

Q1

Quarterly Report 2017



Central, flexible and environment friendly office properties



Financial highlights

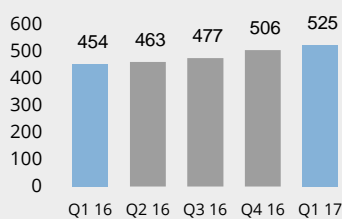
- Rental income of 525 million (454 million)
- Net income from property management of 311 million (278 million)
- Positive portfolio value changes of 870 million (182 million)
- Profit before tax of 1,302 million (284 million)
- Net letting of -34 million

Rental income

+ 72 mill.

Rental income

(NOKm)

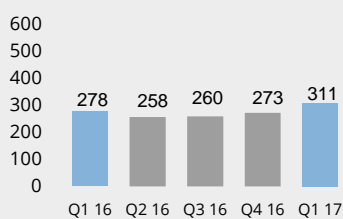


Property management

+ 33 mill.

Net income from PM

(NOKm)

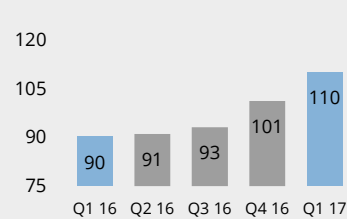


EPRA NAV

+ 22%

EPRA NAV

(NOK per share)



Key figures

All figures in NOK millions	Q1-17	Q1-16	2016	2015	2014
Rental income	525	454	1 899	1 760	1 772
Change period-on-period	16%	3%	8%	-1%	9%
Net operating income	489	429	1 740	1 574	1 624
Change period-on-period	14%	6%	11%	-3%	10%
Net income from property management	311	278	1 070	799	774
Change period-on-period	12%	32%	34%	3%	47%
Profit before tax	1 302	284	3 306	3 075	1 377
Change period-on-period	358%	-72%	8%	123%	201%
Profit after tax	1 044	221	2 722	2 721	1 026
Change period-on-period	372%	-77%	0%	165%	120%
Market value of the property portfolio*	36 987	29 862	35 785	29 598	28 358
Net nominal interest-bearing debt	17 631	14 515	17 454	14 640	13 890
Loan to value*	46.4%	45.2%	47.6%	46.1%	48.4%
Interest coverage ratio*	2.9	2.8	2.7	2.5	2.0
Number of shares	183.7	183.7	183.7	183.7	183.7
All figures in NOK per share*	Q1-17	Q1-16	2016	2015	2014
EPRA NAV	110	90	101	89	76
Change period-on-period	22%	11%	14%	16%	na
EPRA NNNNAV	101	82	93	81	68
Change period-on-period	23%	12%	15%	20%	na
EPRA Earnings	1.24	1.07	4.27	3.25	3.00
Change period-on-period	16%	40%	31%	8%	na
Cash earnings**/**	1.69	1.52	5.80	4.96	4.10
Change period-on-period	12%	32%	17%	21%	na
Dividend per share****	0	0	3.45	3.00	2.50
Change period-on-period	0	0	15%	20%	na

Reference

* See section "Calculation of key figures and definitions"

** Cash earnings in 2015 has been adjusted by 115 million due to termination of swap contracts in Q2-2015.

The termination fee was defined as a one-off item and did not reduce cash earnings as a basis for dividend for 2015.

*** Cash earnings definition changed from Q1-16 to also include net income from property management for JVs excluding Oslo S Utvikling. See definitions.

**** In 2016 Entra ASA started with semi-annual payments of dividends. Dividends in 2016 of 3.45 per share constitute of dividend approved and paid in 2016 for the first half year 2016 and dividend approved not yet paid for the second half of 2016.

Several of the numbers are marked as not applicable ("na") as the figures are not comparable either due to historical changes in the P&L or due to changes in the outstanding shares of Entra ASA.

Financial developments

Results in the quarter

Rental income

The Group's rental income increased with 16 per cent from 454 million in Q1 16 to 525 million in Q1 17. The increased rental income can be explained by the factors in the below income bridge.

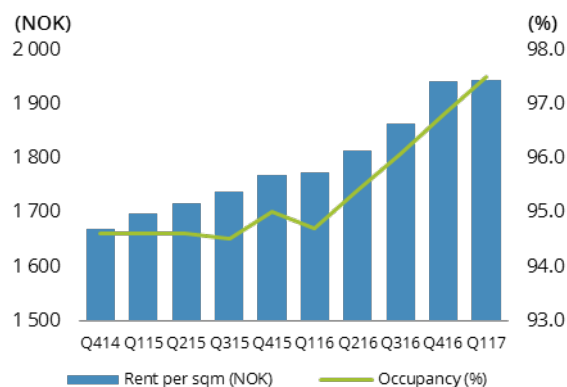
	Q116	Q117
All figures in NOK millions		
Rental income previous period	454	
Development projects	3	
Acquisitions	58	
Disposals	-7	
Other	3	
Like-for-like growth	16	
Rental income	525	

The increase in rental income from the first quarter last year is mainly driven by two large acquisitions; Oslo City, which was fully consolidated from the second quarter 2016, and the purchase of the Skøyen portfolio with effect from the third quarter in 2016. The increase is partly offset by the sale of non-core properties during 2016.

On a like-for-like basis the rental growth was 3.6 per cent compared to the same quarter last year, which equals the annual indexation of the lease contracts. 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.

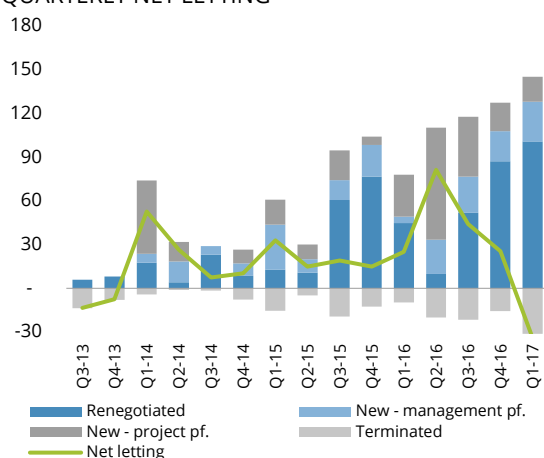
Average 12 months rolling rent per square meter was 1,944 (1,773) as of 31.03.2017. The increase is mainly related to portfolio rotations towards more high quality assets, hereunder the acquisitions of Oslo City and the Skøyen portfolio combined with divestments of non-core properties.

RENT (12M ROLLING) PER SQM AND OCCUPANCY RATE



The occupancy rate increased to 97.5 per cent (94.7 per cent). The rental value of vacant space as of 31.03.17 was approximately 53 million (93 million) on an annualised basis. Gross letting including re-negotiated contracts was 145 million in the quarter of which 17 million is attributable to letting in the project portfolio. Lease contracts with a total value of 76 million in annual lease were terminated in the quarter, mainly related to the lease contract with the Norwegian Directorate of Health in Universitetsgaten 2 and Pilestredet 28 in Oslo, not being renewed following the expiry date of 30.09.18 in Universitetsgaten 2 and 30.06.2021 in Pilestredet 28. Net letting defined as new lease contracts plus lease-up on renegotiated contracts less terminated contracts came in at -34 million (25 million). The time difference between the net letting in the management portfolio in the quarter and its effect on the financial results is normally 6-12 months. Effects from letting in the project portfolio can be found in the project table under the section Investments and Divestments.

QUARTERLY NET LETTING



Property costs

Total property costs amounted to 36 million (25 million) in the quarter and is split as follows:

All figures in NOK millions	Q1-17	Q1-16
Maintenance	6	2
Tax, leasehold, insurance	14	6
Letting and prop. adm.	12	6
Direct property costs	4	10
Total property costs	36	25

The main increase in property cost is related to the introduction of property tax in Oslo which in the first quarter amounted to approximately 6 million.

Net operating income

As a consequence of the effects explained above, net operating income from property management came in at 489 million (429 million) in the quarter.

Other revenues and other costs

Other revenue were 61 million (58 million) and other costs were 59 million (54 million). Other revenue of 50 million is related to Youngskvartalet in Oslo which is classified as a construction contract. Until the project is delivered to the buyer, the Group will recognise other income and other costs based on the completion level. Other costs associated with the project amounted to 48 million.

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

Administrative costs

Administrative costs amounted to 43 million (44 million) in the quarter.

Result from associates and JVs

Entra's share of profit from associates and JVs were 124 million (8 million) and is composed as follows:

All figures in NOK millions	Q1-17	Q1-16
Income from property management	3	22
Changes in market value	158	-7
Tax	-38	-4
Other income and costs	2	-3
Results from associates and JVs	124	8

The increase in results from associates and JVs compared to first quarter last year is explained by positive value change in particularly Entra OPF and Sundtkvartalet. The value changes are related to signing new lease contracts in the ongoing project in Lars Hillesgate 30 (MCB) in Bergen, and the completion of the project in Sundtkvartalet in Oslo combined with a new lease contract with IBM.

For a more detailed breakdown of the results from associates and JVs see the section on Partly owned companies.

Net realised financials

Net realised financials amounted to -141 million (-133 million) and is composed as follows:

All figures in NOK millions	Q1-17	Q1-16
Interest and other finance income	7	2
Interest and other finance expense	-148	-135
Net realised financials	-141	-133

Net realised financials has increased slightly compared to the same quarter last year as interest-bearing debt has increased with approximately 3.3 billion partly offset by a decrease of the average interest rate to 3.3 per cent (3.6 per cent) as at 31.03.17. The decrease in the average interest rate is explained by lower market interest rates on floating rate debt.

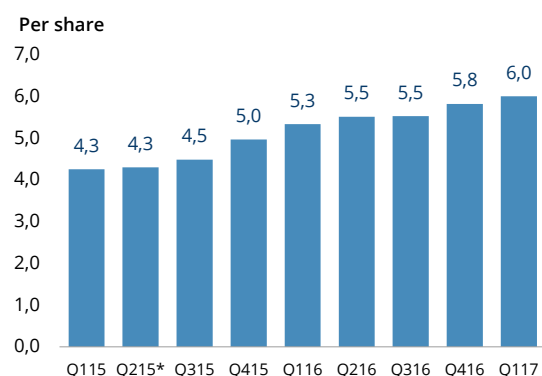
Net income and net income from property management

Net income came in at 432 million (265 million). When including only the income from property management in the results from JVs the actual net income from property management were 311 million (278 million), representing a y-o-y increase of 12 per cent.

All figures in NOK millions	Q1-17	Q1-16
Net income	432	265
Less:		
Value changes in associates and JVs	158	-7
Tax from associates and JVs	-38	-4
Other income and costs	2	-3
Net income from property management	311	278

NET INCOME FROM PROPERTY MANAGEMENT PER SHARE

(Annualised, rolling 4 quarters)



* Q215 adjusted for 115 million swap termination fee.

Value changes

The valuation of the property portfolio resulted in a net positive value change of 870 million (182 million). About 560 millions is explained by further yield compression and increase in market rents, primarily in the Oslo portfolio. In addition, about 211 million is attributable to value changes in the project portfolio, mainly explained by increased occupancy and reduced risk as each project is moving towards completion. 131 million of the value changes relates to new and renegotiated lease contracts signed in the quarter, while about - 72 million is explained by the termination of lease contracts in the period. The remaining 40 million relates to other changes in the portfolio.

Net changes in value of financial instruments was 0 (-162 million) in the quarter. The Group has an underlying positive

value change of 12 million mainly explained by reduced time to maturity on interest rate swaps offset by termination costs of 12 million for two swap contracts.

Tax

The change in deferred tax was -258 million (-63 million) in the quarter. The current tax rate is 24 per cent. However, the effective tax rate is less than the corporate income tax, mainly due to sales of properties without tax effect. The Group, except for certain partly owned companies with marginal tax effect, is currently not in a tax payable position due to tax loss carry forward. At year-end 2016, the tax loss carry forward for the Group was 953 million.

Profit

Profit before tax was 1,302 million (284 million) in the quarter, while profit after tax was 1,044 million (221 million) which also equals the comprehensive income for the period.

EPRA Earnings

EPRA Earnings amounted to 228 million (197 million) in the first quarter of 2017. The increase in EPRA earnings in the first quarter 2017 is mainly related to increased rental income.

EPRA Earnings before tax amounted to 297 million (263 million) in the first quarter 2017.

Further information about the EPRA Earnings calculations can be found on page 27.

Balance sheet

The Group's assets amounted to 40,495 million (34,063 million) as at 31.03.17. Of this, investment property amounted to 36,327 million (29,070 million) and investment property held for sale to 675 million (148 million). Seven (three) properties were classified as held for sale as at 31.03.17. Intangible assets were 124 million (161 million) at the end of the quarter of which 109 million is goodwill related to Hinna Park in Stavanger.

Investments in associates and jointly controlled entities were 1,764 million (2,877 million). The decrease is mainly attributable to the establishment of Oslo City Kontor AS and Oslo City Parkering 2 AS as 100 per cent owned companies subsequent to demergers completed in 2016.

Other receivables was 531 million (238 million) at the end of the first quarter 2017 of which Youngskvartalet amounts to 374 million. The increase in other receivables from first quarter last year was affected by capitalised construction costs of 230 million, of which 49 million is capitalised in the first quarter of 2017, related to the property in Youngskvartalet that will be delivered to the buyer in the fourth quarter of 2017. The

Group held 381 million (136 million) in cash and cash equivalents at 31.03.17. In addition the Group has 5,060 million (3,631 million) in unutilised credit facilities.

The Group had interest bearing debt of 18,443 million (15,096 million) as of 31.03.17. The increase is mainly explained by the acquisition of Skøyen portfolio for approximately 2.5 billion in 2016.

Book equity totaled 16,163 million (13,575 million), representing an equity ratio of 40 per cent (40 per cent). Book equity per share was 88 (74). Equity per share was 110 (90) based on the EPRA NAV standard and 101 (82) based on EPRA NNNNAV. Outstanding shares at 31.03.17 totalled 183.7 million (183.7 million).

Cash flow statement

Net cash flow from operating activities came to 250 million (277 million) for the first quarter of 2017. The change mainly relates to changes in working capital compared to the same quarter last year.

The net cash flow from investment activities was -427 million (-147 million). Proceeds from property transactions of 151 million (162 million) was mainly related to sales of Moloveien 10 in Bodø and Kalfarveien 31 in Bergen. In the first quarter of 2016 the amount mainly related to the sale of Strandveien 13 in Tromsø of 158 million and three apartments at Ringstabekk.

Purchase of investment properties of 156 million (0) relates to the purchase of Kristian Augustsgate 13.

The cash effect from investment in and upgrades of investment properties amounted to 297 million (132 million) in the quarter. Investment in property and housing-units for sale of 39 million (100 million) is mainly related to investments in the property Youngskvartalet in Oslo.

Net payment of loans to associates and jointly controlled entities of -8 million (0) mainly relates to loan provided to the jointly controlled entity Sundtkvartalet AS and net payments in associated and jointly controlled entities of -78 million (-80 million) relates to a capital increase in Entra OPF.

Net cash flow from financing activities was 314 million (-206 million) and was mainly related to net repayment of -1,336 million in bank debt, net increase of 500 million in commercial paper and bond issues of 1,150 million.

The net change in cash and cash equivalents was 138 million (-76 million) in the quarter.

Financing

During the first quarter, Entra's total interest-bearing nominal debt increased by 315 million to 18,012 million. The change in interest-bearing debt were composed by bond issues totalling 1,150 million and increased commercial paper financing of 500 million, partly offset by reduced bank debt of 1,335 million.

In the quarter, Entra issued its second green bond with a tenor of seven years and a principal of 750 million. Furthermore, a fixed rate bond (maturity 13.06.2022) was reopened through two issues, totalling 400 million. Commercial paper loans were issued for a total of 1.600 million.

Interest bearing debt and maturity structure

As at 31.03.17 net interest-bearing nominal debt after deduction of liquid assets of 381 million was 17,631 million (14,515 million).

The average remaining term for the Group's debt portfolio was 4.4 years at 31.03.17 (4.3 years as at 31.03.16). The calculation takes into account that available long-term credit facilities can replace short-term debt.

Entra's financing is mainly based on negative pledge of the Group's assets, which enables a broad and flexible financing mix. Entra's financing structure includes bank loans, bonds and commercial papers. At the end of the period, 78 per cent (57 per cent) of the Group's financing was from the capital market.

Maturity profile and composition interest bearing debt

Maturity profile	0-1 yrs	1-2 yrs	2-3 yrs	3-4 yrs	4+ yrs	Total
Commercial paper (NOKm)	2 200	0	0	0	0	2 200
Bonds (NOKm)	1 529	1 200	1 700	700	6 650	11 779
Bank loans (NOKm)	62	750	1 500	1 021	700	4 033
Total (NOKm)	3 791	1 950	3 200	1 721	7 350	18 012
Commercial paper (%)	58	0	0	0	0	12
Bonds (%)	40	62	53	41	90	65
Bank loans (%)	2	38	47	59	10	22
Total (%)						100
Unutilised credit facilities (NOKm)	1 750	0	1 000	2 310	0	5 060
Unutilised credit facilities (%)	35	0	20	46	0	100
Sources of financing	NOKm	%				
Bonds	11 779	65				
Bank loans	4 033	22				
Commercial paper	2 200	12				
Total	18 012	100				

Financing policy and status

	31.03.2017	Target
Loan-to-value (LTV)	46.4	Approx. 50%
Interest coverage ratio (ICR)	2.9	Min. 1.65x
Debt maturities <12 months	21%	Max 30%
Maturity of hedges <12 months	49%	Max 50%
Average time to maturity (hedges)	3.9	2-6 years
Financing commitments next 12m	133%	Min. 100%
Average time to maturity (debt)	4.4	Min. 3 years

Interest rates and maturity structure

The average interest rate of the debt portfolio was 3.3 (3.6) per cent as at 31.03.17. 51 per cent (55 per cent) of the Group's financing was hedged at a fixed interest rate as at 31.03.17 with a weighted maturity of 3.9 years (3.6 years).

During the quarter, Entra has terminated two old and expensive interest rate swaps with a total notional amount of NOK 150 million. The swaps had an weighted average interest rate and time to maturity of 5.6 per cent and 1.7 years,

respectively. The termination fee paid amounted to NOK 12 million.

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

The Group's total debt in millions:	18 012
The Group's average interest rate¹	3.33%

	Fixed rate instruments ²		Forward starting swaps ³			Average credit margin	
	Amount (NOKm)	Interest rate (%)	Amount	Interest rate (%)	Tenor (years)	Amount (NOKm)	Credit margin (%)
<1 year	482	4.5				7 212	1.01
1-2 years	1 900	3.7	2 000	2.2	7.3	1 750	1.13
2-3 years	900	3.8	2 050	2.0	6.6	1 700	0.96
3-4 years	1 800	4.1				700	1.24
4-5 years	550	4.5				1 000	1.07
5-6 years	1 350	2.2				1 700	1.03
6-7 years	1 250	1.9				2 850	0.95
7-8 years	900	2.7				0	0.00
8-9 years	0	0.0				0	0.00
9-10 years	110	4.4				0	0.00
>10 years	400	5.6				1 100	0.39
Total	9 642	3.4	4 050	2.1	6.9	18 012	0.98

¹Average reference rate (nibor) is 1.10 per cent as of the reporting date.

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

³The table displays future starting point, notional principle amount, average fixed rate and tenor for forward starting swaps.

The property portfolio

Entra's management portfolio consists of 84 buildings with a total area of approximately 1.1 million square metres. As of 31.03.17, the management portfolio had a market value of around 34.7 billion. The occupancy rate was 97.5 per cent (94.7 per cent). The weighted average unexpired terms for the Group's leases was 6.8 years (7.5) for the management portfolio and 7.7 years (7.8) when the project portfolio is included. The public sector represents approximately 71 per cent of the total customer portfolio. The entire property portfolio consists of 93 properties with a market value of about 37.0 billion. 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) 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 valuer's estimated return requirements and expectations on future market development. The market value is defined as the external valuer's estimated transaction value of the individual properties on valuation date. The project portfolio is valued based on the same principles, but with deduction for remaining investments and risk on valuation date. The land and development portfolio is valued based on actually zoned land.

Year-on-year the portfolio net yield is reduced from 5.8 per cent to 5.5 per cent. 12 months rolling rent has increased from 1,773 to 1,944 per square meter whereas the market rent has increased from 1,772 to 1,968 per square meter.

	Number (#)	Area (sqm)	Occupancy (%)	Wault (year)	Market value (NOKm) (NOK/sqm)		12 months rolling rent (NOKm) (NOK/sqm)		Net yield (%)	Market rent (NOKm) (NOK/sqm)	
Oslo	41	626 807	98.1	6.3	24 084	38 423	1 384	2 208	5.2	1 428	2 278
Trondheim	9	113 458	97.9	5.9	2 511	22 130	178	1 567	6.4	171	1 508
Sandvika	9	91 340	90.4	10.6	2 252	24 654	131	1 438	5.3	128	1 397
Stavanger	5	72 680	97.1	9.6	2 008	27 633	136	1 865	6.3	123	1 698
Drammen	8	70 308	97.1	8.3	1 988	28 274	122	1 729	5.7	111	1 573
Bergen	5	48 679	99.3	4.9	1 230	25 258	74	1 527	5.4	89	1 819
Kristiansand	7	45 158	94.3	5.4	669	14 820	52	1 154	6.8	54	1 198
Management portfolio	84	1 068 430	97.5	6.8	34 742	32 517	2 077	1 944	5.5	2 103	1 968
Project portfolio	5	93 124		18.5	1 779	19 100					
Development sites	4	101 558		0.5	466	4 591					
Property portfolio	93	1 263 111		7.7	36 987	29 282					

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

The calculation of net yield is based on the valuers' assumption of ownership costs, which at 31.03 corresponds to 8.6 per cent of market rent.

Reconciliation of investment properties to property market value

The below table reconciles the individual balance sheet items to the property market value presented above.

All figures in NOK millions	Q1-17	Q1-16	2016
Investment property	36 327	29 070	35 629
Investment properties held for sale	675	148	168
Properties and housing-units held for sale	0	653	0
Other	-15	-9	-13
Property market value	36 987	29 862	35 785

Letting activity in the quarter

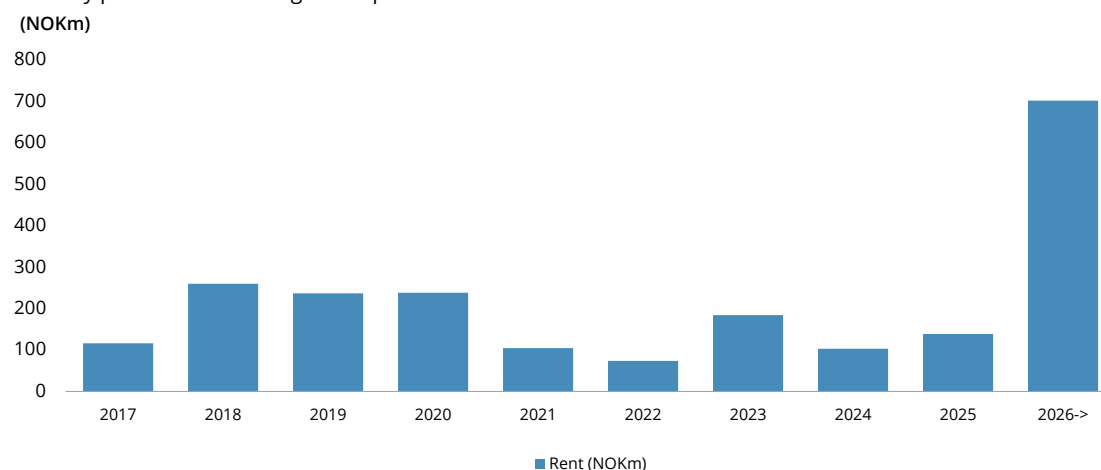
During the first quarter Entra signed new and renegotiated leases with an annual rent totalling 145 million (60,000 square metres) and received notices of termination on leases with an annual rent of 76 million (24,000 square metres). Net letting

was -34 million in the quarter. Net letting is calculated as the annualised rent of new lease contracts plus lease-up on renegotiated contracts less terminated contracts.

Large contracts signed in the quarter (> 20 mill in total value):

- New lease contract for 5 years and 7,300 sqm. in Sundtkvartalet in Oslo with IBM
- New lease contract for 10 years and 3,300 sqm. at the project Trondheimsporten in Trondheim with Trondheim Municipality
- New lease contract for 10 years and 3,300 sqm. in Block 1 at Kjørbo in Sandvika with Norconsult
- Renegotiated lease contract for 6.5 years and 7,700 sqm. in Block 9-10 at Kjørbo in Sandvika with Norconsult
- Renegotiated lease contract for 10 years and 10,000 sqm. Biskop Gunnerus gate 14 in Oslo with Bane Nor SF
- Renegotiated lease contract for 2 years and 12,400 sqm. Stenersgata 1, Oslo City in Oslo with Bane Nor SF

Maturity profile of the management portfolio:



Investments and divestments

Entra has invested 339 million in the portfolio of investment properties in the quarter. In addition, Entra has invested 107 million through its non-consolidated jointly controlled entities (214 million on a 100 per cent basis).

Project development

The portfolio of ongoing project with a total investment exceeding 50 million is presented below. The below description includes projects in jointly controlled entities not consolidated in the financial accounts except projects in Oslo S Utvikling.

	Ownership (%)	Location	Expected completion	Project area (sqm)	Occupancy (%)	Estimated total project cost* (NOKm)	Of which accrued* (NOKm)	Yield on cost**
Group:								
Powerhouse Kjørbo, block 3	100	Sandvika	Jul-17	4 200	54	144	137	5.6
Powerhouse Kjørbo, block 1	100	Sandvika	Nov-17	3 200	100	93	48	6.4
Trondheimsporten	100	Trondheim	Nov-17	28 600	88	680	533	6.4
Brattørkaia 16	100	Trondheim	Jun-18	10 500	100	291	129	6.6
Brattørkaia 17 A	100	Trondheim	Mar-19	18 200	48	497	98	6.2
Tullinkvartalet (UIO)	100	Oslo	Dec-19	21 000	92	1 489	552	5.5
Total Group				85 700		3 194	1 497	
Jointly controlled companies:								
MediaCity Bergen	50	Bergen	Aug-17	45 000	84	1 830	1 666	6.1
Total jointly controlled companies				45 000		1 830	1 666	

* Total project cost (Including book value at date of investment decision/cost of land)

** Estimated net rent (fully let) at completion/total project cost (including cost of land)

Status ongoing project

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

On Brattørkaia 16, Entra is building a 10,500 square meter 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 finalised in the summer 2018.

On Brattørkaia 17, Entra will build Powerhouse Brattørkaia, an energy positive and environment friendly office building of approximately 18,200 square metres, of which a 2,500 square metres parking basement. The property is 48 per cent pre-let.

Powerhouse Brattørkaia will utilise sun and sea water for heating and cooling. The building will be covered by 3,000 square metres of solar panels and thus produce around 500,000 kWh of renewable energy annually. This is more than twice as much as the building consumes for heating, cooling, ventilation and lighting and means that the building has a positive energy balance in its lifetime also when all the energy that goes into building processes, materials and finally demolition is included. The project is aiming for the environmental classification BREEAM Outstanding and Energy class A. Construction has commenced and the project will be finalised in the first quarter of 2019.

"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 approximately 28,600 square metres. 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. During the quarter, the construction works up until the fifth floor is completed, and work on technical installations has commenced.

In Sandvika Entra is refurbishing the Block 3 at Kjørbo into a new Powerhouse with 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 is 4,200 square metres and is 54 per cent pre-let to Asplan Viak.

In Sandvika Entra is also refurbishing the Block 1 at Kjørbo into a new Powerhouse with a BREEAM Excellent classification. This block is 3,200 square meters and is 100 per cent pre-let to Norconsult.

Media City Bergen involves total renovation of approximately 35,000 square metres and an extension of approximately 10,000 square metres 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 and is 84 per cent pre-let.

Youngskvartalet in Oslo involves both a new building and refurbishment of three existing buildings. The project consists of 9,400 square metres and will be finalised in Q4 2017. The project is forward sold to Industri Energi as part of a larger transaction that took place in 2012, where Entra booked a total gain of 134 million. When finalised, Entra will deliver the project at cost, plus a project management fee.

Transactions

Entra actively seeks to improve the quality of its property portfolio through a disciplined strategy of acquisitions and divestments. Entra focuses on acquisition of large properties and projects in specific areas within its four core markets; Oslo, Bergen, Trondheim and Stavanger. Target areas include both areas in the city centers and selected clusters and communication hubs outside the city centers, 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 makes the company well positioned to make acquisitions that meets these acquisition criterias. At the same time, Entra actively divests smaller non-core properties. The acquisition and divestment strategy is flexible, allowing Entra to adapt to feedback from customers and market changes, and to respond to market opportunities as they arise.

Transactions in 2016 and YTD 2017

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
Sum			70 100	2 737	

Sold properties		Transaction quarter	No of sqm	Transaction value	Closing date
Kristiansand portfolio	Kristiansand	Pending	45 000	863	Pending
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	01.11.2017
Fritznersgate 12	Oslo	Q2 2016	824	53	15.09.2016
Telemarksgata 11	Skien	Q2 2016	4 300	11	01.07.2016
Ringstabekk AS	Bærum	Q1 2016	5 570	114	06.04.2016
Strandveien 13, Tromsø	Tromsø	Q4 2015	11 560	158	28.01.2016
Gullfaks, Hinna Park (forward sale)	Stavanger	Q3 2015	17 900	727	30.10.2016
Sum			107 294	2 166	

Partly owned companies

Papirbredden Eiendom AS (60 %)

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

Hinna Park Eiendom AS (50 %)

Entra and Camar Eiendom own Hinna Park Eiendom AS. The company owns three office properties of around 30,000 sqm and development potential for two new office properties totalling around 29,000 sqm.

Entra OPF Utvikling AS (50 %)

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.

Sundtkvartalet Holding AS (50 %)

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

Oslo S Utvikling AS "OSU" (33.33 %)

OSU is a property development company that is undertaking the development of parts of the city district Bjørvika in Oslo.

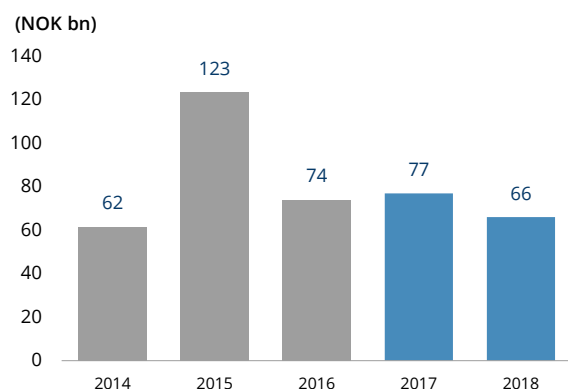
Financial figures for partly owned entities and JVs (based on 100 % ownership)

All figures in NOK millions	Papirbredden Eiendom AS	Hinna Park Eiendom AS	Sum consolidated companies	Entra OPF Utvikling AS	Sundtkvartalet Holding AS	Oslo S Utvikling AS	Other	Sum associated companies & JVs
Share of ownership (%)	60	50		50	50	33		
Rental income	25	17	42	5	8	25	1	38
Net operating income	24	15	39	4	7	25	-2	34
Net income	15	5	20	3	2	-3	0	2
Changes in value of investment properties	57	-23	34	118	199	0	0	317
Changes in value of financial instruments	2	1	2	0	0	10	0	10
Profit before tax	74	-17	56	121	201	7	0	329
Tax	-18	5	-13	-29	-48	-1	0	-79
Profit for period/year	56	-12	44	92	153	6	0	251
<i>Non-controlling interests</i>	22	-6	16					
<i>Entras share of profit</i>				46	77	2	0	124
<i>Book value</i>				949	268	537	9	1 764
Market value properties	1 733	1 026	2 759	2 042	1 534	5 027		8 603
<i>Entras share</i>								
<i>Market value properties</i>	1 040	513	1 553	1 021	767	1 676		3 464
<i>EPRA NAV</i>	549	113	662	987	319	1 213	9	2 528
<i>EPRA NNNAV</i>	508	94	602	969	304	1 131	9	2 414
<i>EPRA Earnings</i>	7	2	9	2	1	-4	0	-2

Market development

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 to around 3.8 per cent and the overall high level of demand for Norwegian real estate has led to a contraction in yield levels in all cities and property segments.

TRANSACTION VOLUME NORWAY



Source: Entra Consensus report

Market data Oslo

	2013	2014	2015	2016	2017e	2018e
Vacancy Oslo and Bærum (%)	7.4	7.8	8.4	7.8	7.0	6.4
Rent per sqm, high standard Oslo office	2 907	3 025	2 935	2 982	3 169	3 309
Prime yield (%)	5.2	4.7	4.1	3.8	3.9	4.0

Source: Entra Consensus report

As of year-end 2016 the Oslo office vacancy was about 7.8 per cent, according to Entra's consensus report. The vacancy is expected to drop to around 7 per cent by the end of the year due to continuous office-to-residential conversion, low construction activity in the office market in Oslo, and a slight increase in employment.

The broad uplift in rent levels seen in the last quarter of 2016 continued in 2017, combined with a high volume of signed lease contracts. Rent levels are expected to continue to grow due to a tight market for supply of office space.

In Bergen, the office vacancy has levelled out at about 10 per cent. The office vacancy in Bergen is mainly related to properties situated around the oil and gas intensive office areas at Kokstad, Sandsli and Flesland. Rents in the city centre of Bergen has increased due to 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 still a downward pressure on rents in "oil and gas intensive" areas like Forus. In the Stavanger city centre, the vacancy is at about 6 per cent and rent levels are more stable. The construction activity is low.

The overall rent level in Trondheim has remained unchanged throughout 2016 and the vacancy level is currently around 10 per cent. There is a downward pressure on rents, especially in the fringe areas due to higher vacancy. There has been limited new office space coming into the market, however the volume of new office space will increase next year and the office vacancy is thus expected to rise somewhat.

Other information

Organisation and HSE

At 31.03.17 the Group had 152 employees, reduced from 166 at year-end 2016 as a result of the establishment of a jointly controlled entity Hinna Park Facility Management AS. During the quarter there were zero injuries that caused absence from work. Entra has a continuous HSE focus both in on-going projects and in the operations and works continually to avoid injuries. The Group had an LTIF rate (number of accidents with lost time per million hours worked in last 12 months) on ongoing projects of 2,6 at the end of the quarter vs 3.6 at the end of the fourth quarter 2016.

Risk and risk management

The Group is exposed to financial risk through its debt financing, and changes in interest rate levels on loans at floating rates will affect the Group's cash flow. The risks associated with the development in market rates are managed through active use of interest rate hedging instruments. Liquidity/ refinancing risk is reduced by entering into long-term loan agreements, as well as through establishing a diversified maturity structure and the use of various credit markets and counterparties.

The Group's equity is affected by value changes on properties and financial instruments that are due to changes in, among other things, interest and rent levels, yields and other market conditions. Entra is exposed to the letting market, which is affected by macroeconomic changes in, among other things, GDP, the CPI rate and employment. Vacancy in the portfolio and rent changes on renegotiation of existing contracts affect the ongoing cash flow. Efforts are made to reduce the letting risk by systematic customer service, following up contract expiries and plans for letting work, as well as by adapting properties to customers' requirements. By entering into long leases with a diversified maturity structure, the Group achieves a stable and predictable cash flow. Due to recent political changes in the city council in Oslo, Entra will be exposed to property tax on all its properties in Oslo, effective from 2017. Entra carries out major upgrading and development projects involving risks in relation to deadlines and costs.

Events after the balance sheet date

As a result of the final settlement agreement regarding the sale of Gullfaks in Stavanger, Entra will recognise approximately 18 million as reduction of other costs in Q2 2017.

Share and shareholder information

Entra's share capital is NOK 183,732,461 divided into 183,732,461 shares, each with a par value of NOK 1 per share. Entra has one class of shares and all shares provide equal rights, including the right to any dividends.

As of 18 April 2017, Entra had 5,523 shareholders. Norwegian investors held 57 per cent of the share capital. The 10 largest shareholders as registered in VPS on 18 April 2017 were:

Shareholder	% holding
Norwegian Ministry of Trade, Industry and Fisheries	33.4
Folketrygdfondet	7.3
Geveran Trading	7.1
State Street Bank (Nominee)	3.0
The Bank of New York (Nominee)	2.2
Danske Invest Norske	2.2
The Bank of New York (Nominee)	1.8
J.P. Morgan Bank (Nominee)	1.2
State Street Bank (Nominee)	1.2
Danske Invest Norske	1.1
SUM 10 LARGEST SHAREHOLDERS	60.5

Outlook

The Norwegian economy has been influenced by a weaker macroeconomic development and general uncertainty but there has been 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 good position having low presence in the geographical areas hit by the downturn, long lease contracts with solid tenants and a low exposure towards the oil sector.

Oslo constitutes around 70 per cent of Entra's revenues. Here, 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 stabilised following the increasing trend seen in the recent months. There is risk for a further increase from the current historically low levels. However, Entra with its strong balance sheet, predictable cash flow and well-balanced interest rate hedge position is in a 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 project 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, 26 April 2017

The Board of Entra ASA

Financial statements

Statement of comprehensive income

All figures in NOK millions	Q1-17	Q1-16	2016
Rental income	525	454	1 899
Repairs & maintenance	-6	-2	-50
Operating costs	-30	-22	-109
Net operating income	489	429	1 740
Other revenue	61	58	950
Other costs	-59	-54	-927
Administrative costs	-43	-44	-152
Share of profit from associates and JVs	124	8	150
Net realised financials	-141	-133	-572
Net income	432	265	1 190
- of which net income from property management	311	278	1 070
Changes in value of investment properties	870	182	1 991
Changes in value of financial instruments	0	-162	125
Profit before tax	1 302	284	3 306
Tax payable	0	0	-4
Change in deferred tax	-258	-63	-580
Profit for period/year	1 044	221	2 722
Actuarial gains and losses	0	0	-23
Change in deferred tax on comprehensive income	0	0	6
Total comprehensive income for the period/year	1 044	221	2 705
Profit attributable to:			
Equity holders of the Company	1 028	223	2 619
Non-controlling interest	16	-2	103
Total comprehensive income attributable to:			
Equity holders of the Company	1 028	223	2 602
Non-controlling interest	16	-2	103

Balance sheet

All figures in NOK millions	31.03.2017	31.03.2016	31.12.2016
Intangible assets	124	161	124
Investment property	36 327	29 070	35 629
Other operating assets	21	28	26
Investments in associates and JVs	1 764	2 877	1 561
Financial derivatives	457	634	472
Long-term receivables	169	66	163
Total non-current assets	38 862	32 835	37 976
Property and housing-units for sale	0	645	0
Investment property held for sale	675	148	168
Trade receivables	46	61	27
Other receivables	531	238	476
Cash and bank deposits	381	136	243
Total current assets	1 633	1 227	914
Total assets	40 495	34 063	38 890
Shareholders equity	15 760	13 218	14 732
Non-controlling interests	403	357	392
Total equity	16 163	13 575	15 124
Interest-bearing debt	14 617	11 973	14 734
Deferred tax liability	4 113	3 380	3 855
Financial derivatives	850	1 295	894
Other non-current liabilities	350	230	358
Total non-current liabilities	19 930	16 878	19 841
Interest-bearing debt	3 826	3 123	3 379
Trade payables	257	221	290
Other current liabilities	319	266	257
Total current liabilities	4 402	3 609	3 926
Total liabilities	24 332	20 488	23 766
Total equity and liabilities	40 495	34 063	38 890

Changes in equity

All figures in NOK millions	Share capital	Other paid-in capital	Retained earnings	Non-controlling interest	Total equity
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
Equity 31.12.2016	184	3 556	10 992	392	15 124
Profit for period			1 028	16	1 044
Dividend				-5	-5
Equity 31.03.2017	184	3 556	12 020	403	16 163

Statement of cash flows

All figures in NOK millions	Q1-17	Q1-16	2016
Profit before tax	1 302	284	3 306
Net expensed interest and fees on loans	142	132	589
Net interest and fees paid on loans	-134	-126	-520
Share of profit from associates and jointly controlled entities	-124	-8	-150
Depreciation and amortisation	1	3	46
Changes in value of investment properties	-870	-182	-1 991
Changes in value of financial instruments	0	162	-125
Change in working capital	-66	11	-59
Net cash flow from operating activities	250	277	1 097
Proceeds from property transactions	151	162	1 021
Purchase of investment properties	-156	0	-2 536
Investment in and upgrades of investment properties	-297	-132	-1 001
Investment in property and housing-units for sale	-39	-100	-233
Purchase of intangible and other operating assets	0	-2	-15
Net payment financial assets	0	5	-5
Net payment of loans to associates and JVs	-8	0	-1
Net payments in associates and JVs	-78	-80	-253
Dividends from associates and JVs	0	0	51
Net cash flow from investment activities	-427	-147	-2 972
Proceeds interest-bearing debt	4 020	3 517	17 536
Repayment interest-bearing debt	-3 706	-3 723	-14 695
Proceeds from/repayment of equity	0	0	-1
Dividends paid	0	0	-934
Net cash flow from financing activities	314	-206	1 906
Change in cash and cash equivalents	138	-76	31
Cash and cash equivalents at beginning of period	243	212	212
Cash and cash equivalents at end of period	381	136	243

NOTE 1 – ACCOUNTING PRINCIPLES

The results for the period have been prepared in accordance with IAS 34 Interim Financial Reporting.

The accounting principles that have been used in the preparation of the interim financial statements are in conformity with the principles used in preparation of the annual financial statements for 2016.

The financial reporting covers Entra ASA, subsidiaries, associated companies and jointly controlled entities. The interim financial statements have not been audited.

NOTE 2 – SEGMENT INFORMATION

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.

Operating segments Q1-17:

	Number (#)	Area (sqm)	Occupancy (%)	Wault (year)	Market value (NOKm) (NOK/sqm)		12 months rolling rent (NOKm) (NOK/sqm)		Net yield (%)	Market rent (NOKm) (NOK/sqm)	
Oslo	41	626 807	98.1	6.3	24 084	38 423	1 384	2 208	5.2	1 428	2 278
Trondheim	9	113 458	97.9	5.9	2 511	22 130	178	1 567	6.4	171	1 508
Sandvika	9	91 340	90.4	10.6	2 252	24 654	131	1 438	5.3	128	1 397
Stavanger	5	72 680	97.1	9.6	2 008	27 633	136	1 865	6.3	123	1 698
Drammen	8	70 308	97.1	8.3	1 988	28 274	122	1 729	5.7	111	1 573
Bergen	5	48 679	99.3	4.9	1 230	25 258	74	1 527	5.4	89	1 819
Kristiansand	7	45 158	94.3	5.4	669	14 820	52	1 154	6.8	54	1 198
Management portfolio	84	1 068 430	97.5	6.8	34 742	32 517	2 077	1 944	5.5	2 103	1 968
Project portfolio	5	93 124		18.5	1 779	19 100					
Development sites	4	101 558		0.5	466	4 591					
Property portfolio	93	1 263 111		7.7	36 987	29 282					

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

The calculation of net yield is based on the valuers' assumption of ownership costs, which at 31.03 corresponds to 8.6 per cent of market rent.

Operating segments Q1-16:

	Number (#)	Area (sqm)	Occupancy (%)	Wault (year)	Market value (NOKm) (NOK/sqm)		12 months rolling rent (NOKm) (NOK/sqm)		Net yield (%)	Market rent (NOKm) (NOK/sqm)	
Oslo	38	518 625	94.8	6.9	17 874	34 465	1 079	2 081	5.6	1 080	2 082
Trondheim	9	117 187	98.2	6.5	2 435	20 780	175	1 490	6.5	165	1 410
Sandvika	10	100 047	90.6	10.5	2 193	21 920	127	1 268	5.3	134	1 335
Stavanger	6	79 194	93.7	10.0	2 057	25 976	136	1 718	6.1	135	1 711
Drammen	8	71 506	92.3	8.8	1 713	23 952	109	1 531	6.0	105	1 470
Bergen	6	57 119	98.8	5.5	1 217	21 298	84	1 477	6.2	92	1 617
Kristiansand	7	45 158	95.6	8.6	616	13 645	53	1 171	7.6	49	1 086
Other	2	9 823	84.6	4.2	74	7 487	7	752	8.0	9	906
Management portfolio	86	998 659	94.7	7.5	28 179	28 216	1 771	1 773	5.8	1 770	1 772
Project portfolio	6	104 834		16.4	1 277	12 183					
Development sites	4	120 911		0.9	407	3 364					
Property portfolio	96	1 224 404		7.8	29 862	24 389					

Ringstabekk housing project is included in market value of management portfolio at cost price of 11 million. Youngsqt. 7-9 is included in market value of the management portfolio at sales price of 60 million. The calculation of net yield is based on the valuers' assumption of ownership costs, which at 31.03 corresponds to 8.2 per cent of market rent.

NOTE 3 – INVESTMENT PROPERTIES

All figures in NOK millions	Q1-17	Q1-16	2016
Closing balance previous period	35 798	28 989	28 989
Purchase of investment property	155	0	4 183
Investment in the property portfolio	339	208	1 004
Capitalised borrowing costs	5	1	11
Sale of investment property	-168	-161	-379
Reclassified from properties for use of the group	4	0	0
Changes in value of operational lease	11	17	-28
Changes in value of investment properties	859	165	2 018
Closing balance	37 002	29 218	35 798
Investment property held for sale	675	148	168
Investment property	36 327	29 070	35 629

Investment properties held for sale include the Kristiansand properties Kongsgård Allé 20, Tordenskioldsgate 65, Tordenskioldsgate 67, Lømslandsvei 6, Lømslandsvei 24, St.Hansgate 1 and Vestre Strandgata 21 where closing is expected to take place during the second quarter of 2017.

During the first quarter of 2017 Molovegen 10 in Bodø was sold in January 2017 with closing in February 2017, the property Kalfarveien 31 in Bergen had closing in February 2017 and the property Erling Skakkesgate 60/Kongensgate 85 in Trondheim had closing 31 March 2017.

The value change on operational lease agreements relates to the property Langkaia 1, which is owned under a lease that expires on 31 December 2030. The property will then revert without consideration to the Oslo Harbour Authority. The property is classified as an investment property under IAS 40 and is valued at 688 million (668 million) as at the end of the first quarter of 2017. The Group records quarterly a negative value change on the property as the maturity date of the lease approaches.

NOTE 4 – 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 was appealed by the counterparty and the hearing of the dispute took place in February 2017. Entra prevailed and the counterparty has appealed to the Supreme Court.

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 5 – INFORMATION ON THE FAIR VALUE OF ASSETS AND LIABILITIES

The valuation methods and principles are unchanged in the quarter. See the annual financial statements for 2016 for further information. Set out below is a summary of assets and liabilities measured at fair value divided between the different valuation hierarchies set out in IFRS 7.

With the exception of equity capital instruments of 0.5 million (level 3) all assets and liabilities are level 2. Investment properties of 37.002 million are classified at level 3.

All figures in NOK millions	31.03.2017	31.03.2016	31.12.2016
Assets measured at fair value:			
Assets measured at fair value with change over the result			
- Investment property	36 327	29 070	35 629
- Investment property held for sale	675	148	168
- Derivatives	457	634	472
Financial assets held for sale			
- Equity instruments	1	1	1
Total	37 459	29 853	36 270
Liabilities measured at fair value:			
Financial liabilities measured at fair value with change over the result			
- Derivatives	850	1 295	894
- Bonds	6 031	4 146	5 615
- Commercial paper	2 200	1 900	1 700
Total	9 081	7 341	8 209

NOTE 6 – SALE OF PROPERTY PORTFOLIO

In January 2017 the Group signed an agreement regarding sale of a property portfolio in Kristiansand for a total of 863 million which includes completion and related construction costs regarding the construction of a new school building in Kongsgård Allé 20 where settlement will take place when completed. The corresponding total property value is 675 million. The buyer is Samhøllsbyggnadsbolaget i Norden AB (publ) and the transaction is subject to the buyer obtaining satisfactory debt financing.

Closing and settlement is postponed and is now expected to take place during the second quarter of 2017 for the portfolio, except for the 2,250 sqm new school building under construction in Kongsgård Allé 20 where settlement is expected to take place in June 2018.

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

All figures in NOK millions	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

CALCULATION OF KEY FIGURES AND EPRA REPORTING

KEY FIGURES

DEBT RATIO (LTV)

All figures in NOK millions	Q1-17	Q1-16	2016
Net nominal interest-bearing debt	17 631	14 515	17 454
Total market value of the property portfolio	38 008	32 127	36 681
Market value of the property portfolio	36 987	29 862	35 785
Share of Entra OPF Utvikling (50%)	1 021	610	896
Share of Oslo City Kjøpesenter AS (33,3%)	0	1 654	0
Debt ratio (LTV) %	46.4	45.2	47.6

INTEREST COVERAGE RATIO (ICR)

All figures in NOK millions	Q1-17	Q1-16	2016
Net income	432	265	1 190
Depreciation	1	3	46
Results from associates and joint ventures	-124	-8	-150
Net realised financials	141	133	572
EBITDA adjusted	450	393	1 658
Share of EBITDA Entra OPF Utvikling	2	1	4
EBITDA adjusted for share of Entra OPF Utvikling	452	394	1 663
Interest cost	150	136	567
Other finance expense	5	4	41
Applicable net interest cost	155	140	608
Interest Coverage Ratio (ICR)	2.9	2.8	2.7

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	Q1 17 / 31.03.2017	2016 / 31.12.2016
A	EPRA earnings per share (EPS)	NOK	1.2	4.3
B	EPRA NAV per share	NOK	110	101
	EPRA triple net asset value per share (NNNAV)	NOK	101	93
C	EPRA net initial yield	%	5.4	5.6
	EPRA, "topped-up" net initial yield	%	5.4	5.6
D	EPRA vacancy rate	%	2.6	3.8
E	EPRA cost ratio (including direct vacancy costs)	%	14.1	15.9
	EPRA cost ratio (excluding direct vacancy costs)	%	13.4	14.0

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

A. EPRA EARNINGS

EPRA earnings is a measure of the underlying development in the property portfolio and is calculated as net income after tax excluding value changes on investment properties, unrealised changes in the market value of financial derivatives and gains/losses on the sale of properties and their associated tax effects.

All figures in NOK millions	Q1-17	Q1-16	2016
Profit for period/year - Earnings per IFRS income statement	1 044	221	2 722
Add:			
Changes in value of investment properties	-870	-182	-1 991
Tax on changes in value of investment properties*	209	45	498
Reversal of deferred tax arising from sales of properties (tax exempted)	-23	-7	-14
Changes in value of financial instruments	0	162	-125
Tax on changes in value of financial instruments*	0	-41	31
Profit or losses on disposal of inventory in Oslo S Utvikling	-8	-2	-60
Share of profit jointly controlled entities – fair value adjustments	-159	7	-110
Reversal of deferred tax EPRA adjustments jointly controlled entities	40	-1	18
Net income non-controlling interests of subsidiaries	-9	-9	-37
Reversal of tax non-controlling interests of subsidiaries	2	2	9
Change in tax rate**	0	0	-161
Tax payable	0	0	2
EPRA earnings	228	197	784
Reversal of tax adjustment above	-228	1	-384
Reversal of change in deferred tax from income statement	258	63	580
Reversal of tax payable from income statement	0	0	4
Reversal of tax JVs	39	3	16
EPRA earnings before tax	297	263	1 000

* 24 per cent from Q1 2017, 25 per cent previous periods

** From 25 per cent to 24 per cent for 2016 figures

B. NET ASSET VALUE – EPRA NAV AND EPRA NNNAV

The objective with EPRA NAV is to demonstrate the fair value of net assets given a long-term investment horizon. EPRA NAV is calculated as net asset value adjusted to include market value of all properties in the portfolio and 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 figures in NOK millions	Q1-17	Q1-16	2016
Total equity	16 163	13 575	15 124
Less: Non-controlling interests	403	357	392
NAV per financial statement	15 760	13 218	14 732
Add: Adjustment to property portfolio	1	9	1
Add: Revaluation of investments made in the JV	764	125	368
Add: Net market value on financial derivatives	394	661	421
Add: Deferred tax arising on revaluation moments	3 316	2 578	3 091
EPRA NAV	20 234	16 591	18 613
Market value on property portfolio	36 987	29 862	35 785
Tax value on property portfolio	15 139	12 277	15 007
Basis for calculation of tax on gain on sale	21 848	17 586	20 778
Less: Market value of tax on gain on sale (5% tax rate)	1 092	879	1 039
Net market value on financial derivatives	394	661	421
Tax expense on realised financial derivatives*	94	165	101
Less: Net result from realisation of financial derivatives	299	496	320
Book value of interest bearing debt	18 443	15 096	18 113
Nominal value of interest bearing debt	18 012	14 650	17 696
Basis for calculation of tax on realisation of interest-bearing debt	431	445	416
Less: Market value of tax on realisation*	103	111	100
Less: MV of tax on gain on sale (5% tax rate) & realisation of financial derivatives in JVs	115		
EPRA NNNAV	18 625	15 105	17 154

* 24 per cent from 31.12.2016, 25 per cent from 31.12.2015

C. EPRA NET INITIAL YIELD

EPRA Net initial yield measures the annualised rental income based on the cash rents passing at the balance sheet date, less non-recoverable property operating expenses, divided by the market value of the property, increased with (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 figures in NOK millions	Oslo	Trond-heim	Sandvika	Stavanger	Drammen	Bergen	Kristian-sand	Total
Investment property - wholly owned	24 878	3 733	2 403	1 155	255	1 291	685	34 400
Investment property - share of JVs/Funds	767	0	0	513	1 040	1 021	0	3 340
Total property portfolio	25 645	3 733	2 403	1 668	1 295	2 312	685	37 741
Less projects and land and developments	-794	-1 049	-152	-86	0	-949	-15	-3 045
Completed management portfolio	24 851	2 683	2 252	1 582	1 295	1 364	669	34 695
Allowance for estimated purchasers' cost	52	15	10	4	5	7	5	97
Gross up completed management portfolio valuation	24 903	2 698	2 261	1 586	1 300	1 370	674	34 792
12 months rolling rent	1 415	196	131	104	81	85	52	2 064
Estimated ownership cost	121	20	11	8	5	9	7	181
Annualised net rents	1 293	175	120	96	76	77	45	1 883
Add: Notial rent expiration of rent free periods or other lease incentives	1	0	0	0	0	0	0	1
Topped up net annualised net rents	1 294	175	120	96	76	77	45	1 884
EPRA NIY (net initial yield)	5.2%	6.5%	5.3%	6.0%	5.8%	5.6%	6.7%	5.4%
EPRA "topped-up" NIY (net initial yield)	5.2%	6.5%	5.3%	6.0%	5.8%	5.6%	6.7%	5.4%

D. EPRA VACANCY

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

All figures in NOK millions	Oslo	Trondheim	Sandvika	Stavanger	Drammen	Bergen	Kristiansand	Total
Market rent vacant areas	29	4	12	3	2	1	3	54
Total market rent	1 467	189	128	93	73	100	54	2 104
Vacancy	2.0%	2.2%	9.6%	3.0%	3.1%	0.6%	5.7%	2.6%

E. EPRA COST RATIO

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

All figures in NOK millions	Q1-17	Q1-16	2016
Maintenance	-6	-2	-50
Total operating costs	-30	-22	-109
Administrative costs	-43	-44	-152
Share of joint ventures expences	-2	-2	-5
Less: Ground rent cost	5	3	12
EPRA Cost (including direct vacancy cost)	-75	-67	-304
Direct vacancy cost	-4	-10	-38
EPRA Cost (excluding direct vacancy cost)	-71	-57	-267
Gross rental income less ground rent	525	454	1 899
Share of joint ventures and fund (GRI)	6	2	10
Total gross rental income less ground rent	532	456	1 909
Epra cost ratio (inkluding direct vacancy cost)	14.1%	14.7%	15.9%
Epra cost ratio (excluding direct vacancy cost)	13.4%	12.6%	14.0%

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

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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Financial calendar

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