	12 309
Group	Cort Adelers gate 30 - Skolebygg	Oslo	Education	100 %	100 %	3 546	-	-	3 546
Group	Drammensveien 134	Oslo	Office	100 %	94 %	20 934	-	-	20 934
Group	Fredrik Selmers vei 4	Oslo	Office	100 %	91 %	38 183	-	-	38 183
Group	Grenseveien 92	Oslo	Office	100 %	93 %	14 698	-	-	14 698
Group	Hagegata 22	Oslo	Office	100 %	99 %	12 917	-	-	12 917
Group	Hagegata 23	Oslo	Office	100 %	98 %	10 672	-	-	10 672
Group	Henriks Ibsens gate 110	Oslo	Culture	100 %	100 %	18 724	-	-	18 724
Group	Karoline Kristiansens vei 2	Oslo	Office	100 %	100 %	450	-	-	450
Group	Keysers gate 15	Oslo	Office	100 %	100 %	1 746	-	-	1 746
Group	Kristian Augusts gate 23	Oslo	Office	100 %	100 %	8 736	-	-	8 736
Group	Langkaia 1A	Oslo	Office	100 %	100 %	39 482	-	-	39 482

Group	Lilletorget 1	Oslo	Office	100 %	92 %	14 867	-	-	14 867
Group	Middelthuns gate 29	Oslo	Office	100 %	96 %	21 606	-	-	21 606
Group	Munchs gate 4 / Keysers gate 13	Oslo	Office	100 %	100 %	11 524	-	-	11 524
Group	Observatoriegaten 1	Oslo	Office	100 %	100 %	7 110	-	-	7 110
Group	Observatoriegaten 1 - Magasinet	Oslo	Culture	100 %	100 %	10 600	-	-	10 600
Group	Pilestredet 19-21	Oslo	Office	100 %	100 %	7 067	-	-	7 067
Group	Pilestredet 28	Oslo	Office	100 %	100 %	3 590	-	-	3 590
Group	Schweigaards gate 15 B	Oslo	Office	100 %	100 %	14 492	-	-	14 492
Group	Schweigaards gate 16	Oslo	Office	100 %	100 %	13 754	-	-	13 754
Group	Schweigaardsgate 15	Oslo	Office	100 %	100 %	22 797	-	-	22 797
Group	Stenersgata 1, Oslo (Oslo City)	Oslo	Office	100 %	100 %	41 945	-	-	41 945
Group	Strømsveien 96	Oslo	Office	100 %	100 %	18 252	-	-	18 252
Group	Tollbugata 1A	Oslo	Office	100 %	100 %	8 526	-	-	8 526
Group	Tordenskiolds gate 12	Oslo	Office	100 %	100 %	12 920	-	-	12 920
Group	Tvetenveien 22	Oslo	Office	100 %	100 %	4 126	-	-	4 126
Group	Universitetsgata 2	Oslo	Office	100 %	97 %	27 297	-	-	27 297
Group	Universitetsgata 7	Oslo	Office	100 %	81 %	12 957	-	-	12 957
Group	Vahls gate 1-3	Oslo	Office	100 %	100 %	14 857	-	-	14 857
Group	Verkstedveien 1	Oslo	Office	100 %	99 %	31 690	-	-	31 690
Group	Verkstedveien 3	Oslo	Office	100 %	100 %	8 387	-	-	8 387
Group	Wergelandsveien 29	Oslo	Office	100 %	100 %	3 374	-	-	3 374
Group	Wexels plass	Oslo	Other	100 %	100 %	1 035	-	-	1 035
Group	Borkenveien 1-3	Sandvika	Education	100 %	100 %	6 668	-	-	6 668
Group	Kjørbo gård	Sandvika	Office	100 %	85 %	1 349	-	-	1 349
Group	Kjørboveien 12-26	Sandvika	Office	100 %	76 %	21 673	4 248	-	25 920
Group	Kjørboveien 15, 30-33 (Politi og Låve)	Sandvika	Office	100 %	100 %	14 670	-	-	14 670
Group	Kjørboveien 3 (Parkeringshus)	Sandvika	Other	100 %	95 %	16 353	-	-	16 353
Group	Malmskriverveien 18-20	Sandvika	Office	100 %	75 %	9 208	-	-	9 208
Group	Malmskriverveien 2	Sandvika	Office	100 %	100 %	2 957	-	-	2 957
Group	Malmskriverveien 4	Sandvika	Office	100 %	73 %	5 675	-	-	5 675
Group	Otto Sverdrups plass 4	Sandvika	Education	100 %	98 %	16 038	-	-	16 038
Group	Jåttåvågveien 18	Stavanger	Office	50 %	89 %	9 180	-	-	9 180
Group	Jåttåvågveien 7	Stavanger	Office	50 %	94 %	5 365	-	-	5 365
Group	Laberget 22	Stavanger	Office	50 %	100 %	15 712	-	-	15 712
Group	Nytorget 1	Stavanger	Office	100 %	98 %	5 205	-	-	5 205
Group	Professor Olav Hanssens vei 10	Stavanger	Office	100 %	97 %	37 219	-	-	37 219
Group	Brattørkaia 13 B	Trondheim	Office	100 %	94 %	6 333	-	-	6 333
Group	Brattørkaia 14	Trondheim	Culture	100 %	100 %	5 220	-	-	5 220
Group	Brattørkaia 15 A, B	Trondheim	Office	100 %	100 %	20 031	-	-	20 031
Group	Brattørkaia 17 B	Trondheim	Office	100 %	98 %	19 652	-	-	19 652
Group	Dronningens gate 2	Trondheim	Office	100 %	100 %	5 158	-	-	5 158
Group	Erling Skakkes gate 25	Trondheim	Office	100 %	98 %	3 868	-	-	3 868
Group	Erling Skakkes gate 60	Trondheim	Office	100 %	71 %	853	-	-	853
Group	Kongens gate 85	Trondheim	Office	100 %	85 %	916	-	-	916
Group	Kongens gate 87	Trondheim	Office	100 %	99 %	8 380	-	-	8 380
Group	Prinsens gate 1	Trondheim	Office	100 %	98 %	29 994	-	-	29 994
Group	Tungasletta 2	Trondheim	Office	100 %	97 %	14 822	-	-	14 822
Total Group						**1 083 282**	**4 248**	**27 600**	**1 115 130**
JV	Allehelgensgate 6	Bergen	Office	50 %	100 %	14 104	-	-	14 104
JV	Lakkegata 55 (Sundtkvartalet)	Oslo	Office	50 %	65 %	31 355	-	-	31 355
Total incl. JV						**1 128 741**	**4 248**	**27 600**	**1 160 589**

Project properties

The following table sets forth the properties with project area as of 31 December 2016.

Group/ JV	Property name	City	Type of asset	Share of owenership	Occupancy	Management area	Project area	Land & dev. area	Total area
Group	Brattørkaia 16	Trondheim	Office	100 %		-	8 344	-	8 344
Group	Youngskvartalet	Oslo	Office	100 %		-	4 299	-	4 299
Group	Brattørkaia 17 A	Trondheim	Office	100 %		-	18 156	-	18 156
Group	Trondheimsporten	Trondheim	Office	100 %		-	28 626	-	28 626
Group	Tullinkvartalet	Oslo	Office	100 %		-	21 000	-	21 000
Total Group						**-**	**80 425**	**-**	**80 425**
JV	Lars Hillesgate 30	Bergen	Office	50 %		-	45 939	-	45 939
Total incl. JV						**-**	**126 364**	**-**	**126 364**

Land and development properties

The following table sets forth the properties with land and development area as of 31 December 2016.

Group/ JV	Property name	City	Type of asset	Share of owenership	Occupancy	Management area	Project area	Land & dev. area	Total area
Group	Ormen Lange (tomt)	Stavanger	Office	50 %		-	-	16 650	16 650
Group	Oseberg (tomt)	Stavanger	Office	50 %		-	5 202	16 808	22 010
Group	Holtermanss veg 1	Trondheim	Office	100 %		-	-	34 700	34 700
Group	Lars Hillesgate 25	Bergen	Office	100 %		-	-	5 800	5 800
						-	**5 202**	**73 958**	**79 160**
Total Group						**1 083 282**	**89 875**	**101 558**	**1 274 715**
Total incl. JV						**1 128 741**	**135 814**	**101 558**	**1 366 113**

Monierbygget, Verkstedveien 1, Oslo

Definitions

12 months rolling rent	The contractual rent of the management properties of the Group for the next 12 months as of a certain date, adjusted for (i) signed new contracts and contracts expiring during such period, (ii) contract based CPI adjustments based on Independent Appraisers' CPI estimates and (iii) the Independent Appraisers' estimates of letting of current and future vacant areas.
Cash Earnings	Net income from property management less tax payable
Contractual rent	Annual cash rental income being received as of relevant date
Gross yield	12 months rolling rent divided by the market value of the management portfolio
Interest Coverage Ratio ("ICR")	Net income from property management excluding depreciation and amortisation for the Group including Entra OPF, divided by net interest on interest-bearing nominal debt and fees and commitment fees related to investment activities
Independent Appraisers	Akershus Eiendom and Cushman and Wakefield Realkapital
Land and dev. properties	Property / plots of land with planning permission for development
Like-for-like	The percentage change in rental income from one period to another given the same income generating property portfolio in the portfolio. The figure is thus adjusted for purchases and sales of properties and active projects
Loan-to-value ("LTV")	Net nominal value of interest-bearing liabilities divided by the market value of the property portfolio and the market value of the jointly controlled entities Entra OPF Utvikling and Oslo City Kjøpesenter AS
Management properties	Properties that are actively managed by the company
Market rent	The annualised market rent of the management properties, fully let as of the relevant date, expressed as the average of market rents estimated by the Independent Appraisers
Market value of portfolio	The market value of all the properties owned by the parent company and subsidiaries, regardless of their classification for accounting purposes. Does not include the market value of properties in associates and jointly controlled entities
Net Income from property management	Net income from property management is calculated as Net Income less value changes, tax effects and other income and other cost from associates and JVs
Net letting	Net letting is calculated as the annualised rent of new lease contracts plus lease-up on renegotiated contracts less terminated contracts.
Net rent	12 months rolling rent less the Independent Appraisers' estimate of ownership costs of the management properties of the Group
Net yield	Net rent divided by the market value of the management properties of the Group
Occupancy	Estimated market rent of occupied space of the management properties, divided by the market rent of the total space of the management portfolio.
Period-on-period	Comparison between one period and the equivalent period the previous year
Property portfolio	Properties owned by the parent company and subsidiaries, regardless of their classification for accounting purposes. Does not include the market value of properties in associates and jointly controlled entities
Project properties	Properties where it has been decided to start construction of a new building and/or renovation
Total area	Total area including the area of management properties, project properties and land / development properties
WAULT	Weighted Average Unexpired Lease Term measured as the remaining contractual rent amounts of the current lease contracts of the management properties of the Group, including areas that have been re-let and signed new contracts, adjusted for termination rights and excluding any renewal options, divided by Contractual Rent, including renewed and signed new contracts

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