Q4

Quarterly Report 2019

entra

Central, flexible and environment friendly office properties

Financial highlights

- Rental income of 595 million (569 million) in the quarter and 2,338 million (2,243 million) in 2019
- Net income from property management of 384 million (352 million) in the quarter and 1,471 million (1,434 million) in 2019
- Net value changes of 569 million (331 million) in the quarter and 1,955 million (1,486 million) in 2019
- Profit before tax of 1,040 million (714 million) in the quarter and 3,735 million (3,073 million) in 2019
- Strong net letting of 26 million in the quarter, 62 million in 2019
- Finalised three development projects in the fourth quarter
- Proposing semi-annual dividend of 2.40 per share, corresponding to 4.70 per share for FY 2019 (4.50 per share for FY 2018)

Rental income

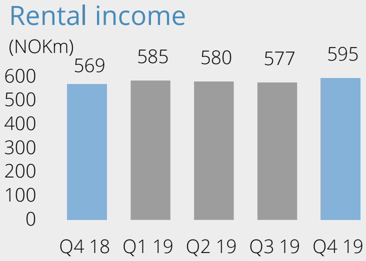
+ 26 mill.

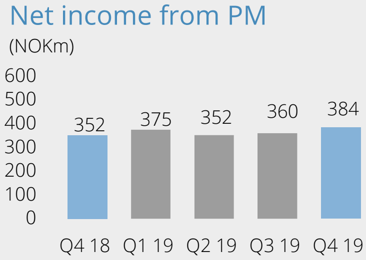
Property management

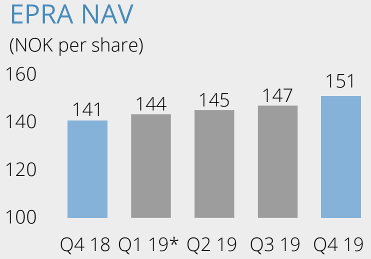
+ 32 mill.

EPRA NAV

+ 7 %







* See section "Alternative performance measures"

Key figures

All amounts in NOK million	Q4-19	Q4-18	2019	2018	2017	2016
Rental income	595	569	2 338	2 243	2 075	1 899
Change period-on-period	5 %	8 %	4 %	8 %	9 %	8 %
Net operating income	547	515	2 149	2 058	1 913	1 740
Change period-on-period	6 %	7 %	4 %	8 %	10 %	11 %
Net income from property management*	384	352	1 471	1 434	1 259	1 070
Change period-on-period	9 %	12 %	3 %	14 %	18 %	34 %
Profit before tax	1 040	714	3 735	3 073	5 030	3 306
Change period-on-period	46 %	-43 %	22 %	-39 %	52 %	8 %
Profit after tax	1 031	779	3 225	2 735	4 514	2 722
Change period-on-period	32 %	-44 %	18 %	-39 %	66 %	0 %
Market value of the property portfolio*	48 964	45 630	48 964	45 630	40 036	35 785
Net nominal interest bearing debt*	19 585	18 941	19 585	18 941	17 852	17 454
Loan to value*	40.2 %	41.3 %	40.2 %	41.3 %	43.3 %	47.6 %
Interest coverage ratio*	3.4	3.4	3.3	3.6	3.0	2.7
Average outstanding shares (million)	182.1	183.1	182.4	183.6	183.7	183.7
All amounts in NOK per share*	**Q4-19**	**Q4-18**	**2019**	**2018**	**2017**	**2016**
EPRA NAV*	151	141	151	141	127	101
Change period-on-period	7 %	11 %	7%	11%	26 %	14%
EPRA NNNAV*	142	131	142	131	118	93
Change period-on-period	9 %	11 %	9%	11%	26 %	15%
EPRA Earnings*	1.53	1.33	5.81	5.59	5.23	4.27
Change period-on-period	15 %	-2 %	4 %	7 %	22%	31%
Cash earnings*	2.10	1.90	8.01	7.74	6.81	5.80
Change period-on-period	11 %	12 %	3%	14%	17 %	17%
Dividend per share**	2.40	2.30	4.70	4.50	4.10	3.45
Change period-on-period	4 %	10 %	4 %	10 %	19 %	15 %

Reference
* Refer to section "Alternative performance measures" for calculation of the key figure
** Entra pays semi-annual dividends. Dividend for 2019 of 4.70 per share constitute dividend of 2.30 per share approved and paid for the first half 2019 and dividend of 2.40 per share proposed for the second half of 2019.

Financial developments

Results

Rental income

Rental income was up by 5 per cent from 569 million in Q4 2018 to 595 million in Q4 2019. The increased rental income can be explained by the factors in the below income bridge.

All amounts in NOK million	Q418 Q419	YTD18 YTD 19
Rental income previous period	569	2 243
Development projects	14	-2
Acquisitions	8	37
Divestments	-12	-27
Other*	-1	13
Like-for-like growth	16	75
Rental income	**595**	**2 338**

*2019 includes extraordinary lease buy-out of net 9 million

The increase in rental income in the quarter, compared to the same quarter last year, is mainly driven by an underlying like-for-like growth of 3.1 per cent (16 million), compared to an annual CPI of 3.5 per cent. Further, the rental income is positively affected due to the completion of two newbuild projects, Powerhouse Brattørkaia and Tullinkvartalet, which is partly offset as Universitetsgata 2 and Schweigaaards gate 15 were vacated awaiting the redevelopment projects to begin.

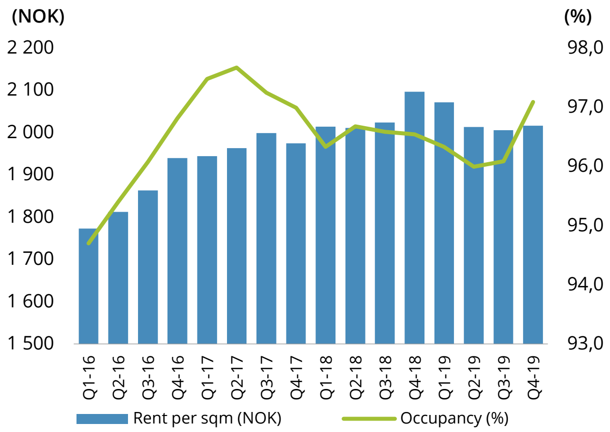
The acquisition of Møllendalsveien 6-8 in Bergen and St. Olavs plass 5 in Oslo contributes with 8 million compared the same quarter last year. In addition, the divestment of the five properties in Oslo during 2019 has reduced the rental income in the fourth quarter by 12 million compared to the same quarter last year.

On a full year basis, the increased rental income is mainly driven by a full year effect from the acquisition of the Bryn portfolio in the third quarter 2018 and the properties mentioned above in the fourth quarter. This effect is partly offset by the sale of properties in Oslo during 2019.

On a like-for-like basis the rental growth for the full year was 75 million (3.8 per cent) compared to the same period in 2018.

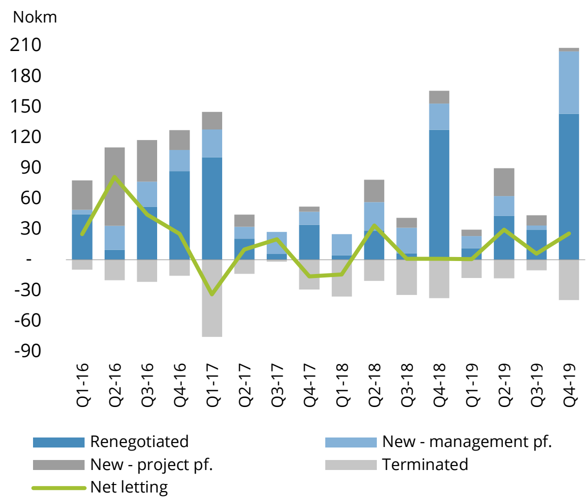
Average 12 months rolling rent per square meter was 2,096 (2,097) as of 31.12.19.

RENT (12M ROLLING) PER SQM AND OCCUPANCY RATE



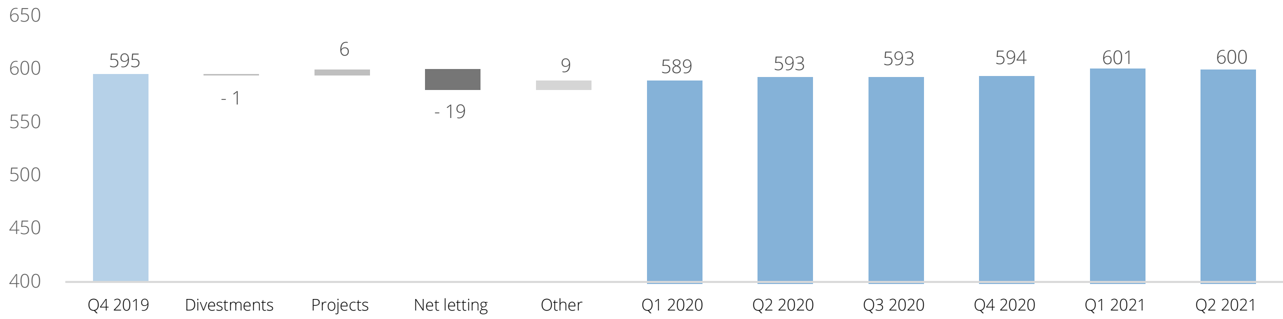
Compared to the previous quarter, the occupancy rate went up by one percentage point to 97.1 per cent. The market rental income of vacant space as of 31.12.19 was approximately 73 million on an annualised basis.

QUARTERLY NET LETTING



Gross letting, including re-negotiated contracts, was 208 million in the quarter of which 3 million is attributable to letting in the project portfolio. Lease contracts with an annual lease of 40 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 26 million (6 million) in the quarter. For 2019, gross letting including re-negotiated contracts was 371 million and lease contracts with a total value of 86 million were terminated. Net letting for the year came in at 62 million. The timing difference between net letting in the management portfolio in the quarter and its effect on the financial results is normally 6-12 months, while new contracts signed in the project portfolio tend to have a later impact on the results.

RENTAL INCOME DEVELOPMENT



The graph above shows the estimated development of contracted rental income based on all reported events, including income effect from divestments and acquisitions, development projects, net letting based on new and terminated contracts in the management portfolio, and other effects such as estimated CPI adjustments. It does not reflect any letting targets on the vacant areas in the portfolio or on contracts that will expire, but where the outcome of any renegotiation process is not known, i.e. not yet reported in "Net letting". The graph therefore does not constitute a forecast, but rather aims to demonstrate the rental income trend in the existing contract portfolio on the balance sheet date based on all reported events. See also note 5 for further information on potential development of rental income.

Operating costs

All amounts in NOK million	Q4-19	Q4-18	2019	2018
Maintenance	10	10	33	35
Tax, leasehold, insurance	13	17	58	72
Letting and prop. adm.	16	17	57	43
Direct property costs	9	10	40	34
Operating costs	**49**	**54**	**189**	**184**

The 4 million reduction from tax, leasehold and insurance since the fourth quarter of 2018 is mainly related to reduced leasehold cost as future fixed lease payments under IFRS 16 from Q1 2019 are recognised as lease liabilities, while previously being recognised as operating costs on a straight-line basis. The increase in the letting and property administrative costs in 2019 is mainly related to the acquisition of the Bryn portfolio in the second half of 2018.

Net operating income

As a consequence of the effects explained above, net operating income came in at 547 million (515 million) in the quarter.

Other revenues and other costs

Other revenues were 60 million (456 million) in the quarter and other costs were 43 million (442 million). 20 million of other revenues and 18 million of other costs are related to the development of Tollbugata 1A in Oslo, which was forward-sold and delivered to the buyer in the fourth quarter of 2019.

All of the income and costs related to assets in the Bryn portfolio which is expected to be zoned for residential development and subsequently sold to a third party, is recognised as other revenues and other cost. The net effect of this is 3 million in the fourth quarter of 2019.

In addition to the effects explained above, the net effect from other revenues and other costs in the quarter mainly consists of income and cost from services provided to tenants.

Administrative costs

Administrative costs amounted to 39 million (44 million) in the quarter and 171 million (157 million) in 2019. The increase in 2019 is primarily related to Entra's technology and digitalization initiatives.

Share of profit from associates and JVs

All amounts in NOK million	Q4-19	Q4-18	2019	2018
Income from property management	1	1	3	4
Other income and costs	87	31	309	153
Share of profit from associates and JVs	**88**	**31**	**312**	**156**

Other income and costs from associates and JVs in the quarter mainly relates to the net gains from the completion and delivery of residential apartments and the recognition of income and cost related to the completion and sale of forward-sold commercial assets in Bjørvika. For a detailed breakdown of the results from associates and JVs, see the section Partly owned companies.

Net realised financials

All amounts in NOK million	Q4-19	Q4-18	2019	2018
Interest and other finance income	2	2	10	17
Interest and other finance expense	-143	-135	-561	-509
Net realised financials	**-140**	**-134**	**-551**	**-491**

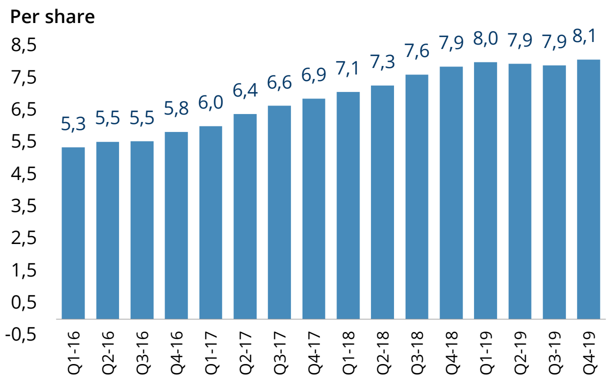
Net realised financials have increased in 2019 compared to 2018 mainly due to higher net nominal interest bearing debt.

Net income and net income from property management

Net income came in at 471 million (383 million) in the quarter. When including only the income from property management in the results from JVs, net income from property management for the Group was 384 million (352 million). This represents an increase of 9 per cent. For calculation of Net income from property management, see the section Alternative performance measures.

NET INCOME FROM PROPERTY MANAGEMENT PER SHARE

(Annualised, rolling 4 quarters)



Value changes

Net value changes amounted to 569 million (331 million) in the quarter and 1,955 million (1,486 million) for 2019.

The valuation of the property portfolio resulted in a net positive value change of 470 million (404 million) in the quarter and 1,909 million (1,387 million) for the financial year 2019.

In the fourth quarter about 212 million of the total value changes is attributable to increased market rent, primarily in central Oslo, about 96 million is net result of new contracts signed in the quarter partly offset by effects from terminated contracts. About 2 million is related to transactions in the quarter, and 92 million is related to yield compression mainly from the Bergen portfolio. About 78 million relates to ongoing projects, mainly explained by new lease contracts signed in the period, reduced risk as each project is moving towards completion in combination with improved market conditions. The remaining negative value changes of 12 million relates to various property related changes.

Net changes in value of financial instruments was 99 million (-73 million) in the quarter. The development in the quarter is mainly explained by higher long-term interest rates.

Tax

Tax payable of 2 million (5 million) in the quarter is related to the partly owned entity Papirbredden in Drammen. The change in deferred tax was -7 million (71 million) in the quarter. 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 2019, the tax loss carry forward for the Group's wholly-owned subsidiaries was 68 million (321 million).

Profit

Profit before tax was 1,040 million (714 million) in the quarter. Profit after tax was 1,031 million (779 million) and total comprehensive income after tax was 1,035 million (774 million).

EPRA Earnings

EPRA Earnings amounted to 278 million (243 million) in the fourth quarter of 2019. Further information about the EPRA Earnings calculations can be found on pages 29–30.

Balance sheet

The Group's assets amounted to 51,160 million (47,709 million) as at 31.12.19. Of this, investment properties amounted to 49,095 million (44,714 million). No (3) properties were classified as held for sale as at 31.12.19.

Housing-units for sale of 413 million (407 million) at the end of the quarter relates to the properties in the Bryn portfolio expected to be zoned for residential development and subsequently sold to a third party.

Other receivables and other current assets was 226 million (671 million) at the end of the quarter. The 2018 amount included contract assets related to the forward-sold asset Tollbugata 1A, which was delivered to the buyer in the fourth quarter of 2019.

Other non-current liabilities was 505 million (456 million) at the end of the quarter. The increase is mainly related to the capitalisation of lease liabilities of 235 million following the implementation of IFRS 16, partly offset by the derecognition of a provision for the contract obligation assumed from the University of Oslo for the remaining lease period until 2025 at St. Olavs plass 5. The provision was derecognised following the acquisition of St. Olavs plass 5 in the fourth quarter.

Book equity totalled 24,517 million (22,269 million). Equity per share was 151 (141) based on the EPRA NAV standard and 142 (131) based on EPRA NNNAV.

Cash flow statement

Net cash flow from operating activities came in at 332 million (428 million) in the quarter. The decrease mainly relates to working capital movements.

The net cash flow from investments was -351 million (-245 million) in the quarter. Proceeds from property transactions of 1,257 million (nil) in the quarter was related to the sale of the properties Pilestredet 19-21, Tollbugata 1A and Kristian Augusts gate 23 in Oslo. Purchase of investment properties of 1,218 million (-1 million) relates to the acquisition of St. Olavs plass 5 in Oslo and Møllendalsveien 6-8 In Bergen. The cash effect from investment in and upgrades of investment properties amounted to -479 million (-392 million) in the quarter. Investment in property and housing-units for sale in the quarter of -52 million (-1 million) mainly relates to construction costs related to the forward-sold asset Tollbugata 1A. Dividends from associates and JVs of 167 million (146 million) in the quarter is related to dividend from OSU.

Net cash flow from financing acitivites was -15 million (-128 million) in the quarter. During the quarter, Entra had a net decrease in commercial paper financing of 400 million and an increase in bank and bond financing of 580 million and 300 million, respectively. Dividends paid amounts to 420 million (412 million) in the fourth quarter of 2019, corresponding to NOK 2.30 per share for the first six months of 2019. Dividends paid to non-controlling interests of 75 million (nil) in the quarter relates to dividends to the non-controlling interests in Entra OPF Utvikling and Papirbredden Eiendom.

The net change in cash and cash equivalents was -33 million (56 million) in the quarter and 87 million (41 million) for 2019.

Financing

During the fourth quarter, Entra's gross interest-bearing nominal debt increased by 480 million to 19,901 million. The change in interest bearing debt comprised a net decrease in commercial paper financing of 400 million and an increase in bank and bond financing of 580 million and 300 million, respectively.

In the quarter, Entra re-opened three existing green bond loans with a total of 800 million. Further, Entra has refinanced commercial paper loans of 400 million.

As of 31.12.19, net nominal interest bearing debt after deduction of liquid assets of 317 million (230 million) was 19,585 million (18,941million).

The average remaining term for the Group's debt portfolio was 4.9 years at 31.12.19 (4.1 years). 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, 67 per cent (70 per cent) of the Group's financing came from debt 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 papers (NOKm)	1 800	0	0	0	0	1 800	9
Bonds (NOKm)	700	1 300	2 500	2 800	4 300	11 600	58
Bank loans (NOKm)	0	728	0	3 560	2 214	6 501	33
Total (NOKm)	**2 500**	**2 028**	**2 500**	**6 360**	**6 514**	**19 901**	**100**
Unutilised credit facilities (NOKm)	**0**	**750**	**1 000**	**2 440**	**2 000**	**6 190**	
Unutilised credit facilities (%)	0	12	16	39	32	100	

Financing policy and status

All amounts in NOK millions	31.12.2019	Target
Loan-to-value (LTV)	40.2%	Below 50 per cent over time
Interest coverage ratio (ICR)	3.4	Min. 1.8x
Debt maturities <12 months	13%	Max 30%
Maturity of hedges <12 months	41%	Max 60%
Average time to maturity (hedges)	3.0	2-6 years
Back-stop of short-term interest bearing debt*	248%	Min. 100%
Average time to maturity (debt)	4.9	Min. 3 years

* See the section "Definitions"

Interest rates and maturity structure

The average interest rate[1] of the debt portfolio was 2.99 per cent (2.85 per cent) as at 31.12.19. The change in average interest rate stems mainly from higher Nibor interest rates and increased share of fixed interest rates in the debt portfolio, as part of the forward start swap portfolio has become fixed rate payer swaps.

59 per cent (57 per cent) of the Group's financing was hedged at a fixed interest rate as at 31.12.19 with a weighted average maturity of 3.0 years (3.4 years).

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

	Fixed rate instruments[2]		Forward starting swaps[3]			Average credit margin	
	Amount (NOKm)	Interest rate (%)	Amount	Interest rate (%)	Tenor (years)	Amount (NOKm)	Credit margin (%)
<1 year	100	2.3	1 650	2.14	6.4	5 441	0.93
1-2 years	1 050	3.4				1 300	0.96
2-3 years	1 350	1.8				2 500	0.74
3-4 years	1 450	2.2				4 860	1.04
4-5 years	1 300	2.4				1 000	0.88
5-6 years	1 300	2.3				1 000	0.82
6-7 years	3 110	2.1				1 200	0.86
7-8 years	0	0.0				1 500	0.83
8-9 years	0	0.0				0	0.00
9-10 years	0	0.0				0	0.00
>10 years	500	4.9				1 100	0.39
Total	**10 160**	**2.4**	**1 650**	**2.14**	**6.4**	**19 901**	**0.88**

[1]Average reference rate (Nibor) is 1.78 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 31.12.19, the management portfolio had a market value of around 45 billion. The occupancy rate was 97.1 per cent (96.5 per cent). The weighted average unexpired lease term for the Group's leases was 6.8 years (6.7) for the management portfolio and 6.9 years (7.4) when the project portfolio is included. The public sector represents approximately 60 per cent of the total customer portfolio. The entire property portfolio consists of 89 properties with a market value of about 49 billion.

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 5.1 to 4.8 per cent. 12 months rolling rent were stable during the last year, whereas the market rent has increased by 5 per cent, from 2,159 to 2,261 per square meter.

	Properties	Area	Occupancy	Wault	Market value		12 months rolling rent		Net yield*	Market rent	
	(#)	(sqm)	(%)	(year)	(NOKm)	(NOK/sqm)	(NOKm)	(NOK/sqm)	(%)	(NOKm)	(NOK/sqm)
Oslo	35	583 428	97.0	6.7	28 163	48 272	1 380	2 365	4.5	1 545	2 647
Trondheim	11	154 776	95.3	7.2	4 506	29 111	255	1 648	5.3	272	1 760
Bergen	8	119 533	96.1	6.0	4 794	40 105	239	1 999	4.6	278	2 327
Sandvika	9	98 961	99.8	8.4	2 922	29 528	173	1 747	5.5	150	1 521
Stavanger	5	78 607	99.4	7.2	2 293	29 174	142	1 808	5.8	133	1 691
Drammen	8	70 422	98.1	6.2	2 085	29 611	129	1 825	5.8	121	1 720
Management portfolio	**76**	**1 105 727**	**97.1**	**6.8**	**44 764**	**40 483**	**2 318**	**2 096**	**4.8**	**2 500**	**2 261**
Project portfolio	7	107 201		9.5	3 368	31 420					
Development sites	6	114 859		0.3	832	7 248					
Property portfolio	**89**	**1 327 787**		**6.9**	**48 964**	**36 877**					

* See the section "Definitions". The calculation of net yield is based on the valuers' assumption of ownership costs, which at 31.12.19 corresponds to 7.6 per cent of market rent.

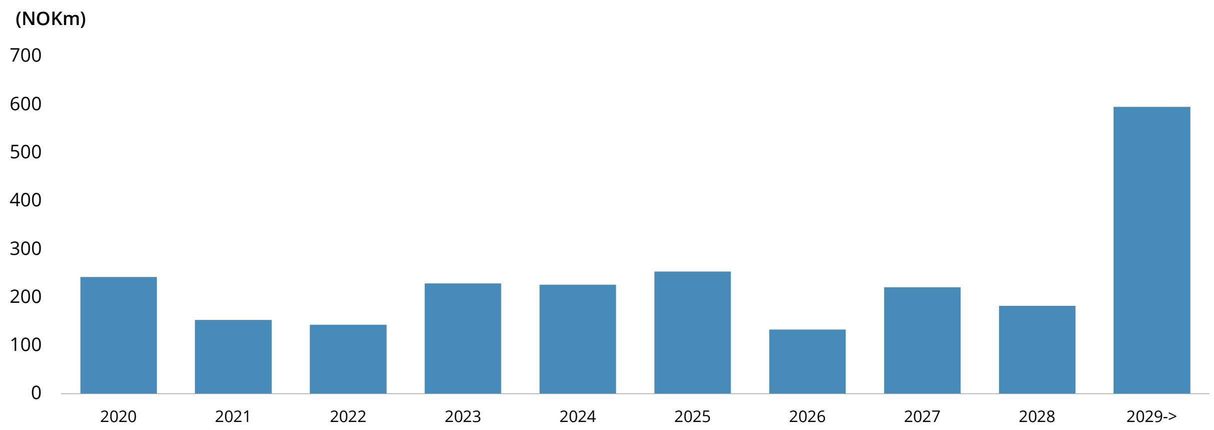
Letting activity

During the fourth quarter, Entra signed new and renegotiated leases with an annual rent totalling 208 million (90,000 square metres) and received notices of termination on leases with an annual rent of 40 million (14,200 square metres). Net letting was 26 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. On an annual basis, Entra signed new and renegotiated leases in 2019 with annual rent totalling 371 million and received notice of termination on leases with an annual rent of 86 million. Net letting was 62 million in 2019.

Significant contracts signed in the quarter:

- Renegotiated lease contract for 5 years and 7,600 sqm in Stenersgata 1 in Oslo with the Immigration Appeals Board
- New 10-year lease contract for 5,600 sqm in Langkaia 1 in Oslo
- Renegotiated lease contract for 10 years and 4,100 sqm in Tvetenveien 22 1 in Oslo with the Norwegian Government
- New 6-year lease contract for 3,000 sqm in Verkstedveien 3 in Oslo with Codan Insurance
- New 10-year lease contract for 2,700 sqm in Prinsens gate 1 in Trondheim with The County Governor of Trøndelag

MATURITY PROFILE OF THE MANAGEMENT PORTFOLIO:



Investments and divestments

Entra has invested a total of 1,663 million (334 million) in the portfolio of investment properties in the fourth quarter and 2,686 million (2,110 million) in 2019. The decomposition of the investments is as follows:

All amounts in NOK million	Q4-19	Q4-18	2019	2018*
Aquisitions	1 150	0	1 174	914
Developments	484	309	1 352	1 104
- Newbuild projects	*216*	*220*	*791*	*812*
*- Redevelopment projects***	*268*	*89*	*561*	*292*
Like-for-like portfolio	17	17	120	58
- Tenant alterations	*15*	*16*	*112*	*51*
- Maintenance capex	*2*	*1*	*8*	*7*
Other	13	9	41	35
- Capitalised borrowing cost	*13*	*9*	*41*	*35*
Capital Expenditure	**1 663**	**334**	**2 686**	**2 110**

* The capital expenditure in 2018 has been changed from earlier reported due to a reclassification mainly between redevelopment projects and tenant alterations.

** Also includes tenant alterations and maintenance capex when this is done as a part of asset redevelopment

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 [1] (NOKm)	Of which accrued[1] (NOKm)	Yield on cost[2](%)
Holtermanns veg 1-13	100	Trondheim	Jan-20	11 700	91	352	302	6.1
Kristian Augusts gate 13	100	Oslo	Aug-20	4 300	100	304	184	5.0
Universitetsgata 7-9	100	Oslo	Sep-21	21 900	49	1 235	559	5.9
Universitetsgata 2 – Rebel	100	Oslo	Sep-21	28 100	18	1 650	917	5.6
Total				**66 000**		**3 541**	**1 962**	

[1] Total project cost (Including book value at date of investment decision/cost of land)

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

Status ongoing projects

In Tullinkvartalet in Oslo, Entra is building a new 21,900 sqm office property in Universitetsgata 7-9 in Oslo. Occupancy is currently 49 per cent. The property is expected to be finalised in Q3 2021 with high environmental ambitions and aims for a BREEAM-NOR Excellent classification.

Entra is further redeveloping the 4,300 sqm office property in Kristian Augusts gate 13. The project will demonstrate Entra's strong commitment to work for more sustainable solutions by incorporating a target of more than 60 per cent re-use of building materials. Occupancy is at 100 per cent as the property will be let to the co-working operator IWG/Spaces.

The construction project is expected to be completed in August 2020.

Next to Tullinkvartalet, Entra also has the redevelopment project Rebel ongoing in Universitetsgata 2. Rebel will be a technology and knowledge hub for large and small tech companies and will be managed 50/50 by Entra and an external partner. The 28,100 sqm building will consist of office space, co-working areas, conference centre and restaurants. Occupancy is currently 18 per cent. Rebel will offer a full-service concept through flexible short-term contracts with access to meeting rooms, wi-fi and more through memberships. The project is expected to be completed in Q3 2021.

In Holtermanns veg 1-13 in Trondheim, Entra has ongoing construction of a new office building. This is the first of three planned buildings. The approved zoning allows total construction of approximately 48,000 sqm, where the first building is 11,700 sqm. This new-build includes a 2,000 sqm basement with parking facilities. Expected completion is in the first quarter of 2020. The property is currently 91 per cent pre-let. Estimated total investment has increased with NOK 11 million in the quarter in connection with new rental contracts due to VAT. The yield-on cost increased with 0,1 per cent. The project has high environmental ambitions and aims for a BREEAM-NOR Excellent classification.

Projects completed in the quarter

During the fourth quarter, Entra finalised three projects.

In Tullinkvartalet in Oslo, Entra completed construction of a new 21,200 sqm campus building for the University of Oslo's Faculty of Law. In addition, 1,800 sqm next to the campus building will be redeveloped. The campus building is 100 per cent let of which the main tenant is the university on a 25-year lease. The smaller asset will be used as a project office for the nearby projects and thereafter redeveloped. Thus, the reported occupancy for the two assets combined is currently 95 per cent. The project development has high environmental ambitions and aims for a BREEAM-NOR Excellent classification.

Entra has also finalised the redevelopment of Tollbugata 1A in Oslo. The property consisted of two buildings totalling 9,000 sqm adjacent to Oslo Central Station. The property was forward sold as part of the property swap transaction announced in December 2018. The transaction closed in Q4 2019.

At Brattørkaia 12 in Trondheim, Entra finalised a 2,000 sqm new office property which is fully let to The Norwegian State Educational Loan Fund ("Lånekassen"). The project aims for Energy class A.

Transactions

Entra actively seeks to improve the quality of its property portfolio through a disciplined strategy of acquisitions and divestments. Entra focuses on acquisitions 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 public transportation 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. The acquisition and divestment strategy is flexible, allowing Entra to adapt to feedback from customers and market changes, and to create and respond to market opportunities as they arise.

During the quarter Entra acquired the property Møllendalsveien 6-8, located in Entra's existing property cluster and nearby Media City Bergen, for a property value of NOK 400 mill. Møllendalsveien 6-8 is a 14,500 sqm office property with an annual rent of NOK 26.4 mill. The average lease contract duration is approximately 1.2 year. Entra plans to re-develop the asset into an attractive office product when the existing lease contracts expire.

Entra also announced an agreement regarding development of the area Jåttåvågen Fase 2. The development area is land plot adjacent to Hinna Park with an estimated development potential of minimum 205,000 sqm, split on 60 per cent residential and 40 per cent office. The zoning and development of the area has a long-term horizon and is expected to be realized over the next 25 years. Entra's share of the partnership is 12.5 per cent, and the other partners are the Municipality of Stavanger, OBOS and Camar Eiendom.

Transactions in 2018 and 2019

Purchased properties	Area	Transaction quarter	No of sqm	Transaction value	Closing date
Share of Jåttåvågen Fase 2	Stavanger	Q4 2019	-	13	Q4 2019
Møllendalsveien 6-8	Bergen	Q4 2019	14 500	400	Q4 2019
Section of Kristian Augusts gate 11	Oslo	Q1 2019		23	Q1 2020
St. Olavs plass 5	Oslo	Q4 2018	16 530	850	Q4 2019
Bryn portfolio	Oslo	Q2 2018	57 000	1 400	Q3 2018
Johannes Bruns gate 16/16A, Nygårdsgaten 91/93	Bergen	Q2 2018	-	135	Q2/Q4 2018
Nils Hansens vei 20	Oslo	Q1 2018	3 150	50	Q2 2018
Sum			**91 180**	**2 871**	

Sold properties		Transaction quarter	No of sqm	Transaction value	Closing date
Kristian Augusts gate 23	Oslo	Q3 2019	8 750	450	Q4 2019
Sorgenfriveien 11	Trondheim	Q3 2019	-	50	Q3 2019
Section of Karoline Kristiansens vei 2	Oslo	Q2 2019	450	23	Q2 2019
Aasta Hansens vei 10	Oslo	Q4 2018	5 390	80	Q1 2019
Tollbugt 1, Pilestredet 19-23, Pilestredet 28	Oslo	Q4 2018	19 650	1 150	Q1/Q4 2019
Sum			**34 240**	**1 753**	

Partly owned companies

Papirbredden Eiendom AS (60 %)

Entra and Drammen Municipality own Papirbredden Eiendom AS. The company owns six office properties totalling 59,000 sqm and a future development potential of 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 totalling 28,000 sqm and development potential for two new office properties of 37,000 sqm. The company is consolidated in the Group's financial statements as Entra has a controlling vote on the Board of Directors.

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 (Media City Bergen) and Allehelgens gate 6. Entra OPF Utvikling AS is consolidated in the Group's financial statements as Entra has a controlling vote on the Board of Directors.

Oslo S Utvikling AS "OSU" (33.33 %)

OSU is a property development company that is undertaking primarily residential development in the city district Bjørvika, Oslo's CBD East.

Rebel U2 AS (50 %)

Rebel U2 AS will provide facility management services in Universitetsgata 2 in Oslo – with full-service solutions, flexible and short-term leases, co-working, conferences and events.

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

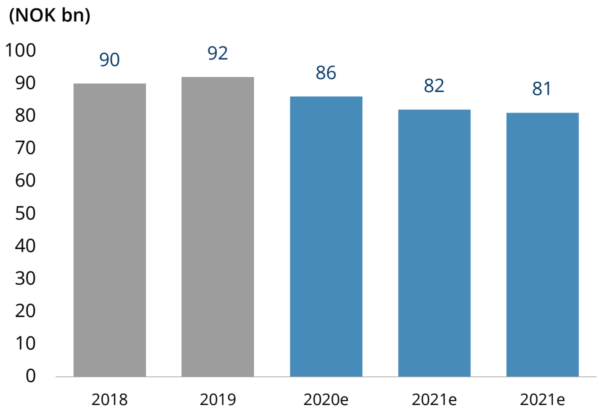
All amounts in NOK million	Papirbredden Eiendom AS	Hinna Park Eiendom AS	Entra OPF Utvikling AS	Total consolidated companies	Oslo S Utvikling AS	Rebel U2 AS	Other	Total associated companies & JVs
Share of ownership (%)	60	50	50		33	50		
Rental income	28	18	34	80	1		2	2
Net operating income	27	16	31	74	1		2	2
Net income	20	7	30	58	319	-3	1	317
Changes in value of investment properties	33	25	149	208	0	0	0	0
Changes in value of financial instruments	3	2	0	5	2	0	0	2
Profit before tax	56	34	180	270	320	-3	1	318
Tax	-12	-7	-37	-57	-43	1	0	-42
Profit for the period	**44**	**27**	**142**	**213**	**278**	**-3**	**1**	**276**
Non-controlling interests	18	13	71	102				
Entra's share of profit/***					89	-1	1	88
Book value					372	14	11	397
Market value properties	**1 861**	**1 216**	**2 880**	**5 956**	**4 233**			**4 233**
Entra's share:								
Market value properties	1 116	608	1 440	3 164	1 411			1 411
EPRA NAV	687	236	1 466	2 388	773	14	11	797
EPRA NNNAV	646	218	1 425	2 290	680	14	11	704
*EPRA Earnings****	9	3	12	24		-1	1	-1

* Recognised as Share of profit from associates and JVs
** Entra's share of profit of OSU is in Q4-19 adjusted for realisation of goodwill of 4 million
*** From Q1 2019, earnings from the associated company OSU are excluded from EPRA Earnings as the business of this company is development of properties for sale and is not considered relevant for measurement of the operating performance of the underlying property portfolio under management.

Market development

The solid pace observed in the investment market over the last three years has continued, as the transaction volume for 2019 ended up around 92 billion according to Entra consensus report vs. around 90 billion in 2018. The market remains active with strong demand from both national and international investors. The financing market continue to be well functioning and the outlook for the Norwegian economy is solid. The overall high demand for Norwegian real estate has caused prime yield to remain stable at around 3.7 per cent. Prime yields are expected to remain stable for the coming years according to Entra consensus report.

TRANSACTION VOLUME NORWAY



Source: Entra Consensus report, January 2020

According to Entra consensus report, the office vacancy in the Oslo area has continued to decrease and has levelled out around 5,6 per cent. The vacancy level is primarily driven by increasing employment and moderate net new capacity to the market, stemming from limited construction activity and continued office-to-residential conversion. Vacancy is lowest in the city centre. Consequently, the 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 decreased to about 8 per cent due to low construction activity, office-to-residential conversion, and increased employment and new optimism in the oil and gas industry. Rents in the city centre of Bergen has increased due to high demand for centrally located premises, and low supply of modern, centrally located office premises.

The Stavanger area is experiencing increasing employment and optimism due to higher activity in the oil and gas sector. As a result of this, combined with low construction activity, office vacancies have fallen to about 11 per cent. Rents have levelled out in the main oil and gas intensive areas. In Stavanger city centre, the vacancy is low, there is an increasing demand for modern, flexible and centrally located office premises and rent levels appears to increase slightly.

In Trondheim, the overall office vacancy is currently around 12 per cent. Vacancy is highest in the fringe areas of the city. The market has shown ability to absorb the new capacity and most of the premises completed in 2019. The construction volume of new office space will increase in 2020. Rent levels in the city centre have increased, while there is a downward pressure on rents in the fringe areas.

Market data Oslo

	2017	2018	2019e	2020e	2021e	2022e
Vacancy Oslo, incl. Fornebu and Lysaker (%)	7.1	6.1	5.6	5.8	6.1	6.3
Rent per sqm, high standard Oslo office	3 145	3 345	3 586	3 768	3 859	3 927
Prime yield (%)	3.7	3.7	3.7	3.7	3.7	3.7

Source: Entra consensus report, January 2020

Other information

Organisation and HSE

At 31.12.19 the Group had 184 (164) employees.

In Q4 2019, Entra had no injuries with long term absence from work in the ongoing projects. 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 2.0 at the end of the fourth quarter 2019 vs. 6.9 at the end of the third quarter 2018.

Risk management

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

Entra's main risk factors consist of both financial and non-financial risk. A thorough description and analysis is included on pages 28-33 in the 2018 annual report.

Share and shareholder information

Entra's share capital is NOK 182,132,055 divided into 182,132,055 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.

On 3 December 2019, the Norwegian Ministry of Trade, Industry and Fisheries announced that they had sold 25,556,225 shares in a secondary placement. Following completion of the secondary placement, the Norwegian Ministry of Trade, Industry and Fisheries own 15,000,000 shares in Entra, representing 8.2 per cent of the outstanding share capital and voting rights

As of 27 January 2020, Entra had 5,916 shareholders. Norwegian investors held 34.8 per cent of the share capital. The 10 largest shareholders as registered in VPS 27 January 2020 were:

Shareholder	% holding
Folketrygdfondet	8.8
Norwegian Ministry of Trade, Industry and Fisheries	8.2
State Street Bank (Nominee)	7.9
The Bank of New York (Nominee)	3.4
JP Morgan Chase Bank (Nominee)	1.5
BNP Paribas Securities (Nominee)	1.5
Danske Invest Norske	1.4
Verdipapirfondet DnB Norge	1.2
State Street Bank (Nominee)	1.1
State Street Bank (Nominee)	1.0
SUM 10 LARGEST SHAREHOLDERS	**36.1**

Annual general meeting

The annual general meeting in Entra ASA will be held on 30 April 2020. In line with the dividend policy of distributing approximately 60 per cent of Cash Earnings, the board of Entra will propose to distribute a semi-annual dividend of NOK 2.40 per share for the second half of 2019. In October 2019, Entra paid out NOK 2.30 per share for the first six months of 2019. For the financial year 2019 Entra will thus have paid out NOK 4.70 per share compared to NOK 4.50 per share in 2018. Refer to section "Alternative performance measures" for calculation of Cash Earnings.

Outlook

Entra continues to deliver on its core strategic pillars; profitable growth, customer satisfaction, and environmental leadership.

Solid letting and management of high quality assets, combined with deliberate and targeted project development of both newbuilds and redevelopments are the main sources of profitable growth in Entra. Emerging trends like co-working, employee wellbeing and increased flexibility demands from tenants will impact Entra's priorities, making technology development and being close to the tenants even more important. Entra has in recent years had the most satisfied customers amongst the major Norwegian real estate companies, and a priority is to further develop end-user focus with product and service offerings to realize the vision of owning buildings where the most satisfied people work.

Environmental leadership and sustainability have been key priorities for Entra during the last decade and is an integral part of all business operations in the company. Circular economy and re-use of building materials has strong momentum, and through ambitious pilot projects Entra is leading and challenging the industry to work with circular value chains. There is a continued growing interest and commitment from all stakeholders for sustainable business operations, and the financial benefits are also materialising through increasing appreciation from tenants, lower cost of funding through green bond and bank financing, and higher valuations of environmentally friendly properties. In addition, a true and genuine purpose spurs employee motivation and attracts new talent to the company.

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

Modern, environmentally friendly offices located near public transportation hubs are attractive and obtain solid rents compared to premises located in less central areas. Entra's portfolio in Oslo constitutes around 63 per cent of the market value of the management portfolio, and particularly the central Oslo office market is expected to continue favourably with low vacancy levels and increasing market rents. The office market in Bergen is also developing positively from a solid base, and we continue to see a moderate recovery in Stavanger. Trondheim is expected to remain relatively stable.

Interest rates are expected to remain at historically low levels in the foreseeable future, as uncertainty in the global economy will impact economic growth prospects.

The Norwegian transaction market is very active and driven by strong demand supported by a well-functioning debt market. The yield compression levelled out during 2018, and one expects a relatively flat development over the coming years. Entra's high quality portfolio with a healthy mix of attractive yielding properties and value enhancing development project combined with a positive rental market outlook should provide a continued positive portfolio value development.

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

Oslo, 6 February 2020

The Board of Entra ASA

Financial statements

Statement of comprehensive income

All amounts in NOK million	Q4-19	Q4-18	2019	2018
Rental income	595	569	2 338	2 243
Operating costs	-49	-54	-189	-184
Net operating income	547	515	2 149	2 058
Other revenue	60	456	300	521
Other costs	-43	-442	-260	-500
Administrative costs	-39	-44	-171	-157
Share of profit from associates and JVs	88	31	312	156
Net realised financials	-140	-134	-551	-491
Net income	**471**	**383**	**1 780**	**1 587**
- of which net income from property management	**384**	**352**	**1 471**	**1 434**
Changes in value of investment properties	470	404	1 909	1 387
Changes in value of financial instruments	99	-73	46	99
Profit before tax	**1 040**	**714**	**3 735**	**3 073**
Tax payable	-2	-5	-11	-13
Change in deferred tax	-7	71	-498	-325
Profit for period/year	**1 031**	**779**	**3 225**	**2 735**
Actuarial gains and losses	5	-7	5	-7
Change in deferred tax on comprehensive income	-1	2	-1	2
Total comprehensive income for the period/year	1 035	774	3 229	2 729
Profit attributable to:				
Equity holders of the Company	929	736	2 946	2 537
Non-controlling interest	102	43	279	198
Total comprehensive income attributable to:				
Equity holders of the Company	933	730	2 949	2 532
Non-controlling interest	102	43	279	198

Balance sheet

All amounts in NOK million	31.12.2019	31.12.2018
Intangible assets	117	127
Investment properties	49 095	44 714
Other operating assets	22	23
Investments in associates and JVs	397	367
Financial derivatives	274	321
Long-term receivables and other assets	256	236
Total non-current assets	**50 161**	**45 788**
Housing-units for sale	413	407
Investment properties held for sale	0	565
Trade receivables	43	47
Other receivables and other current assets	226	671
Cash and bank deposits	317	230
Total current assets	**998**	**1 921**
Total assets	**51 160**	**47 709**
Shareholders' equity	22 570	20 524
Non-controlling interests	1 947	1 746
Total equity	**24 517**	**22 269**
Interest bearing debt	17 362	14 931
Deferred tax liability	5 367	4 861
Financial derivatives	341	481
Other non-current liabilities	505	456
Total non-current liabilities	**23 576**	**20 730**
Interest bearing debt	2 539	4 239
Trade payables	200	190
Other current liabilities	328	281
Total current liabilities	**3 067**	**4 710**
Total liabilities	**26 642**	**25 439**
Total equity and liabilities	**51 160**	**47 709**

Changes in equity

All amounts in NOK million	Share capital	Treasury shares	Other paid-in capital	Retained earnings	Non-controlling interests	Total equity
Equity 01.01.2018	**184**	**0**	**3 556**	**15 159**	**433**	**19 331**
Profit for period				2 537	198	2 735
Other comprehensive income				-6		-6
Consolidation effect Entra OPF change of control					1 123	1 123
Dividend				-790	-8	-798
Net equity effect of LTI & employee share saving scheme				-1		-1
Repurchase of shares		-1	-20	-94		-115
Equity 31.12.2018	**184**	**-1**	**3 535**	**16 806**	**1 746**	**22 269**
Change in accounting principle for IFRS 16				-6	-4	-10
Equity 01.01.2019	**184**	**-1**	**3 535**	**16 800**	**1 742**	**22 260**
Profit for period				2 946	279	3 225
Other comprehensive income				4		4
Equity transaction at fair value in JV *				11		11
Dividend				-840	-75	-915
Net equity effect of LTI & employee share saving scheme		0	0	-2		-2
Repurchase of shares		-1	-12	-54		-66
Share capital decrease	-2	2				0
Equity 31.12.2019	**182**	**0**	**3 523**	**18 865**	**1 947**	**24 517**

* In Q1-19, one of the subsidiaries of OSU merged with an unrelated party. The transaction was executed at fair value, with a total equity effect of 32 million attributable to the equity holders of OSU. Entra's share of the equity effect is 11 million.

Statement of cash flows

All amounts in NOK million	Q4-19	Q4-18	2019	2018
Profit before tax	1 040	714	3 735	3 073
Income tax paid	-3	-5	-11	-9
Net expensed interest and fees on loans and leases	140	134	551	491
Net interest and fees paid on loans and leases	-125	-128	-582	-504
Share of profit from associates and jointly controlled entities	-88	-31	-312	-156
Depreciation and amortisation	2	8	8	15
Changes in value of investment properties	-470	-404	-1 909	-1 387
Changes in value of financial instruments	-99	74	-46	-99
Change in working capital	-65	68	-81	-35
Net cash flow from operating activities	**332**	**428**	**1 352**	**1 389**
Proceeds from property transactions	1 257	0	1 619	618
Purchase of investment properties	-1 218	-1	-1 241	-925
Investment in and upgrades of investment properties	-479	-392	-1 427	-1 201
Investment in property and housing-units for sale	-52	-1	-192	-362
Purchase of intangible and other non-current assets	-5	-6	-35	-15
Net payment financial assets	-5	10	-23	9
Net payment of loans to associates and JVs	0	0	1	0
Net payments in associates and JVs	-16	0	-16	0
Dividends from associates and JVs	167	146	308	231
Net cash flow from investment activities	**-351**	**-245**	**-1 005**	**-1 645**
Proceeds interest bearing debt	3 130	4 513	16 430	13 209
Repayment interest bearing debt	-2 650	-4 120	-15 699	-11 998
Repayment of lease liabilities*	-2	0	-9	0
Proceeds from issue of shares/repurchase of shares	0	-109	-69	-116
Dividends paid	-420	-412	-840	-790
Dividends paid to non-controlling interests	-75	0	-75	-8
Net cash flow from financing activities	**-15**	**-128**	**-260**	**297**
Change in cash and cash equivalents	-33	56	87	41
Cash and cash equivalents at beginning of period	350	175	230	189
Cash and cash equivalents at end of period	**317**	**230**	**317**	**230**

* Repayment of lease liabilities of 9 million for the full year of 2019 includes 2 million of repayments in each of the three first quarters of the year. The repayments were presented under Net cash flow from operating activities in the respective quarterly reports but is included in Net cash flow from financing activities for the full year in the quarterly report for the fourth quarter. The statement of cash flows for the three first quarters of 2019 are not restated.

NOTE 1 – ACCOUNTING PRINCIPLES

The results for the period have been prepared in accordance with IAS 34 Interim Financial Reporting. The financial reporting covers Entra ASA, subsidiaries, associated companies and jointly controlled entities. The interim financial statements have not been audited.

Except for the implementation of the standards IFRS 16, 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 2018.

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

IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under IAS 17. The standard substantially carries forward the lessor accounting requirements in IAS 17, and continues to require a lessor to classify a lease either as an operating lease or a finance lease. For leases with at lease term of 12 months or less and leases of low-value assets, the Group will recognise a lease expense on a straight-line basis as permitted by IFRS 16.

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

All amounts in NOK million	Effect 01.01.19
Investment properties	231
Total assets	**231**
Total equity	-10
Deferred tax liability	-3
Other non-current liabilities	235
Other current liabilities	9
Total equity and liabilities	**231**

Property lease contracts

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

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

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

The impacts on the statement of comprehensive income for 2019 was the following:
- Reduction of the rents included in Operating costs of 9 million compared to accounting treatment in accordance with IAS 17;
- Financial costs on the lease debt of 12 million is included in Net realised financials; and
- Changes in the value of the right-of-use assets is included in Changes in value of investment properties.

NOTE 2 – SEGMENT INFORMATION

The Group has one main operational unit, led by the COO. 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, investment, 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 the segment information based upon these six geographic areas.

Operating segments Q4–19

	Properties	Area	Occupancy	Wault	Market value		12 months rolling rent		Net yield	Market rent	
	(#)	(sqm)	(%)	(year)	(NOKm)	(NOK/sqm)	(NOKm)	(NOK/sqm)	(%)	(NOKm)	(NOK/sqm)
Oslo	35	583 428	97.0	6.7	28 163	48 272	1 380	2 365	4.5	1 545	2 647
Trondheim	11	154 776	95.3	7.2	4 506	29 111	255	1 648	5.3	272	1 760
Bergen	8	119 533	96.1	6.0	4 794	40 105	239	1 999	4.6	278	2 327
Sandvika	9	98 961	99.8	8.4	2 922	29 528	173	1 747	5.5	150	1 521
Stavanger	5	78 607	99.4	7.2	2 293	29 174	142	1 808	5.8	133	1 691
Drammen	8	70 422	98.1	6.2	2 085	29 611	129	1 825	5.8	121	1 720
Management portfolio	**76**	**1 105 727**	**97.1**	**6.8**	**44 764**	**40 483**	**2 318**	**2 096**	**4.8**	**2 500**	**2 261**
Project portfolio	7	107 201		9.5	3 368	31 420					
Development sites	6	114 859		0.3	832	7 248					
Property portfolio	**89**	**1 327 787**		**6.9**	**48 964**	**36 877**					

The calculation of net yield is based on the valuers' assumption of ownership costs, which at 31.12.19 corresponds to 7.6 per cent of market rent.

Operating segments Q4–18

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

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

NOTE 3 – INVESTMENT PROPERTIES

All amounts in NOK million	Q4-19	Q4-18	2019	2018
Closing balance previous period	47 609	44 969	45 279	40 055
Implementation of IFRS 16	0		231	
Purchase of investment properties	1 150	0	1 174	914
Investment in the property portfolio	500	325	1 472	1 161
Reclassified due to change of control	0	0	0	2 326
Capitalised borrowing costs	13	9	41	35
Sale of investment properties	-647	0	-1 010	-171
Reclassified to construction contracts	0	-429	0	-429
Changes in value of investment properties	470	404	1 909	1 387
Closing balance	**49 095**	**45 279**	**49 095**	**45 279**
Investment properties held for sale	0	565	0	565
Investment properties	**49 095**	**44 714**	**49 095**	**44 714**

During the fourth quarter of 2019, Entra acquired St. Olavs plass 5 in Oslo and Møllendalsveien 6 and 8 in Bergen.

During the fourth quarter of 2019, Entra handed to the buyers the properties Pilestredet 19-21 and Kristian Augusts gate 23 in Oslo. During the first three quarters of 2019, the properties Aasta Hansteens vei 10, Pilestredet 28 and Karoline Kristiansens vei 2 in Oslo and the land plot Sorgenfriveien 11 in Trondheim was handed to the buyers.

No investment properties are held for sale at 31 December 2019.

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

All amounts in NOK million	Fair value level	31.12.2019	31.12.2018
Assets measured at fair value:			
Assets measured at fair value through profit or loss			
- Investment properties	Level 3	49 095	44 714
- Investment properties held for sale	Level 3	0	565
- Derivatives	Level 2	274	321
Financial assets held for sale			
- Equity instruments	Level 3	36	5
Total		**49 404**	**45 605**
Liabilities measured at fair value:			
Financial liabilities measured at fair value through profit or loss			
- Derivatives	Level 2	341	481
Total		**341**	**481**

NOTE 5 – LEGAL DISPUTES

The Norwegian Ministry of Local Government and Modernisation has had an option to buy the property Munchs gate 4/Keysers gate 13, which is let to the Norwegian Ministry of Justice and Public Security. In 2013, the Ministry of Local Government and Modernisation gave notice to Entra that they intended to exercise the purchase option on the property in April 2014. Near closing, the Ministry of Local Government and Modernisation gave notice that they would not close the transaction as they were not granted funding to the purchase in the National Budget for 2014.

From that time, Entra has been of the opinion that the purchase option was voided. The Ministry of Local Government and Modernisation had a conflicting view and applied for a ruling by the Oslo District Court, which ruled in favour of the Ministry of Local Government and Modernisation in September 2019. According to the ruling, the Ministry of Local Government and Modernisation has the right to purchase the property as of June 2018 for 486 million. The estimated settlement according to the ruling is reflected in the measurement of the fair value of the property. Entra disagrees with, and has appealed, the ruling, and we expect a ruling by the higher court during 2020 or 2021.

The current annual rental income is 39 million and the remaining lease term is 15 years. If it, in the end, is not ruled in favour of Entra, the property will be derecognized when Entra ceases to control of the property.

ALTERNATIVE PERFORMANCE MEASURES

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

ENTRA'S FINANCIAL APMS:

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

NET INCOME FROM PROPERTY MANAGEMENT & CASH EARNINGS

All amounts in NOK million	Q4-19	Q4-18	2019	2018
Net income	471	383	1 780	1 587
Less:				
Other income and costs in associates and JVs	87	31	309	153
Tax from associates and JVs	0	0	0	-1
Net income from property management	**384**	**352**	**1 471**	**1 434**
Tax payable	-2	-5	-11	-13
Cash earnings	**382**	**347**	**1460**	**1422**

MARKET VALUE OF THE PROPERTY PORTFOLIO

All amounts in NOK million	31.12.2019	31.12.2018
Investment properties	49 095	44 714
Investment properties held for sale	0	565
Other	-131	352
Market value of the property portfolio	**48 964**	**45 630**

NET NOMINAL INTEREST BEARING DEBT

All amounts in NOK million	31.12.2019	31.12.2018
Nominal value of interest bearing debt	19 901	19 171
Cash and bank deposits	-317	-230
Net nominal interest bearing debt	**19 585**	**18 941**

DEBT RATIO (LTV)

All amounts in NOK million except ratio	31.12.2019	31.12.2018
Total net nominal interest bearing debt	19 846	19 019
- Net nominal interest bearing debt	19 585	18 941
- Other interest bearing liabilities	261	78
Total market value of the property portfolio	49 377	46 037
- Market value of the property portfolio	48 964	45 630
- Housing-units for sale	413	407
Debt ratio (LTV) %	**40.2**	**41.3**

INTEREST COVERAGE RATIO (ICR)

All amounts in NOK million	Q4-19	Q4-18	2019	2018
Net income	471	383	1 780	1 587
Depreciation	2	8	8	15
Results from associates and joint ventures	-88	-31	-312	-156
Net realised financials	140	134	551	491
EBITDA adjusted	**526**	**493**	**2 027**	**1 937**
Interest cost	150	138	577	517
Other finance expense	5	7	28	27
Applicable net interest cost	**155**	**144**	**606**	**544**
Interest Coverage Ratio (ICR)	**3.4**	**3.4**	**3.3**	**3.6**

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. The EPRA Best Practices Recommendations Guidelines focus on making the financial statements of public real estate companies clearer and more comparable across Europe.

	Summary table EPRA performance measures	Unit	Q4-19 / 31.12.2019	Q4-18 / 31.12.2018
A	EPRA earnings per share (EPS)	NOK	1.53	1.33
B	EPRA NAV per share	NOK	151	141
	EPRA triple net asset value per share (NNNAV)	NOK	142	131
C	EPRA net initial yield	%	4.8	5.0
	EPRA, "topped-up" net initial yield	%	4.8	5.0
D	EPRA vacancy rate	%	2.9	3.3
E	EPRA cost ratio (including direct vacancy costs	%	14.4	16.3
	EPRA cost ratio (excluding direct vacancy costs)	%	12.9	14.6

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 operational performance of the property portfolio. EPRA Earnings is calculated based on the income statement, adjusted for non-controlling interests, value changes on investment properties, changes in the market value of financial instruments and gains/losses on the sale of properties and the associated tax effects.

EPRA Earnings – Quarterly

All amounts in NOK million	Q4-19 IFRS reported	Q4-19 EPRA adjustments	Q4-19 Non-controlling interests*	Q4-19 EPRA Earnings	Q4-18 IFRS reported	Q4-18 EPRA adjustments	Q4-18 Non-controlling interests*	Q4-18 EPRA Earnings
Rental income	595	0	37	558	569	0	36	533
Operating costs	-49	0	-3	-46	-54	0	-4	-50
Net operating income	547	0	35	512	515	0	32	483
Other revenue	60	0	0	59	456	0	1	454
Other costs	-43	0	0	-43	-442	0	3	-445
Administrative costs	-39	0	-2	-38	-44	0	-2	-42
Share of profit from associates and JVs**	88	89	0	-1	31	41	0	-9
Net realised financials	-140	0	-6	-134	-134	0	-6	-127
Net income	**471**	**89**	**27**	**356**	**383**	**41**	**28**	**314**
Changes in value of investment properties	470	470	0	0	404	404	0	0
Changes in value of financial instruments	99	99	0	0	-73	-73	0	0
Profit before tax//EPRA Earnings before tax	**1 040**	**657**	**27**	**356**	**714**	**371**	**28**	**314**
Tax payable***	-2	0	-1	-2	-5	0	-1	-4
Change in deferred tax***	-7	74	-4	-77	71	132	5	-66
Profit for period/EPRA Earnings	**1 031**	**732**	**22**	**278**	**779**	**504**	**32**	**243**

* Excluding non-controlling interests in relation to EPRA adjustments.
** From Q1 2019, earnings from the associated company OSU are excluded from EPRA Earnings as the business of this company is development of properties for sale and is not considered relevant for measurement of the operating performance of the underlying property portfolio under management.
*** The corporate income tax rate is 22 per cent from Q1 2019 and 23 per cent in previous periods.

EPRA Earnings – Year to date

All amounts in NOK million	2019 IFRS reported	2019 EPRA adjustments	2019 Non-controlling interests*	2019 EPRA Earnings	2018 IFRS reported	2018 EPRA adjustments	2018 Non-controlling interests*	2018 EPRA Earnings
Rental income	2 338	0	153	2 185	2 243	0	136	2 106
Operating costs	-189	0	-10	-179	-184	0	-11	-173
Net operating income	2 149	0	143	2 006	2 058	0	125	1 933
Other revenue	300	0	1	299	521	0	4	517
Other costs	-260	0	-1	-259	-500	0	0	-500
Administrative costs	-171	0	-7	-164	-157	0	-7	-150
Share of profit from associates and JVs**	312	310	0	2	156	173	0	-17
Net realised financials	-551	0	-25	-526	-491	0	-26	-465
Net income	**1 780**	**310**	**112**	**1 357**	**1 587**	**173**	**96**	**1 318**
Changes in value of investment properties	1 909	1 909	0	0	1 387	1 387	0	0
Changes in value of financial instruments	46	46	0	0	99	99	0	0
Profit before tax//EPRA Earnings before tax	**3 735**	**2 265**	**112**	**1 357**	**3 073**	**1 659**	**96**	**1 318**
Tax payable***	-11	0	-4	-7	-13	0	-4	-9
Change in deferred tax***	-498	-187	-19	-292	-325	-35	-7	-283
Profit for period/EPRA Earnings	**3 225**	**2 077**	**89**	**1 059**	**2 735**	**1 624**	**85**	**1 026**

* Excluding non-controlling interests in relation to EPRA adjustments.
** From Q1 2019, earnings from the associated company OSU are excluded from EPRA Earnings as the business of this company is development of properties for sale and is not considered relevant for measurement of the operating performance of the underlying property portfolio under management.
*** The corporate income tax rate is 22 per cent from Q1 2019 and 23 per cent in previous periods.

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	31.12.2019	31.12.2018
Total equity	**24 517**	**22 269**
Less: Non-controlling interests	1 947	1 746
NAV per financial statement	**22 570**	**20 524**
Add: Adjustment to property portfolio	0	1
Add: Revaluation of investments made in JVs	400	981
Add: Net market value on financial derivatives	68	159
Add: Deferred tax arising on revaluation moments	4 517	4 065
EPRA NAV	**27 555**	**25 729**
Market value on property portfolio	48 964	45 630
Tax value on property portfolio	18 944	17 800
Basis for calculation of tax on gain on sale	30 021	27 830
Less: Market value of tax on gain on sale (5% tax rate)	**1 501**	**1 391**
Net market value on financial derivatives	68	159
Tax expense on realised financial derivatives*	15	35
Less: Net result from realisation of financial derivatives	**53**	**124**
Market value of interest bearing debt	19 910	19 351
Nominal value of interest bearing debt	19 901	19 171
Basis for calculation of tax on realisation of interest bearing debt	9	180
Market value of tax on realisation*	2	40
Less: Net result from realisation of interest bearing debt	**7**	**140**
Less: MV of tax on gain on sale (5% tax rate) & realisation of financial derivatives in JVs	**93**	**142**
EPRA NNNAV	**25 901**	**23 931**

* 22 per cent from 31.12.2018

Note to EPRA NAV development graph on page 2:
The revaluation of investments made in JVs was in the first quarter of 2019 reported as 1,108 million. The correct revaluation should however have been 756 million, resulting in EPRA NAV and EPRA NNNAV of 26,233 million (NOK 144 per share) and 24,323 million (NOK 133 per share), respectively. Comparative figures are updated in the EPRA NAV development graph.

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	31 374	4 961	2 952	1 316	225	2 180	43 008
Investment property - share of JVs/Funds	0	0	0	608	1 116	1 440	3 164
Total property portfolio	**31 374**	**4 961**	**2 952**	**1 924**	**1 341**	**3 620**	**46 172**
Less projects and land and developments	-3 210	-455	-30	-119	0	-266	-4 081
Completed management portfolio	**28 163**	**4 506**	**2 922**	**1 805**	**1 341**	**3 354**	**42 091**
Allowance for estimated purchasers` cost	52	15	10	4	5	8	93
Gross up completed management portfolio valuation	**28 215**	**4 521**	**2 932**	**1 809**	**1 346**	**3 362**	**42 184**
12 months rolling rent	1 380	255	173	111	86	169	2 173
Estimated ownership cost	104	18	12	8	5	16	162
Annualised net rents	**1 276**	**237**	**161**	**103**	**81**	**153**	**2 011**
Add: Notional rent expiration of rent free periods or other lease incentives	0	0	0	0	0	0	0
Topped up net annualised net rents	**1 276**	**237**	**161**	**103**	**81**	**153**	**2 011**
EPRA NIY (net initial yield)	**4.5%**	**5.2%**	**5.5%**	**5.7%**	**6.0%**	**4.6%**	**4.8%**
EPRA "topped-up" NIY (net initial yield)	**4.5%**	**5.2%**	**5.5%**	**5.7%**	**6.0%**	**4.6%**	**4.8%**

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	46	13	0	1	2	7	69
Total market rent	1 545	272	150	101	80	206	2 354
Vacancy	**3.0%**	**4.7%**	**0.2%**	**0.6%**	**2.2%**	**3.6%**	**2.9%**

E. EPRA COST RATIO

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

All amounts in NOK million	Q4-19	Q4-18	2019	2018
Operating costs	-49	-54	-189	-184
Administrative costs	-39	-44	-171	-157
Share of joint ventures expences	0	0	0	-8
Less: Ground rent cost	2	5	9	18
EPRA Cost (including direct vacancy cost)	**-86**	**-93**	**-351**	**-332**
Direct vacancy cost	-9	-10	-38	-34
EPRA Cost (excluding direct vacancy cost)	**-77**	**-83**	**-313**	**-298**
Gross rental income less ground rent	**595**	**569**	**2 338**	**2 243**
Share of joint ventures and fund (GRI)	0	0	0	0
Total gross rental income less ground rent	**595**	**569**	**2 338**	**2 243**
Epra cost ratio (including direct vacancy cost)	**14.4%**	**16.3%**	**15.0%**	**14.8%**
Epra cost ratio (excluding direct vacancy cost)	**12.9%**	**14.6%**	**13.4%**	**13.3%**

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.
Capital expenditure	- Property related capital expenditure, split into four components: (i) Acquisition, (ii) Development, (iii) Like-for-like portfolio and (iv) Other. The components Development and Like-for-like portfolio combined ties to the line item Investment in the property portfolio in the investment properties rollforward, while the two other categories ties to separate line items in the rollforward.
Back-stop of short-term interest bearing debt	- Unutilised credit facilities divided by short-term interest bearing debt.
Cash Earnings	- Net income from property management less tax payable
Contractual rent	- Annual cash rental income being received as of relevant date
Gross yield	- 12 months rolling rent divided by the market value of the management portfolio
Interest Coverage Ratio ("ICR")	- Net income from property management excluding depreciation and amortisation for the Group, divided by net interest on interest bearing nominal debt and fees and commitment fees related to investment activities
Independent Appraisers	- Akershus Eiendom and Cushman & Wakefield Realkapital
Land and dev. properties	- Property / plots of land with planning permission for development
Like-for-like	- The percentage change in rental income from one period to another given the same income generating property portfolio in the portfolio. The figure is thus adjusted for purchases and divestments of properties and active projects
Loan-to-value ("LTV")	- Total net nominal value of interest bearing debt divided by the total market value of the property portfolio.
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 properties owned by the parent company and subsidiaries. The figure does not include Property and housing-units for sale.
Net income from property management	- Net income from property management is calculated as Net Income less value changes, tax effects and other income and other cost from associates and JVs
Net letting	- Net letting is calculated as the annualised rent of new lease contracts plus lease-up on renegotiated contracts less terminated contracts
Net nominal interest bearing debt	- Nominal interest bearing debt less cash and bank deposits
Net rent	- 12 months rolling rent less the Independent Appraisers' estimate of ownership costs of the management properties of the Group
Net yield	- Net rent divided by the market value of the management properties of the Group
Occupancy	- Estimated market rent of occupied space of the management properties, divided by the market rent of the total space of the management portfolio.
Outstanding shares	- The number of shares registered with a deduction for the company's own repurchased shares at a given point in time. EPRA Earnings and Cash Earnings per share amounts are calculated using the weighted average number of ordinary shares outstanding during the period. All other per share amounts are calculated using the number of ordinary shares outstanding at period end.
Period-on-period	- Comparison between one period and the equivalent period the previous year
Property portfolio	- Properties owned by the parent company and subsidiaries, regardless of their classification for accounting purposes. Does not include the market value of properties in associates and jointly controlled entities
Project properties	- Properties where it has been decided to start construction of a new building and/or renovation
Total area	- Total area including the area of management properties, project properties and land / development properties
Total net nominal interest bearing debt	- Net nominal interest bearing debt and other interest bearing liabilities, including seller's credits and lease liabilities for land and parking lots in connection with the property portfolio
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

First quarter 2020	30.04.2020
Second quarter 2020	10.07.2020
Third quarter 2020	16.10.2020
Fourth quarter 2020	12.02.2021

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