Q1

Quarterly Report 2018

entra

Central, flexible and environment friendly office properties

Financial highlights

- Rental income of 545 million (525 million) in the quarter
- Net income from property management of 349 million (311 million)
- Net value changes of 492 million (870 million)
- Profit before tax of 856 million (1,302 million)
- Net letting of -15 million
- Started refurbishment of Tollbugata 1A in Oslo

Rental income

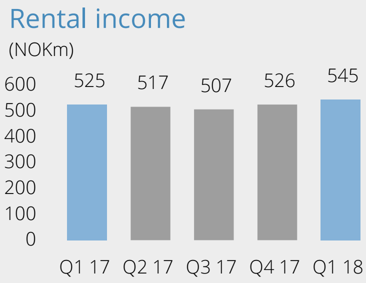
+ 20 mill.

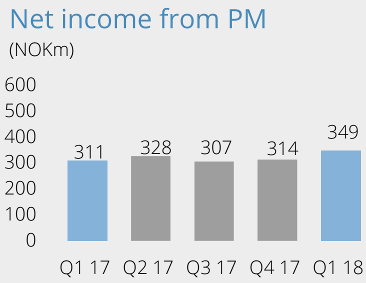
Property management

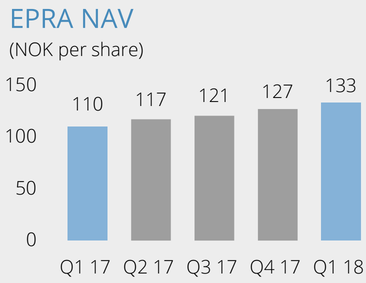
+ 38 mill.

EPRA NAV excl. dividend

+ 21 %







Key figures

All amounts in NOK million	Q1-18	Q1-17	2017	2016	2015	2014
Rental income	545	525	2 075	1 899	1 760	1 772
Change period-on-period	4%	16 %	9 %	8 %	-1 %	9 %
Net operating income	501	489	1 913	1 740	1 574	1 624
Change period-on-period	2%	14 %	10 %	11 %	-3 %	10 %
Net income from property management	349	311	1 259	1 070	799	774
Change period-on-period	12%	12 %	18 %	34 %	3 %	47 %
Profit before tax	856	1 302	5 030	3 306	3 075	1 377
Change period-on-period	-34 %	358 %	52 %	8 %	123 %	201 %
Profit after tax	734	1 044	4 514	2 722	2 721	1 026
Change period-on-period	-30 %	372 %	66 %	0 %	165 %	120 %
Market value of the property portfolio*	42 765	36 987	40 036	35 785	29 598	28 358
Net nominal interest bearing debt	17 207	17 631	17 852	17 454	14 640	13 890
Loan to value*	40.2%	46.4%	43.3%	47.6%	46.1%	48.4%
Interest coverage ratio*	3.6	2.9	3.0	2.7	2.5	2.0
Number of shares	183.7	183.7	183.7	183.7	183.7	183.7

All amounts in NOK per share*	Q1-18	Q1-17	2017	2016	2015	2014
EPRA NAV	133	110	127	101	89	76
Change period-on-period	21%	22 %	26 %	14%	16%	na
EPRA NNNAV	124	101	118	93	81	68
Change period-on-period	22%	23 %	26 %	15%	20%	na
EPRA Earnings	1.35	1.24	5.23	4.27	3.25	3.00
Change period-on-period	9%	16 %	22%	31%	8%	na
Cash earnings**/***	1.88	1.69	6.81	5.80	4.96	4.10
Change period-on-period	11%	12 %	17 %	17%	21%	na
Dividend per share****	0.00	0.00	4.10	3.45	3.00	2.50
Change period-on-period	0%	0 %	19 %	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 for second half of 2016, paid in May 2017. Dividend for 2017 of 4.10 per share constitute dividend of 2.00 per share approved and paid for the first half 2017 and dividend of 2.10 per share proposed for the second half of 2017.
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

Rental income

Rental income was up by 3.8 per cent from 525 million in Q1 2017 to 545 million in Q1 2018. The increased rental income can be explained by the factors in the below income bridge.

All amounts in NOK million	Q117 - Q118
Rental income previous period	525
Development projects	-1
Acquisitions	18
Divestments	-35
Other*	28
Like-for-like growth	10
Rental income	**545**

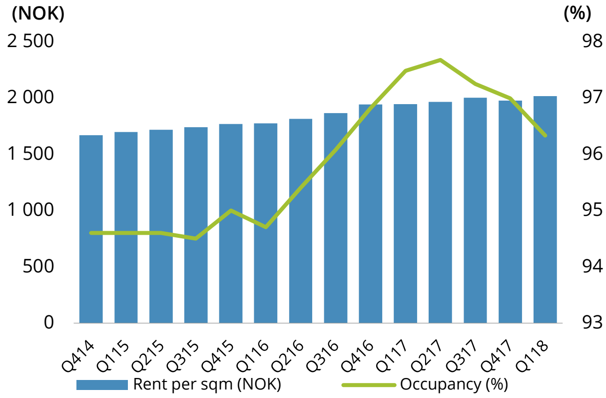
*Entra OPF consolidated in the group from 1.1.2018

The increase in rental income in the quarter, compared to the same quarter last year, is mainly driven by the acquisition of the remaining 50 per cent of Sundtkvartalet which was closed in October 2017 and the consolidation of Entra OPF from 1.1 2018 (until 31.12.17 treated as a jointly controlled entity), offset by divestments of 12 non-core properties during 2017, especially the divestment of the Kristiansand portfolio in May 2017 and Middelthuns gate 29 in December 2017.

On a like-for-like basis the rental growth was 2.1 per cent, compared to the same quarter last year. The annual indexation of the lease contracts constituted 1.1 per cent. 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 2,014 (1,944) as of 31.03.18. The increase is mainly related to continued portfolio rotation towards more central, high quality assets. The remaining growth is mainly driven by income effects from increased occupancy in the Oslo portfolio and the completion of newbuild- and refurbishment projects.

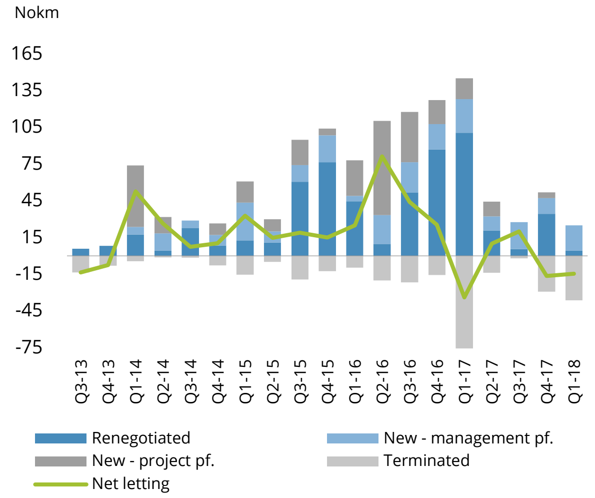
RENT (12M ROLLING) PER SQM AND OCCUPANCY RATE



The occupancy rate in the first quarter went down from 97.0 per cent to 96.3 per cent. This is mainly due to increased vacancy in Langkaia 1 in Oslo and the effect from the consolidation of Entra OPF and the property Lars Hilles gate 30 which still carries some vacancy after completion of the project. The market rental income of vacant space as of 31.03.18 was approximately 76 million on an annualised basis.

Gross letting, including re-negotiated contracts with an annual lease of 4 million, was 25 million in the quarter. Lease contracts with an annual lease of 36 million were terminated in the quarter. Net letting defined as new lease contracts plus lease-up on renegotiated contracts less terminated contracts came in at -15 million (-34 million) in the quarter. The time difference between the net letting in the management portfolio 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 44 million (36 million) in the quarter. Total property cost is split as follows:

All amountss in NOK million	Q1-18	Q1-17
Maintenance	7	6
Tax, leasehold, insurance	18	14
Letting and prop. adm.	12	12
Direct property costs	7	4
Total property costs	**44**	**36**

Total property costs were 44 million in the quarter, an increase of 8 million compared to the same quarter in 2017. The increase is mainly attributable to an increase in the property tax rate from 0.2 per cent to 0.3 per cent in Oslo, and a higher direct property cost due to a lower occupancy rate in the portfolio. In addition, consolidation of Entra OPF has had an impact of 2 million on total property costs in Q1-18.

Net operating income

As a consequence of the effects explained above, net operating income came in at 501 million (489 million) in the quarter.

Other revenues and other costs

Other revenues were 13 million (61 million) and costs 11 million (59 million).

Administrative costs

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

Result from associates and JVs

Entra's share of profit from associates and JVs was 14 million (124 million) in the quarter. Due to the consolidation of Entra OPF as of 1.1.2018, the result in this quarter is only related to the ongoing business in Oslo S Utvikling.

All amounts in NOK million	Q1-18	Q1-17
Income from property management	0	3
Changes in market value	0	158
Tax	0	-38
Other income and costs	14	2
Results from associates and JVs	**14**	**124**

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

Net realised financials

Net realised financials amounted to -110 million (-141 million) in the quarter and is composed as follows:

All amounts in NOK million	Q1-18	Q1-17
Interest and other finance income	12	7
Interest and other finance expense	-121	-148
Net realised financials	**-110**	**-141**

Net realised financials have decreased in the first quarter of 2018 compared to 2017 mainly due to lower interest rates on floating rate debt (Nibor). The interest and other finance income is in Q1-18 impacted by recognition of financing and delayed closing of Youngskvartalet of 9 million.

The average interest rate was 2.75 (3.33) per cent as at 31.03.18.

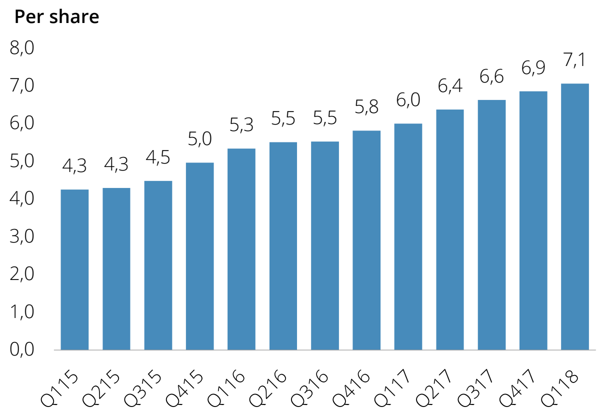
Net income and net income from property management

Net income came in at 363 million (432 million) in the quarter. When including only the income from property management in the results from JVs, the net income from property management was 349 million (311 million) in the quarter representing a year-on-year increase of 12 per cent.

All amounts in NOK million	Q1-18	Q1-17
Net income	363	432
Less:		
Value changes in associates and JVs	0	157.92
Tax from associates and JVs	0	-38.50
Other income and costs	14	1.93
Net income from property management	**349**	**311**

NET INCOME FROM PROPERTY MANAGEMENT PER SHARE

(Annualised, rolling 4 quarters)



Value changes

Net value changes amounted to 492 million (870 million) in the quarter.

The valuation of the property portfolio resulted in a net positive value change of 357 million (870 million) in the quarter. For the management portfolio, about 155 million of the value changes is attributable to yield compression, 134 million is due to increased market rents, primarily in Oslo, and 66 million is a result of new contracts signed in the quarter offset partly by effects from terminated contracts. About 22 million relates to the ongoing project portfolio, mainly explained by reduced risk as each project is moving towards completion in combination with improved market conditions.

Net changes in the value of financial instruments was 135 million (0) in the quarter. The positive development in the quarter is mainly explained by higher market interest rates and reduced time to maturity on interest rate swaps on existing fixed rate debt. Partly offsetting this effect, Entra has terminated interest rate swaps with a notional amount of 1.1 billion with a termination cost of 49 million.

Tax

Tax payable of 3 million (0) in the quarter is related to the partly owned entity Papirbredden in Drammen. The change in deferred tax was -119 million (-258 million) in the quarter. The change in deferred tax in the quarter was positively impacted by tax exempted divestments of Tungasletta 2 and Youngskvartalet of 70 million in total. The effective tax rate is less than the corporate income tax mainly due to divestment 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 2017, the tax loss carry forward for the Group was 810 million (953 million).

Profit

Profit before tax was 856 million (1,302 million) in the quarter. Profit after tax was 734 million (1,044 million) in the quarter, which also equals the comprehensive income after tax in the period.

EPRA Earnings

EPRA Earnings amounted to 248 million (228 million) in the first quarter of 2018. The increase in EPRA Earning in the quarter is mainly related to increased net income from property management.

EPRA Earnings before tax amounted to 317 million (297 million) in the first quarter.

Further information about the EPRA Earnings calculations can be found on page 26.

Balance sheet

The Group's assets amounted to 44,607 million (40,495 million) as at 31.03.18. Of this, investment property amounted to 42,847 million (36,327 million). No (seven) properties were classified as held for sale as at 31.03.18. Intangible assets was 124 million (124 million) at the end of the quarter of which 109 million (109 million) is goodwill related to Hinna Park in Stavanger.

Investments in associates and jointly controlled entities were 456 million (1,764 million). The decrease is mainly attributable to the consolidation of Entra OPF from 1.1.2018 (until 31.12.17 treated as a jointly controlled entity).

Long-term receivables was 243 million (169 million) at the end of first quarter. The increase is mainly related to a 75 million seller credit structured as a bond in relation to the divestment of Middelthuns gate 29.

Other receivables was 320 million (531 million) at the end of the quarter. The reduction is mainly due to that capitalised construction costs related to the property Youngskvartalet was included in the Q1-17 numbers. This project was sold in the first quarter of 2018.

The Group held 155 million (381 million) in cash and cash equivalents at 31.03.18. In addition, the Group has 5,670 million (5,060 million) in unutilised credit facilities.

The Group had interest bearing debt of 17,363 million (18,443 million) as of 31.03.18.

Book equity totalled 21,187 million (16,163 million), representing an equity ratio of 47 per cent (40 per cent). Book equity per share was 115 (88). Equity per share was 133 (110) based on the EPRA NAV standard and 124 (101) based on

EPRA NNNAV. Outstanding shares at 31.03.18 totalled 183.7 million (183.7 million)

Cash flow statement

Net cash flow from operating activities came to 306 million (250 million) in the quarter. The cash effect of higher net income from property management is offset by negative working capital movements.

The net cash flow from investment activities was 276 million (-427 million) in the quarter. Proceeds from property transactions of 615 million (151 million) in the quarter was mainly related to Tungasletta 2 of 164 million and Youngskvartalet of 451 million.

Purchase of investment properties amounts to 0 (-156 million) in the quarter. In the first quarter of 2017, Entra purchased Kristian Augusts gate 13 in Oslo.

The cash effect from investment in and upgrades of investment properties amounted to -307 million (-297 million) in the quarter.

The cash effect of investment in property and housing units for sale of -30 million (-39 million) in the quarter is mainly related to the property Youngskvartalet in Oslo.

Net cash flow from financing activities was -616 million (314 million) in the quarter. During the quarter Entra has had a net decrease of bank loans and commercial papers of 1,179 million and 200 million, respectively, and issued bond loans of 700 million.

The net change in cash and cash equivalents was -34 million (138 million) in the quarter.

Financing

During the first quarter, Entra's total interest bearing nominal debt decreased by 679 million to 17,363 million. The change in interest bearing debt comprised a decrease in commercial paper and bank financing of 200 million and 1,179 million, respectively. Bond financing was increased by 700 million.

In the quarter, commercial paper loans were refinanced with a total of 900 million. Further, Entra re-opened a 5-year floating rate bond (maturity 14 October 2022) with a total of 700 million.

Interest bearing debt and maturity structure

As of 31.03.18 net interest bearing nominal debt after deduction of liquid assets of 155 million (381 million) was 17,208 million (17,631 million).

The average remaining term for the Group's debt portfolio was 4.4 years at 31.03.18 (4.4 years as at 31.03.17). 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, 84 per cent (78 per cent) of the Group's financing was from the capital markets.

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)	2 800	0	0	0	0	2 800
Bonds (NOKm)	826	1 700	700	1 300	7 200	11 726
Bank loans (NOKm)	750	0	1 408	235	444	2 837
Total (NOKm)	**4 376**	**1 700**	**2 108**	**1 535**	**7 644**	**17 363**
Commercial paper (%)	64	0	0	0	0	16
Bonds (%)	19	100	33	85	94	68
Bank loans (%)	17	0	67	15	6	16
Total (%)						**100**
Unutilised credit facilities (NOKm)	**0**	**1 500**	**2 920**	**0**	**1 250**	**5 670**
Unutilised credit facilities (%)	0	26	51	0	22	100

Financing policy and status

All amounts in NOK million	31.03.2018	Target
Loan-to-value (LTV)	40.2%	Below 50 per cent over time
Interest coverage ratio (ICR)	3.6	Min. 1.8x
Debt maturities <12 months	25%	Max 30%
Maturity of hedges <12 months	46%	Max 50%
Average time to maturity (hedges)	4.1	2-6 years
Financing commitments next 12m	156%	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 2.75 per cent (3.33 per cent) as at 31.03.18. 54 per cent (51 per cent) of the Group's financing was hedged at a fixed interest rate as at 31.03.18 with a weighted average maturity of 4.1 years (3.9 years).

During the quarter, Entra has terminated existing interest rate swaps with a total notional amount of 1,100 million. The swaps had a weighted average interest rate of 4.6 per cent and time to maturity of 1.3 years. The termination fee paid amounted to 49 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:	**17 363**
The Group's average interest rate[1]	**2.75%**

	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	100	4.50	2 600	2.00	6.4	5 883	0.93
1-2 years	400	2.47	2 750	2.01	6.7	1 700	0.96
2-3 years	1 800	4.14	800	2.21	5.7	1 280	1.18
3-4 years	550	4.47				1 300	0.96
4-5 years	1 350	2.24				3 000	0.89
5-6 years	1 250	1.87				3 100	0.94
6-7 years	900	2.71				0	0.00
7-8 years	0	0.00				0	0.00
8-9 years	110	0.04				0	0.00
9-10 years	0	0.00				0	0.00
>10 years	400	5.63				1 100	0.39
Total	**6 860**	**3.12**	**6 150**	**2.03**	**6.4**	**17 363**	**0.91**

[1]Average reference rate (Nibor) is 0.95 per cent as of the reporting date.

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

[3]The 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 76 buildings with a total area of approximately 1.1 million square meters. As of 31.03.18, the management portfolio had a market value of around 40 billion. The occupancy rate was 96.3 per cent (97.5 per cent). The weighted average unexpired lease term for the Group's leases was 6.6 years (6.8) for the management portfolio and 7.4 years (7.7) when the project portfolio is included. The public sector represents approximately 64 per cent of the total customer portfolio. The entire property portfolio consists of 84 properties with a market value of about 43 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 appraisers' valuation. 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 appraiser's estimated return requirements and expectations on future market development. The market value is defined as the external appraiser'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 perceived risk as of valuation date. The land and development portfolio is valued based on actually zoned land.

Year-on-year, the portfolio net yield is reduced from 5.5 per cent to 5.0 per cent. 12 months rolling rent has increased from 1,944 to 2,014 per square meter during the last year, whereas the market rent has increased from 1,968 to 2,086 per square meter.

	Number	Area	Occupancy	Wault	Market value		12 months rolling rent		Net yield	Market rent	
	(#)	(sqm)	(%)	(year)	(NOKm)	(NOK/sqm)	(NOKm)	(NOK/sqm)	(%)	(NOKm)	(NOK/sqm)
Oslo	38	620 812	96.3	5.8	26 344	42 435	1 381	2 224	4.8	1 473	2 372
Trondheim	9	121 056	97.9	6.1	3 358	27 741	203	1 678	5.5	204	1 688
Sandvika	9	94 191	99.2	9.9	2 620	27 820	152	1 615	5.4	131	1 389
Stavanger	5	78 106	97.2	9.2	2 039	26 111	136	1 739	6.2	124	1 591
Drammen	8	70 504	95.3	7.6	2 018	28 626	123	1 743	5.7	113	1 599
Bergen	7	105 068	93.4	7.8	3 696	35 173	199	1 899	4.9	228	2 167
Management portfolio	**76**	**1 089 736**	**96.3**	**6.6**	**40 076**	**36 776**	**2 194**	**2 014**	**5.0**	**2 273**	**2 086**
Project portfolio	4	65 942		20.3	2 205	33 435					
Development sites	4	95 969		0.0	484	5 048					
Property portfolio	**84**	**1 251 647**		**7.4**	**42 765**	**34 167**					

The calculation of net yield is based on the valuers' assumption of ownership costs, which at 31.03 corresponds to 8.0 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 amounts in NOK million	Q1-18	Q1-17	2017
Investment property	42 847	36 327	39 875
Investment properties held for sale	0	675	180
Other	-82	-15	-19
Property market value	**42 765**	**36 987**	**40 036**

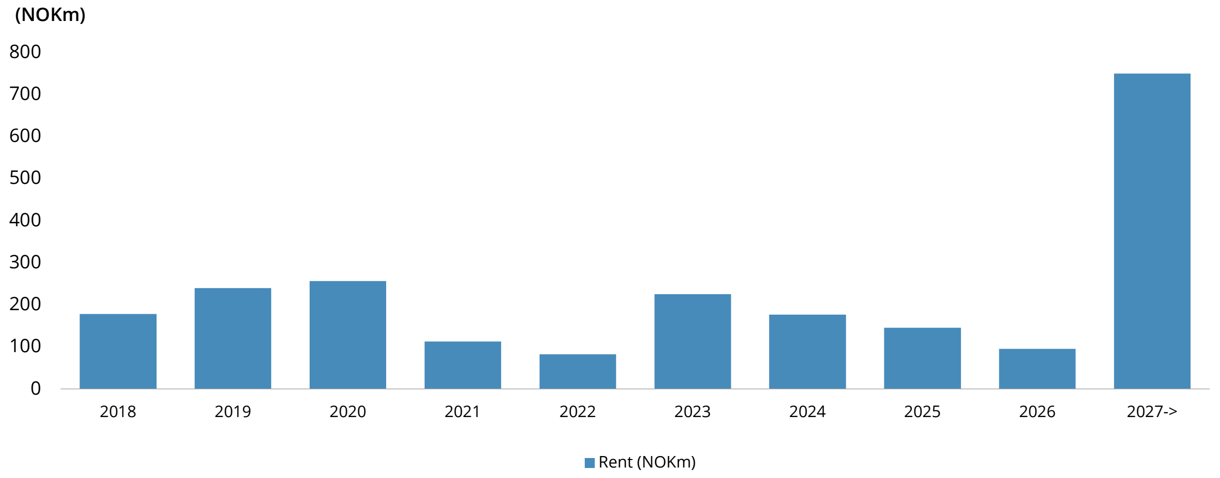
Letting activity

During the first quarter, Entra signed new and renegotiated leases with an annual rent totalling 25 million (16,500 square metres) and received notices of termination on leases with an annual rent of 36 million (12,500 square metres). Net letting was -15 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.

Significant contracts signed in the quarter:

- New 12 year lease contract for 3,500 sqm in Akersgata 51 in Oslo with Codex Advokat Oslo
- Renegotiated 7 year lease contract for 1,600 sqm in Brattørkaia 15 in Trondheim with Nutrimar
- New 6 year lease contract for 730 sqm in Biskop Gunnerus gate 14 A in Oslo with Sopra Steria
- New 13 year lease contract for 660 sqm in Kaigaten 9 in Bergen with Statens Kartverk
- New 9 year lease contract for 560 sqm in Lakkegata 53 (Sundtkvartalet) in Oslo with KnowIT

MATURITY PROFILE OF THE MANAGEMENT PORTFOLIO:



Investments and divestments

Entra has invested 268 million (339 million) in the portfolio of investment properties in the first quarter

Project development

The portfolio of ongoing project with a total investment exceeding 50 million is presented below.

	Ownership (%)	Location	Expected completion	Project area (sqm)	Occupancy (%)	Estimated total project cost* (NOKm)	Of which accrued* (NOKm)	Yield on cost**
Brattørkaia 16 (BI)	100	Trondheim	Jun-18	10 500	100	291	264	6.6
Powerhouse Kjørbo, block 2	100	Sandvika	Oct-18	3 950	100	122	89	6.4
Powerhouse Brattørkaia 17 A	100	Trondheim	Mar-19	18 200	64	497	341	6.2
Tollbugata 1 A	100	Oslo	Oct-19	9 000	100	460	166	5.1
Tullinkvartalet (UIO)	100	Oslo	Dec-19	21 000	92	1 489	806	5.5
Total				62 650		2 858	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 projects

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

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

On Brattørkaia 17 A, Entra will build Powerhouse Brattørkaia. This is an energy positive and environment friendly office building of approximately 18,200 sqm, of which a 2,500 sqm parking basement. The property is 64 per cent pre-let, and several letting processes are ongoing. Powerhouse Brattørkaia will utilise sun and sea water for heating and cooling. The building will be covered by 3,500 sqm of solar panels and thus produce around 500,000 kWh of renewable energy annually. This is more than twice as much as the building consumes for heating, cooling, ventilation and lighting. It means that the building has a positive energy balance in its lifetime also when all the energy that goes into building processes, materials and finally demolition is included. The project is aiming for the environmental classification BREEAM Outstanding and Energy class A. The project will be finalised in March 2019.

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

Entra started refurbishing Tollbugata 1A in Oslo in the quarter. The property consists of two buildings totalling 9,000 sqm adjacent to Oslo Central station and the project is expected to be completed in late 2019. Both property is fully let on a 15 year lease to The Directorate of Norwegian Customs.

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 and the surrounding region, 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 criteria. 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 2017 and YTD 2018

Purchased properties	Area	Transaction quarter	No of sqm	Transaction value	Closing date
Nils Hansens vei 20	Oslo	Q1 2018	3 150	50	03.04.2018
50 % of Sundtkvartalet	Oslo	Q3 2017	31 300	795	02.10.2017
Kristian Augusts gate 13	Oslo	Q4 2016	3 300	155	20.01.2017
Sum			**37 750**	**1 000**	

Sold properties		Transaction quarter	No of sqm	Transaction value	Closing date
Tungasletta 2	Trondheim	Q4 2017	14 800	180	31.01.2018
Middelthunsgate 29	Oslo	Q4 2017	28 600	1 270	28.12.2017
Wergelandsveien 29	Oslo	Q2 2017	3 373	160	30.09.2017
Akersgata 32 (Sections)	Oslo	Q2 2017	2 100	94	30.06.2017
Lømslands vei 23	Kristiansand	Q2 2017	1 423	11	30.06.2017
Kristiansand portfolio	Kristiansand	Q1 2017	45 000	863	30.06.2017
Moloveien 10	Bodø	Q1 2017	5 531	83	15.02.2017
Kongensgate 85/Erling Skakkesgate 60	Trondheim	Q1 2017	1 769	16	31.03.2017
Kalfarveien 31	Bergen	Q2 2016	8 440	85	30.09.2016
Sum			**111 036**	**2 762**	

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 28,000 sqm and development potential for two new office properties totalling around 37,000 sqm.

Entra OPF Utvikling AS (50 %)

Entra and Oslo Pensjonsforsikring (OPF) own Entra OPF Utvikling AS. The company owns two properties in Bergen, the property Lars Hilles gate 30 (MediaCity Bergen) and Allehelgensgate 6. Following completion of the MediaCity Bergen project, the shareholder agreement is revised, with the effect that Entra from 1 January 2018 has a controlling vote on the Board of Directors. Entra OPF Utvikling is thus consolidated in the Group's financial statements from 1.1 2018 (until 31.12.17 treated as a jointly controlled entity).

Oslo S Utvikling AS "OSU" (33.33 %)

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

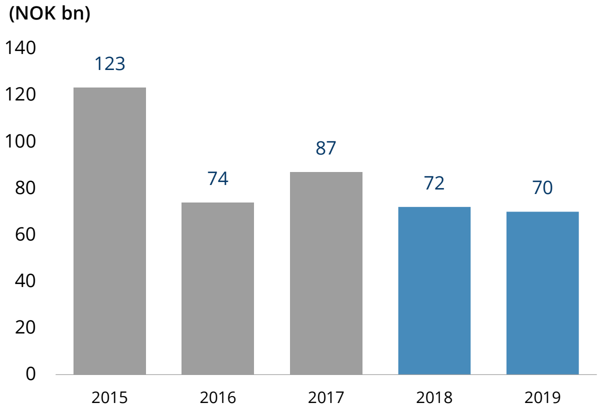
Financial figures for partly owned entities and JVs (based on 100 % ownership)

All amounts in NOK million	Papirbredden Eiendom AS	Hinna Park Eiendom AS	Entra OPF Utvikling AS	Sum consolidated companies	Oslo S Utvikling AS	Other*	Sum associated companies & JVs
Share of ownership (%)	60	50	50		33		
Rental income	27	17	28	72	36	1	37
Net operating income	26	15	26	67	36	1	37
Net income	19	8	25	52	24	0	25
Changes in value of investment properties	11	10	27	48	0	0	0
Changes in value of financial instruments	4	5	0	9	17	0	17
Profit before tax	34	23	52	109	41	0	42
Tax	-8	-4	-12	-24	2	0	2
Profit for period/year	**26**	**19**	**40**	**85**	**43**	**0**	**43**
Non-controlling interests	10	9	20	40			
Entra's share of profit					14	0	14
Book value					449	6	456
Market value properties	**1 768**	**1 038**	**2 381**	**5 187**	**7 012**		**7 012**
Entra's share:							
Market value properties	1 061	519	1 190	2 770	2 338		2 338
EPRA NAV	594	133	1 197	1 923	1 352	6	1 358
EPRA NNNAV	555	117	1 170	1 842	1 213	6	1 220
EPRA Earnings	9	4	10	22	-2	0	-2

Market development

Transaction volume in Norway in 2017 totalled around 85 billion. The market has been more moderate this far in 2018, totalling around 15 billion. However, demand from both national and international investors remain strong and the transaction volumes are expected to be high also going forward, according to Entra's consensus report. The financing market is well functioning and the outlook for the Norwegian economy is positive. Prime yields are expected to slide slightly upwards primarily as a result of higher interest rates. However, the expected increase in rent levels and inflation should have a balancing effect on valuations.

TRANSACTION VOLUME NORWAY



Source: Entra Consensus report, April 2018

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

In Bergen, the office vacancy has dropped below 10 per cent due to low construction activity, slightly increased employment and office-to-residential conversion. Rents in the city centre of Bergen has increased due to low vacancy and low supply of modern, centrally located office premises.

The Stavanger area is experiencing higher activity and optimism. However, the overall office vacancy in Stavanger has increased to around 13 per cent as vacant premises still on contracts are expiring. There is still a downward pressure on rents in the oil and gas intensive areas. In the Stavanger city centre, the vacancy is at about 7 per cent and rent levels are more stable. The construction activity is low.

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

Market data Oslo

	2015	2016	2017	2018e	2019e	2020e
Vacancy Oslo and Bærum (%)	8.4	7.8	7.1	6.5	6.2	6.4
Rent per sqm, high standard Oslo office	2 935	2 992	3 145	3 365	3 535	3 630
Prime yield (%)	4.1	3.8	3.7	3.8	4.0	

Source: Entra Consensus report, April 2018

Other information

Organisation and HSE

At 31.03.18 the Group had 151 (152) employees.

In Q1 2018, Entra had two injuries with long term absence from work in the ongoing projects. In addition, two persons fell on ice/snow outside two buildings and got minor injuries. 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 4,1 at the end of the first quarter 2018 vs 2,6 at the end of the first quarter 2017.

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. Entra carries out major upgrading and development projects involving risks in relation to primarily deadlines and costs.

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 10 April 2018, Entra had 5,250 shareholders. Norwegian investors held 54 per cent of the share capital. The 10 largest shareholders as registered in VPS on 10 April 2018 were:

Shareholder	% holding
Norwegian Ministry of Trade, Industry and Fisheries	33.4
Folketrygdfondet	6.8
State Street Bank (Nominee)	3.3
The Bank of New York (Nominee)	3.1
DnB Nor Markets	2.1
Danske Invest Norske	1.8
Länsförsäkringar Fastighetsfond	1.7
State Street Bank (Nominee)	1.6
State Street Bank (Nominee)	1.3
BNP Paribas Securities (Nominee)	1.1
SUM 10 LARGEST SHAREHOLDERS	**56.3**

Events after the balance sheet date

On 19 April 2018 Entra announced a new 10-year lease contract with the Norwegian Tax Authority for a minimum of 5,000 sqm in a planned Entra newbuild in Holtermanns veg 1-13 in Trondheim. Holtermanns veg 1-13 will be a new office building of approximately 11,000 sqm. The property is 53 % pre-let. Construction will commence in the second quarter of 2018 with a building period of approximately 1.5 years. The project targets a Breeam-NOR Excellent classification.

Annual general meeting and dividend

The annual general meeting in Entra ASA is held on 20 April 2018. In line with the dividend policy of distributing approximately 60 per cent of Cash Earnings, the board of Entra has propose to distribute a semi-annual dividend of NOK 2.10 per share for the second half of 2017. The last day the share is traded including the right to receive dividend is 20 April 2018. The dividend will be paid on 2 May 2018.

Outlook

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

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

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

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

Interest rates have bottomed out on historically low levels and has recently trended upwards. This could potentially lead to both increased cost of funding and market yields. However, the Norwegian transaction market is very active and driven by strong demand from both domestic and international investors.

We do expect that the yield compression seen over the last two years will level out. However, Entra's portfolio with a healthy mix of attractive properties, value enhancing development 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 and clusters, 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, 19 April 2018

The Board of Entra ASA

Financial statements

Statement of comprehensive income

All amounts in NOK million	Q1-18	Q1-17	2017
Rental income	545	525	2 075
Repairs & maintenance	-7	-6	-40
Operating costs	-37	-30	-121
Net operating income	501	489	1 913
Other revenue	13	61	285
Other costs	-11	-59	-246
Administrative costs	-44	-43	-163
Share of profit from associates and JVs	14	124	244
Net realised financials	-110	-141	-550
Net income	**363**	**432**	**1 483**
- of which net income from property management	**349**	**311**	**1 259**
Changes in value of investment properties	357	870	3 460
Changes in value of financial instruments	135	0	87
Profit before tax	**856**	**1 302**	**5 030**
Tax payable	-3	0	-8
Change in deferred tax	-119	-258	-507
Profit for period/year	**734**	**1 044**	**4 514**
Actuarial gains and losses	0	0	0
Change in deferred tax on comprehensive income	0	0	0
Total comprehensive income for the period/year	734	1 044	4 514
Profit attributable to:			
Equity holders of the Company	694	1 028	4 464
Non-controlling interest	40	16	50
Total comprehensive income attributable to:			
Equity holders of the Company	694	1 028	4 464
Non-controlling interest	40	16	50

Balance sheet

All amounts in NOK million	31.03.2018	31.03.2017	31.12.2017
Intangible assets	124	124	125
Investment property	42 847	36 327	39 875
Other operating assets	23	21	23
Investments in associates and JVs	456	1 764	1 487
Financial derivatives	377	457	405
Long-term receivables	243	169	244
Total non-current assets	**44 070**	**38 862**	**42 159**
Investment property held for sale	0	675	180
Trade receivables	62	46	34
Other receivables	320	531	847
Cash and bank deposits	155	381	189
Total current assets	**537**	**1 633**	**1 251**
Total assets	**44 607**	**40 495**	**43 410**
Shareholders equity	19 592	15 760	18 505
Non-controlling interests	1 596	403	433
Total equity	**21 187**	**16 163**	**18 938**
Interest bearing debt	12 962	14 617	13 786
Deferred tax liability	4 666	4 113	4 356
Financial derivatives	500	850	712
Other non-current liabilities	354	350	355
Total non-current liabilities	**18 482**	**19 930**	**19 209**
Interest bearing debt	4 400	3 826	4 663
Trade payables	192	257	306
Other current liabilities	346	319	294
Total current liabilities	**4 938**	**4 402**	**5 263**
Total liabilities	**23 420**	**24 332**	**24 472**
Total equity and liabilities	**44 607**	**40 495**	**43 410**

Changes in equity

All amounts in NOK million	Share capital	Other paid-in capital	Retained earnings	Non-controlling interest	Total equity
Equity 31.12.2016	**184**	**3 556**	**10 992**	**392**	**15 124**
Profit for period			4 464	50	4 514
Dividend			-689	-9	-698
Net equity effect of LTI & employee share saving scheme			-2		-2
Equity 31.12.2017	**184**	**3 556**	**14 765**	**433**	**18 938**
Change in accounting principle IFRS 9*			314		314
Change in accounting principle IFRS 15 - JVs*			80		80
Equity 01.01.2018	**184**	**3 556**	**15 159**	**433**	**19 331**
Profit for period			694	40	734
Consolidation effect Entra OPF change of control				1123	1 123
Net equity effect of LTI			0		0
Equity 31.03.2018	**184**	**3 556**	**15 852**	**1 596**	**21 187**

* See note 1

Statement of cash flows

All amounts in NOK million	Q1-18	Q1-17	2017
Profit before tax	856	1 302	5 030
Income tax paid	-5	0	-4
Net expensed interest and fees on loans	110	142	550
Net interest and fees paid on loans	-109	-134	-564
Share of profit from associates and jointly controlled entities	-14	-124	-244
Depreciation and amortisation	3	1	7
Changes in value of investment properties	-357	-870	-3 460
Changes in value of financial instruments	-135	0	-87
Change in working capital	-42	-66	-7
Net cash flow from operating activities	**306**	**250**	**1 222**
Proceeds from property transactions	615	151	2 351
Purchase of investment properties	0	-156	-482
Investment in and upgrades of investment properties	-307	-297	-1 571
Investment in property and housing-units for sale	-30	-39	-207
Purchase of intangible and other operating assets	-2	0	-23
Net payment financial assets	0	0	-81
Net payment of loans to associates and JVs	0	-8	-40
Net payments in associates and JVs	0	-78	-213
Dividends from associates and JVs	0	0	201
Net cash flow from investment activities	**276**	**-427**	**-65**
Proceeds interest bearing debt	1 980	4 020	12 734
Repayment interest bearing debt	-2 596	-3 706	-13 245
Proceeds from/repayment of equity	0	0	-2
Dividends paid	0	0	-698
Net cash flow from financing activities	**-616**	**314**	**-1 211**
Change in cash and cash equivalents	-34	138	-53
Cash and cash equivalents at beginning of period	189	243	243
Cash and cash equivalents at end of period	**155**	**381**	**189**

NOTE 1 – ACCOUNTING PRINCIPLES

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

Except for the implementation of the new standards IFRS 9 and IFRS 15, 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 2017.

IFRS 9 opens to make a new assessment of whether the Group should continue to use the fair value option ahead or measuring loans at amortised cost. From 1 January 2018 the Group has decided to measure fixed rate bonds at amortised cost. The only change in the Groups financial statements arising from the implementation of the IFRS 9 is the change from measuring fixed rate bonds to fair value through P&L historically to amortised cost, which reduced liabilities by 314 million. We refer to the 2017 annual report (page 76) for further explanation of the implementation effects on the financial statements.

In the 2017 annual report, Entra stated that the financial statements would not be affected by implementing IFRS 15. In the first quarter of 2018, Entra has revisited the interpretation of how termination clauses in contracts should affect the accounting under IFRS 15.

The termination clauses in a contract are among the determining factors in assessing whether the seller is entitled to payment for completed work until the date of cancellation. If a buyer does not have the right to cancel a contract, and the seller can require a buyer to pay the consideration agreed in the contract even if the buyer acts to terminate a contract, IFRS 15 states that the seller must recognise the revenue from the project over time.

Based on a new assessment of the recognition of the Eufemia's office building under construction in OSU, Entra concluded that building, which is to be handed over to KLP upon completion, will be accounted for over time both as the building does not have an alternative use and OSU has an enforceable right to payment for performance completed to date.

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

The table below shows the transition effects on the OSU financial statements due reclassification of the accounting of the Eufemia building on OSU:

All amounts in NOK million	Reported 2017	If restated 2017	Effect
Other revenue	116	781	665
Other costs	-56	-482	-426
Result/equity effect	925	1 164	239
*Entra's share result/equity effect**			*80*

** Increase in investments in associates and JVs and shareholders equity.*

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 has one main operational unit, led by the EVP of the property portfolio. The property portfolio is divided into six different geographic areas in Oslo, Sandvika, Drammen, Stavanger, Bergen and Trondheim, with management teams monitoring and following upon each area. The geographic units are supported by a Letting and Property Development division, Project Development division and a Digital and Business Development division. In addition, Entra has group and support functions within accounting and finance, legal, procurement, communication and HR.

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

Operating segments Q1–18

	Number	Area	Occupancy	Wault	Market value		12 months rolling rent		Net yield	Market rent	
	(#)	(sqm)	(%)	(year)	(NOKm)	(NOK/sqm)	(NOKm)	(NOK/sqm)	(%)	(NOKm)	(NOK/sqm)
Oslo	38	620 812	96.3	5.8	26 344	42 435	1 381	2 224	4.8	1 473	2 372
Trondheim	9	121 056	97.9	6.1	3 358	27 741	203	1 678	5.5	204	1 688
Sandvika	9	94 191	99.2	9.9	2 620	27 820	152	1 615	5.4	131	1 389
Stavanger	5	78 106	97.2	9.2	2 039	26 111	136	1 739	6.2	124	1 591
Drammen	8	70 504	95.3	7.6	2 018	28 626	123	1 743	5.7	113	1 599
Bergen	7	105 068	93.4	7.8	3 696	35 173	199	1 899	4.9	228	2 167
Management portfolio	**76**	**1 089 736**	**96.3**	**6.6**	**40 076**	**36 776**	**2 194**	**2 014**	**5.0**	**2 273**	**2 086**
Project portfolio	4	65 942		20.3	2 205	33 435					
Development sites	4	95 969		0.0	484	5 048					
Property portfolio	**84**	**1 251 647**		**7.4**	**42 765**	**34 167**					

The calculation of net yield is based on the valuers' assumption of ownership costs, which at 31.03 corresponds to 8.0 per cent of market rent.

Operating segments Q1–17

	Number	Area	Occupancy	Wault	Market value		12 months rolling rent		Net yield	Market rent	
	(#)	(sqm)	(%)	(year)	(NOKm)	(NOK/sqm)	(NOKm)	(NOK/sqm)	(%)	(NOKm)	(NOK/sqm)
Oslo	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.

NOTE 3 – INVESTMENT PROPERTIES

All amounts in NOK million	Q1-18	Q1-17	2017
Closing balance previous period	40 055	35 798	35 798
Purchase of investment property	0	155	1 745
Investment in the property portfolio	268	339	1 381
Reclassified due to change of control	2 326		
Capitalised borrowing costs	8	5	30
Sale of investment property	-169	-168	-2 362
Reclassified from properties for use of the group	0	4	4
Changes in value of operational lease	-12	11	9
Changes in value of investment properties	369	859	3 451
Closing balance	**42 847**	**37 002**	**40 055**
Investment property held for sale	0	675	180
Investment property	**42 847**	**36 327**	**39 875**

During the first quarter the Group has handed to the buyer the property Tungasletta 2 in Trondheim.

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 677 million (688 million) as at the end of the first quarter of 2018. The Group records quarterly a negative value change on the property as the maturity date of the lease approaches.

NOTE 4 – INFORMATION ON THE FAIR VALUE OF ASSETS AND LIABILITIES

Except for the implementation of IFRS 9, the valuation methods and principles are unchanged in the quarter. See the annual financial statements for 2017 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 investment properties of 42,847 million and equity capital instruments of 4 million (level 3), all financial assets and liabilities are level 2.

All amounts in NOK million	31.03.2018	31.03.2017	31.12.2017
Assets measured at fair value:			
Assets measured at fair value with change over the result			
- Investment property	42 847	36 327	39 875
- Investment property held for sale	0	675	180
- Derivatives	377	457	405
Financial assets held for sale			
- Equity instruments	4	1	4
Total	**43 228**	**37 459**	**40 464**

All amounts in NOK million	31.03.2018	31.03.2017	31.12.2017
Liabilities measured at fair value:			
Financial liabilities measured at fair value with change over the result*			
- Derivatives	500	850	712
- Bonds	0	6 031	5 507
- Commercial paper	0	2 200	3 000
Total	**500**	**9 081**	**9 219**

* From 1 January 2018, the Group implemented IFRS 9 and bonds and commercial papers are measured at amortised costs. In prior periods, the Group applied the fair value option (IAS 39) when measuring fixed rate bonds.

CALCULATION OF KEY FIGURES AND EPRA REPORTING

KEY FIGURES

DEBT RATIO (LTV)

All amounts in NOK million	Q1-18*	Q1-17	2017
Net nominal interest bearing debt	17 207	17 631	17 852
Market value of the property portfolio	42 765	38 008	41 199
Debt ratio (LTV) %	**40.2**	**46.4**	**43.3**

* Change of control of Entra OPF as of Q1-18 has an impact on the market value as 100% of the asset value is included in the Groups financial statements.

INTEREST COVERAGE RATIO (ICR)

All amounts in NOK million	Q1-18	Q1-17	2017
Net income	363	432	1 483
Depreciation	3	1	7
Results from associates and joint ventures	-14	-124	-244
Net realised financials	110	141	550
EBITDA adjusted	**462**	**450**	**1 796**
Share of EBITDA Entra OPF		2	18
EBITDA adjusted for share of Entra OPF	**462**	**452**	**1 814**
Interest cost	125	150	589
Other finance expense	4	5	23
Applicable net interest cost	**130**	**155**	**613**
Interest Coverage Ratio (ICR)	**3.6**	**2.9**	**3.0**

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 18 / 31.03.2018	Q1 17 / 31.03.2017
A	EPRA earnings per share (EPS)	NOK	1.3	1.2
B	EPRA NAV per share	NOK	133	110
	EPRA triple net asset value per share (NNNAV)	NOK	124	101
C	EPRA net initial yield	%	5.0	5.4
	EPRA, "topped-up“ net initial yield	%	5.0	5.4
D	EPRA vacancy rate	%	3.6	2.6
E	EPRA cost ratio (including direct vacancy costs	%	15.3	14.1
	EPRA cost ratio (excluding direct vacancy costs)	%	14.0	13.4

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

A. EPRA EARNINGS

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

All amounts in NOK million	Q1-18	Q1-17	2017
Profit for period/year - Earnings per IFRS income statement	734	1 044	4 514
Add:			
Changes in value of investment properties	-357	-870	-3 460
Tax on changes in value of investment properties*	82	209	830
Reversal of deferred tax arising from sales of properties (tax exempted)	-70	-23	-416
Changes in value of financial instruments	-135	0	-87
Tax on changes in value of financial instruments*	31	0	21
Profit or losses on disposal of inventory in Oslo S Utvikling	-22	-8	-25
Share of profit jointly controlled entities – fair value adjustments	0	-159	-260
Reversal of deferred tax EPRA adjustments jointly controlled entities*	2	40	59
Net income non-controlling interests of subsidiaries	-24	-9	-44
Reversal of tax non-controlling interests of subsidiaries*	5	2	10
Change in tax rate**	0	0	-189
Tax payable	2	0	5
EPRA earnings	**248**	**228**	**960**
Reversal of tax adjustment above	-53	-228	-320
Reversal of change in deferred tax from income statement	119	258	507
Reversal of tax payable from income statement	3	0	8
Reversal of tax JVs	-1	39	64
EPRA earnings before tax	**317**	**297**	**1 219**

* 23 per cent from Q1 2018, 24 per cent previous periods.

** From 24 per cent to 23 per cent for 2017 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 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	Q1-18	Q1-17	2017
Total equity	**21 187**	**16 163**	**18 938**
Less: Non-controlling interests	1 596	403	433
NAV per financial statement	**19 592**	**15 760**	**18 505**
Add: Adjustment to property portfolio	1	1	1
Add: Revaluation of investments made in the JV	902	764	980
Add: Net market value on financial derivatives	123	394	307
Add: Deferred tax arising on revaluation moments	3 902	3 316	3 580
EPRA NAV	**24 519**	**20 234**	**23 372**
Market value on property portfolio	42 765	36 987	40 036
Tax value on property portfolio	17 234	15 139	15 869
Basis for calculation of tax on gain on sale	25 532	21 848	24 167
Less: Market value of tax on gain on sale (5% tax rate)	**1 277**	**1 092**	**1 208**
Net market value on financial derivatives	123	394	307
Tax expense on realised financial derivatives*	28	94	71
Less: Net result from realisation of financial derivatives	**95**	**299**	**236**
Market value of interest bearing debt	17 703	18 443	18 449
Nominal value of interest bearing debt	17 363	18 012	18 042
Basis for calculation of tax on realisation of interest bearing debt	341	431	407
Less: Market value of tax on realisation*/**	**78**	**103**	**94**
Less: Net result from realisation of interest bearing debt**	**262**		
Less: MV of tax on gain on sale (5% tax rate) & realisation of financial derivatives in JVs	**138**	**115**	**169**
EPRA NNNAV	**22 748**	**18 625**	**21 665**

* 23 per cent from 31.12.2017, 24 per cent from 31.12.2016
** Changed principle as a result of implementation of IFRS 15. Interest bearing debt is accounted to amortised cost in reported equity from 1 January 2018.

C. EPRA NET INTIAL YIELD

EPRA Net initial yield measures the annualised rental income based on the cash rents passing at the balance sheet date, less non-recoverable property operating expenses, divided by the market value of the property, increased 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 amounts in NOK million	Oslo	Trondheim	Sandvika	Stavanger	Drammen	Bergen	Total
Investment property - wholly owned	27 718	4 261	2 785	1 182	251	1 382	37 578
Investment property - share of JVs/Funds	0	0	0	519	1 061	1 190	2 770
Total property portfolio	**27 718**	**4 261**	**2 785**	**1 701**	**1 311**	**2 572**	**40 349**
Less projects and land and developments	-1 374	-903	-164	-90	0	-67	-2 599
Completed management portfolio	**26 344**	**3 358**	**2 620**	**1 611**	**1 311**	**2 505**	**37 750**
Allowance for estimated purchasers` cost	51	13	10	4	5	6	89
Gross up completed management portfolio valuation	**26 395**	**3 371**	**2 630**	**1 615**	**1 316**	**2 511**	**37 839**
12 months rolling rent	1 381	203	152	105	82	134	2 057
Estimated ownership cost	121	20	11	7	5	12	177
Annualised net rents	**1 260**	**183**	**141**	**97**	**77**	**122**	**1 880**
Add: Notional rent expiration of rent free periods or other lease incentives	-3	0	0	0	0	-1	-4
Topped up net annualised net rents	**1 257**	**183**	**141**	**97**	**77**	**121**	**1 876**
EPRA NIY (net initial yield)	**4.8%**	**5.4%**	**5.4%**	**6.0%**	**5.8%**	**4.8%**	**5.0%**
EPRA "topped-up" NIY (net initial yield)	**4.8%**	**5.4%**	**5.4%**	**6.0%**	**5.8%**	**4.8%**	**5.0%**

D. EPRA VACANCY

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

All amounts in NOK million	Oslo	Trondheim	Sandvika	Stavanger	Drammen	Bergen	Total
Market rent vacant areas	54	4	1	3	3	10	76
Total market rent	1 473	204	131	95	74	161	2 137
Vacancy	**3.68%**	**2.14%**	**0.80%**	**2.89%**	**4.63%**	**6.25%**	**3.55%**

E. EPRA COST RATIO

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

All amounts in NOK million	Q1-18	Q1-17	2017
Maintenance	-7	-6	-40
Total operating costs	-37	-30	-121
Administrative costs	-44	-43	-163
Share of joint ventures expences	0	-1	-11
Less: Ground rent cost	5	4	12
EPRA Cost (including direct vacancy cost)	**-83**	**-75**	**-323**
Direct vacancy cost	-6	-5	-28
EPRA Cost (excluding direct vacancy cost)	**-77**	**-71**	**-296**
Gross rental income less ground rent	**545**	**525**	**2 075**
Share of jount ventures and fund (GRI)	0	6	40
Total gross rental income less ground rent	**545**	**532**	**2 114**
Epra cost ratio (inkluding direct vacancy cost)	**15.2%**	**14.1%**	**15.3%**
Epra cost ratio (excluding direct vacancy cost)	**14.1%**	**13.3%**	**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, divided by net interest on interest bearing nominal debt and fees and commitment fees related to investment activities
Independent Appraisers	- Akershus Eiendom and Cushman & Wakefield Realkapital
Land and dev. properties	- Property / plots of land with planning permission for development
Like-for-like	- The percentage change in rental income from one period to another given the same income generating property portfolio in the portfolio. The figure is thus adjusted for purchases and divestments of properties and active projects
Loan-to-value ("LTV")	- Net nominal value of interest bearing debt divided by the market value of the property portfolio and the market value of the jointly controlled entity Entra OPF. From Q1-18 Entra OPF is a consolidated entity and the full market value is included in the LTV.
Management properties	- Properties that are actively managed by the company
Market rent	- The annualised market rent of the management properties, fully let as of the relevant date, expressed as the average of market rents estimated by the Independent Appraisers
Market value of portfolio	- The market value of all the properties owned by the parent company and subsidiaries, regardless of their classification for accounting purposes. Does not include the market value of properties in associates and jointly controlled entities
Net Income from property management	- Net income from property management is calculated as Net Income less value changes, tax effects and other income and other cost from associates and JVs
Net letting	- Net letting is calculated as the annualised rent of new lease contracts plus lease-up on renegotiated contracts less terminated contracts
Net 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 refurbishment
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

Second quarter 2018	11.07.2018
Third quarter 2018	18.10.2018
Fourth quarter 2018	08.02.2019

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