entra

2011

Content

“Every day we work hard to meet our customers’ expectations.”

About Entra Eiendom


Focused
Honest
Responsible
Ambitious

This is Entra Eiendom

Entra Eiendom is engaged in the development, letting, management, operation, sale and purchase of real estate in Norway. Entra is one of Norway's leading property companies, and is owned by the Norwegian Government through the Ministry of Trade and Industry. The Group manages roughly one million square metres of floor space.

Entra's main purpose is to provide premises to meet central government needs and to operate on commercial principles. In addition, Entra can also serve municipal and private customers. The Group's business concept is to create value by developing, letting and operating attractive, environmentally efficient premises. The company's vision is to enhance the efficiency and reputation of its customers. Entra's business goals are to be best in terms of customer-perceived quality, to achieve profitable growth, and to be industry leader in environmental efficiency.

The Group is divided into four regions: Central Oslo, Greater Oslo, Southern and Western Norway, and Central and Northern Norway. The Group has its head office in Oslo.

Property-related key figures at 31 Dec.	2011	2010
Estimated market value (NOK millions)	23 145	21 494
Total area (gross floor space)	1 214 181	1 206 178
Area under management (gross floor space)	975 951	965 516
Vacancy rate of the management portfolio	3.7 %	4.9 %
Weighted average remaining contract term (years)	9.9	10.6

Financial key figures at 31 Dec.	2011	2010
Profit before value adjustments and tax (EBVAT)	468.4	533.9
Net income from property management (NOK millions)	1004.1	998.7
Comprehensive income (NOK millions)	579.0	698.7
Total assets (NOK millions)	23 740	22 225.6
Equity ratio	31.1 %	31.3 %

Statement by the Chief Executive Officer

2011 was an exciting and eventful year for Entra Eiendom. Our main priority areas were a strong customer focus, forward-looking environmental efforts and continued growth. Our hard work paid off, as is reflected in the results.

2011 was a good year for Entra, with the signing of several major contracts, as well as many exciting development projects. I am especially pleased to be able to report that the Group achieved historic results on two occasions in 2011. At year-end, the market value of the property portfolio was valued at the record level of NOK 23.1 billion. In addition, the Group achieved a profit from property management of over NOK one billion for the first time in 2011.

One of Entra's main goals is to be best in terms of customer-perceived quality. In 2011, we used the Norwegian Tenant Satisfaction Index for the first time to measure customer satisfaction. Entra achieved an overall score of 70, compared with the national average of 66 in the industry. It is especially gratifying to know that the customers perceive Entra as clearly better than average on customer focus and environmental performance.

I would like to mention three projects we have worked on in 2011, which I believe are representative of the breadth and scale of the work we do at Entra every single day. June saw the start-up of the total renovation of our properties in Fredrik Selmers vei 4 in Helsfyr in Oslo. The tenants are the Norwegian Directorate of Taxes and SITS. Originally built in 1982, these buildings are going to be remodelled to the passive house standard, energy class A and the environmental standard "BREEAM Very Good". To date, no commercial building has managed to achieve this through remodelling. The tenants will have a modern building equipped to meet the standards of the future.

Established in April 2011, the Powerhouse Alliance is a collaboration between Skanska, Snøhetta architects, the environmental organisation ZERO, the aluminium company Hydro, and Entra Eiendom. This Alliance wants to build Norway's first – and the world's northernmost – energy-positive commercial building. In addition, the Powerhouse Alliance is also going to renovate two office buildings at Kjørbo in Sandvika.

In Majorstua in Oslo, the 47-year-old premises of the Norwegian Water Resources and Energy Directorate (NVE), Middelthuns gate 29, is Norway's first partially listed building to be renovated to energy class B standards. One of the really big challenges facing the industry is transforming existing buildings to meet the standards we want in the future. The NVE building is a unique, important landmark in the city.

These three examples are illustrative of Entra's expertise when it comes to taking care of our customers and providing modern, future-oriented, highly eco-efficient premises. From 2010 to 2011, Entra managed to further reduce the company's total energy consumption from 208 kWh/sqm. to 202 kWh/sqm., i.e. energy savings of another 3 per cent. The total reduction in the period 2006 to 2011 is an impressive 13 per cent. We want to be a leader in the area of environmental efficiency because this gives us an important competitive advantage, increases the attractiveness of our buildings and serves to enhance our tenants' reputation.

In terms of market performance, Entra had an economic vacancy rate of 3.7 per cent at the end of 2011. During the year we signed lease contracts corresponding to a total annual rent of NOK 118.2 million. The average remaining contract term was roughly 10 years at the end of 2011, which is considerably longer than the market average. Entra works systematically to ensure it has long-term leases, financial strength and a balanced risk profile.

Although the economic situation is still unsettled, the negative trends we saw in the second half of 2011 appear to have stabilised. The rental market has performed well in several places in Norway, with prices rising for centrally located premises of a high standard. We are confident that Entra will continue to grow and develop.

I am very proud of the results we have achieved this year and would like to thank all the employees for their dedication and hard work. They have done a fantastic job and maintained a constant focus on Entra's strategic goals: to achieve profitable growth, to be best in terms of customer-perceived quality and to be industry leader in environmental efficiency.

Rune Olsø
Acting Chief Executive Officer

“Our vision is to enhance the efficiency and reputation of our customers.”

Corporate governance


Development
Marketing
Operation

Corporate governance

Entra Eiendom AS (Entra) is owned by the Norwegian Government, which exercises and manages its ownership through the Ministry of Trade and Industry.

Each year, Entra Eiendom AS's executive management and Board of Directors review the company's corporate governance principles and look at how they are executed.

Entra reports on the Group's policies and practice for corporate governance in accordance with section 3-3b of the Norwegian Accounting Act and the Norwegian Code of Practice for Corporate Governance of 21 October 2010, including the amendments to the Code of 20 October 2011. There is further information about the Code of Practice published by the Norwegian Corporate Governance Board (NUES) at www.nues.no.

There are some minor non-conformances with the recommendations. See the discussion under the individual sections below. The reason for the non-conformances is that the Norwegian state is the company's only shareholder.

1. Corporate governance statement

Governance

The Ministry of Trade and Industry's management of the company on behalf of the Government is based on generally accepted principles of corporate governance and the distribution of roles among the shareholders, the board of directors and the management under Norwegian company law. In addition, the Government has drawn up principles for good corporate governance, which essentially coincide with NUES's requirements relating to transparency and information about the company.

The Norwegian Government's ownership policy is summarised in chapter 5 of the Government's Ownership Report, Report no. 13 (2010-2011) to the Norwegian Parliament (Storting). For more detailed information about the Norwegian Government's ownership policy, see www.regjeringen.no/nb/dep/nhd. The shareholder appoints a Board of Directors to safeguard the interests of the shareholder, as well as to ensure that the company's needs for expertise, capacity and diversity are met. The Norwegian Government is a proactive shareholder with respect to setting clear goals for the company. It is also important that there are good systems in place for monitoring the company's finances, corporate social responsibility and ethical management.

Board of Directors and executive management

Entra's overarching objectives and strategy are set by the Board. The ethical guidelines and values adopted by the Board are the foundation on which Entra's activities rest. Guidelines, procedures and authorisation structures can be found in Entra's quality system. The quality system consists of the steering documents that integrate strategy, goals and overall principles with routines and documentation requirements for the administration and business areas in the value chain.

The company is split into three business areas: projects/development, marketing and operation. The Group has administrative and support functions for finance, strategy, communication and human resources. Based on the authority granted to the CEO by the Board, the CEO has implemented an authorisation structure for the Group. Entra uses balanced scorecard as an important tool for corporate governance. Based on the Group's strategy, various criteria for success and associated performance indicators have been established, which together make up the company's balanced scorecard. Scorecards have been created for each business area and for the company's support functions. The scorecards include goals for corporate social responsibility and environmental standards in the Group. The balanced scorecard system provides a basis for the executive management's governance of the Group and for reporting to the Board on operations.

Corporate governance (cont.)

Corporate social responsibility and the environment
State-owned companies face strict requirements regarding the fulfilment of their corporate social responsibilities. Entra's business concept includes the ambition to be the industry leader in environmental efficiency, defining the targets for the Group's environmental work. Entra's environmental strategy describes the Group's goals and areas of focus. Corporate social responsibility is an integrated part of Entra's corporate governance.

Entra's corporate social responsibility policy also applies to the suppliers. The Board has adopted guidelines on socially responsible purchasing. The guidelines set constraints for the Group's purchasing activities, which must meet high ethical standards. There must be a competitive bidding process in which all bidders are treated equally. Through Entra's membership in the Ethical Trading Initiative, we have undertaken to further increase our purchasing expertise and raise awareness about socially responsible purchasing. Requirements in relation to corporate social responsibility and the environment must be clearly communicated to the Group's suppliers. Both manufacturing processes and finished products must meet defined environmental standards, and the fundamental rights of workers must be respected by all the links in Entra's chain of suppliers. Entra's environmental criteria for suppliers and the document on socially responsible purchasing are available on our website www.entra.no.

Ethical guidelines
The ethical guidelines set out how Entra's stakeholders are to be treated, what conduct is expected of employees, and provide guidance and support on decision-making and problem solving. Entra's ethical guidelines support the company's corporate social responsibility activities and deal with topics such as health, safety and the environment as well as business ethics, including corruption and bribes. The company's ethical guidelines are available on www.entra.no.

Non-conformance with the recommendations: None

2. Activities

According to the company's articles of association, Entra Eiendom AS can own, buy, sell, operate and manage real property, and carry out other activities that are connected with this. The company can invest in shares or ownership interests and participate in companies engaged in similar activities. The company shall be run on commercial principles.

Entra has a clearly defined strategy, values and overall objectives. See www.entra.no for a more detailed description of the company's strategy. By developing, leasing out and managing highly eco-friendly premises, the company shall add value. The company's growth strategy is based on profitable growth, customer-focus and environmental leadership. The main focus is the letting of office properties in the main towns and cities where the company is already established.

Non-conformance with the recommendations: None

3. Equity and dividends

Equity
Entra shall maintain enough equity to allow it to pursue its goals and strategy, while reflecting the company's risk profile. At 31 December 2011, the Group had equity of NOK 7,391.4 million, giving it an equity ratio of 31.3 per cent. The Group's financial strength is considered satisfactory.

Dividends
The Board proposes the dividend to the annual general meeting (AGM). Section 20-4, subsection 4 of the Norwegian Companies Act states that the AGMs of state-owned companies do not have to adopt the dividend allocations proposed by the Board or corporate assembly. The AGM can determine the dividend in accordance with Section 8-1 of the Norwegian Companies Act.

The shareholder has adopted a dividend policy for Entra Eiendom. The annual dividend shall constitute 50 per cent of the Group's profit after tax and non-controlling interests as calculated under the Norwegian Accounting Act and generally accepted accounting principles, or be equivalent to at least two per cent of book equity after non-controlling interests under IFRS at the start of the financial year. The expected dividend from Entra Eiendom is presented each year in the national budget.

The national budget for 2012 anticipates a dividend of NOK 137 million from Entra Eiendom for the 2011 financial year.

Capital increases and share buybacks
The Board is not authorised to raise new capital or to buy back company shares.

Non-conformance with the recommendations: None

4. Equal treatment of shareholders and transactions with related parties

All of the shares in the company are owned by the Norwegian Government through the Ministry of Trade and Industry, and there is only one class of shares. The section in the recommendations about deviating from the pre-emptive rights of shareholders during capital increases is not relevant to the company.

Entra considers it important to be transparent and conservative in relation to transactions where there might be a perception that there is a conflict of interest between the company and a Board member, key employee or closely related parties of any of these. The guidelines for the Board regulate the Board members' duty to report any other directorships, roles, possible conflicts of interest and related parties. The guidelines for the Board state that Board members and the CEO cannot participate in discussions or decisions on issues that affect them personally or affect a related party, where they consequently have a significant personal or financial interest in the outcome of the matter. The Board has also adopted a policy for transactions with related parties, describing the rules and routines for these types of transactions.

The company has a number of public-sector tenants. Lease contracts with them have been signed on commercial terms.

Non-conformance with the recommendations: None

5. Free negotiability

According to the recommendations, the company's shares should be freely negotiable. However, since Entra Eiendom AS is wholly owned by the Norwegian state, this requirement is not relevant.

In the Government's Ownership Report, Report no. 13 (2010-2011) to the Storting, the Government indicates that it may permit the company to finance its equity capital needs in the private market. This may entail a government sell-off as part of a structural transaction and/or initial public offering. The Government therefore requested authorisation from the Storting to list and/or sell up to two-thirds of the shares in Entra Eiendom AS.

On 9 June the Storting adopted a resolution to authorise the Government to reduce its ownership interest in Entra down to 33.4 per cent in connection with a sell-off and/or initial public listing of the company. Before any sell-off and/or initial public offering takes place, the Government will review whether individual buildings in Entra's portfolio should be taken over by Statsbygg on commercial terms.

Non-conformance with the recommendations: None

6. Annual General Meeting

Section 20-5 of the Norwegian Companies Act regulates the AGM of state-owned companies. At wholly state-owned companies, the ministry that owns the company is responsible for sending out notice of AGMs and EGMs.

Notice, agenda and relevant documents

The Ministry that owns the company determines when the Annual General Meeting shall be held. Entra's executive management prepares the agenda and other documents and is responsible for sending out notice of the meeting, stating what items are on the agenda. The notice is sent to the shareholder, the Chair of the Board, the company's auditor and the Office of the Auditor General of Norway. Entra Eiendom AS does not have an election committee, and the sections of the recommendations on election committees have therefore not been followed.

In 2011 the deadline for registering for the AGM was set as close as practicably possible to the AGM.

Chair of meeting

The Chair of the meeting is elected by the AGM. The Chair of the Board chaired the AGM in 2011.

Attendance

The Ministry of Trade and Industry represents the shareholder at the AGM and participation can only take place by attendance. This is because Entra only has one shareholder. As a minimum, the Chair of the Board of Directors shall attend the AGM on behalf of the Board. The Board's participation at the meeting is agreed with the shareholder. The company's auditor shall always attend the AGM. The Office of the Auditor General is entitled to attend, and made use of that right in 2011. The executive management is represented by the CEO, CFO and Deputy CEO.

Non-conformance with the recommendations: For the sections of the recommendations that are relevant to the company, there is only one minor non-conformance. The non-conformance is related to the participation of the entire Board at the company's AGM.

Corporate governance (cont.)

7. Election committee

Entra Eiendom does not have an election committee. Board members are appointed by the shareholder.

Non-conformance with the recommendations: The company does not have an election committee, as Board members are appointed by the shareholder.

8. Corporate assembly and Board, composition and independence

Entra Eiendom does not have a corporate assembly.

Composition and independence of the Board of Directors

According to the company's articles of association (§5), the Board shall have between five and seven shareholder-elected members. In addition, there were two employee representatives on the Board in 2011. The shareholder elects the shareholder-elected members, including the Chair, through the AGM. The shareholder-elected members sit for a period of two years and were most recently elected/re-elected at the 2010 AGM. At the 2011 AGM, the Board was expanded to include two more shareholder-elected members, who were elected for one year. Board member Åse Koll Lunde left the Board at the end of 2011, as a result of a change in employment. At 31 December 2011, the Board had six shareholder-elected members, two of whom are women.

The employee representatives are chosen by and among the employees, and sit for the same length of time as the shareholder elected members.

One of the two employee representatives on the Board is a woman[1]. The overall expertise, capacity and diversity of the Board makes a positive contribution to the ability of the company to add value. No representatives of the Group's executive management are Board members. None of the members of the Board supply services to the Group, and the Board is independent of the company's executive management, main business partners and shareholder. The CVs of the Board members are included in the annual report.

Non-conformance with the recommendations: There is no need for Entra Eiendom AS to have a corporate assembly, as the company has fewer than 200 employees. It is also impossible for Board members to own shares in the company, as the company is wholly state-owned.

9. The work of the Board

The tasks of the Board

The Board has overall responsibility for the supervision and management of Entra Eiendom AS and shall ensure that the company is properly run. The Board has drawn up guidelines that govern its own activities and procedures.

Amongst other things, the Board shall prepare plans and budgets for the Group's activities and keep informed about its financial position and performance. Each year, the strategy and overall objectives for the Group are reviewed. The Board checks that the company has sufficient capital in view of the scope of its activities and the associated risks, and that its activities are subjected to adequate control.

The Chair of the Board chairs Board meetings. The Board has chosen a Vice-chair who chairs meetings when the Chair cannot or should not lead the work of the Board. A thematic plan for the Board's work for the year has been established. Based on the annual plan, the Chair of the Board – in consultation with the company's CEO – adopts the final agenda for the Board meeting. They emphasise the importance of good preparation for Board meetings and of allowing all Board members to take part in decision-making procedures. The CEO, CFO and Deputy CEO shall attend all Board meetings. The company's auditor attends when the annual financial statements are adopted or on other occasions where the auditor's expertise is relevant.

The Board has adopted guidelines that regulate the CEO's tasks and relationship with the Board. At Board meetings, the CEO reports on the status of the company's operations, including the risk matrix and risk assessments, and scorecards showing developments in relation to the Group's most important goals.

Each year the Board assesses its own work and way of working as a basis for assessing the need to make changes and improvements. This assessment includes an evaluation of the Board's expertise, collectively and for each member, and how well the Board works as a team. The results of the evaluation are presented to the shareholder.

Sub-committees

The Board has established an audit committee and a compensation committee. The Board has stipulated mandates for the work of the committees. The mandates are subject to annual revision. In accordance with their respective mandates, the audit committee and the compensation committee shall have two or three shareholder representatives from the current Board of Directors. The representatives are elected by the Board for two years at a time, to coincide with the Board's term of office. The committees assist the Board with preparing its work, but decisions are taken by the whole Board.

The audit committee has relevant expertise in accounting and auditing. The audit committee helps the Board to carry out a thorough assessment of issues relating to financial reporting, internal controls and risk management. The Board's audit committee makes sure that the Group has an independent and effective external auditor. The audit committee also makes sure that the Group has adequate internal controls and procedures for compliance with laws and regulations.

The CEO, CFO, committee secretary and the company's auditor shall always attend audit committee meetings. The audit committee has established a calendar of meetings, and meets seven times a year. Separate meetings are held to discuss important matters related to the annual financial statements, internal controls and business management. The committee performs an annual evaluation of its own work.

The compensation committee assists the Board with all matters relating to employment conditions, pay and any severance payments to the CEO. The CEO consults the compensation committee in connection with determining the salaries of the senior management team.

[1] The Board was expanded in February 2012 with one more employee representative in accordance with section 6-4 of the Norwegian Companies Act.

Corporate governance (cont.)

The CFO, who has the overall HR responsibility, shall always attend compensation committee meetings. The CEO attends as necessary. The committee normally meets two to four times a year. The compensation committee held three meetings in 2011.

Non-conformance with the recommendations: None

10. Risk management and internal controls

The Board is responsible for ensuring that the company, financial reports and asset management are subject to adequate control. Risk management at Entra shall support the Group's strategic and financial goals and help the Group avoid events that may have an adverse impact on the Group's operations and reputation. Risk management and internal controls are described in Entra's quality system.

Entra works systematically to ensure continuous improvement of its internal controls linked to financial reporting. The Group has a proactive approach towards risk management, and potential risks shall be identified, assessed, quantified and managed. The executive management has established routines for managing the exposure to risk entailed by Entra's activities. The following risk classes have been defined: investment risk, project risk, market risk and financial risk. Investment risk is taken into account when calculating profitability (required rate of return and cash flow) at the time of investment. Project risk is managed continuously over the course of projects by monitoring progress, finances and contractual issues. Market risk, which relates to signing and renegotiating lease contracts, is continuously monitored. The Group's financial risk is managed in accordance with the adopted finance policy, and financial instruments are used to limit risk exposure.

Reporting

In conjunction with the executive management's reviews of the company's operations, risk matrices are drawn up within each business and support area to provide an overall picture of the Group's exposure to risk within the defined risk classes. The Group's financial status is monitored by reviews of the accounts compared with the budget and projections, and performance is reported using the balanced scorecards in all the business and support areas. The Group has established systems for managing and monitoring issues related to health, safety and the environment as an integrated part of its management reporting.

The Board is informed of the Group's risk exposure at each Board meeting. The management's risk assessments and the information that they provide about corrective measures put the Board in a good position to judge whether the company's risk management procedures are satisfactory. Risk management and internal controls are also discussed by the Board's audit committee.

Monitoring and control of financial reporting

Procedures have been established for financial reporting that involve carrying out a high-level review of significant estimates, provisions and accruals in conjunction with preparing the quarterly and annual financial statements. Separate notes to the accounts are prepared for significant accounting items, non-routine transactions and periodic provisions, which are approved by the CFO. The valuation of the company's properties is subject to a separate review and assessment at management level at the close of each quarter. This involves holding meetings with the external valuers, with a particular focus on discussing perceptions of the market, risk premiums and documentation. Actual financial performance is monitored against the budget each month, and projections are updated on an ongoing basis.

All the balance sheet items are reconciled and documented at the close of each quarter. Balance sheet items such as liabilities, bank deposits, projects and non-current assets are subject to special reviews. Projects are reviewed on a quarterly basis by the project and accounting departments together to assure the quality of the accounting and calculation of tax. System-generated items linked to liabilities and interest rate hedging are subject to manual reconciliation each month. Significant profit and loss accounts and tax-sensitive accounts are subject to manual reconciliation each quarter. All reconciliations are reviewed and quality assured.

The Group's interim and annual financial reports are reviewed by the audit committee before they are given to the Board. The audit committee reviews the external auditor's management letter, as well as the findings and assessments of audits in conjunction with interim and annual reports. Significant issues in the auditor's report are presented to the Board.

Financial management

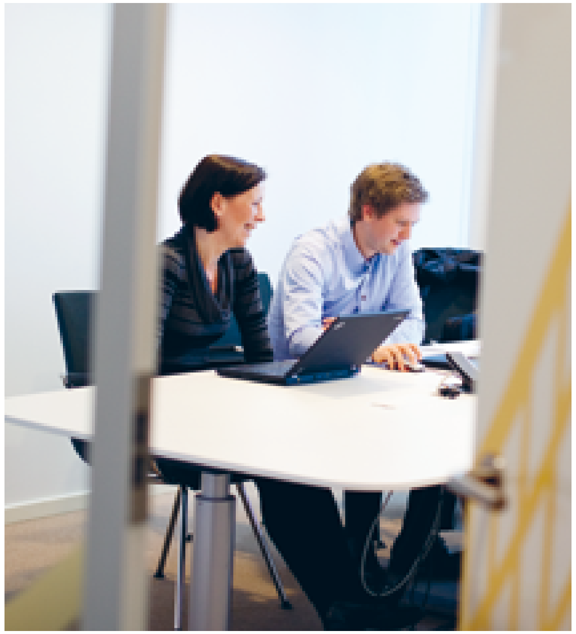
The Group is managed by means of financial targets linked to the management of the debt portfolio and the return on the property portfolio and equity. Profitability calculations are performed in connection with purchasing property and start-up of building projects, using a fixed calculation method and required rate of return. The current fair value of building projects is monitored throughout the entire course of the project.

Long-term projections are made of financial developments as a component in the Group's risk management, using a model with detailed assumptions concerning the Group's financial performance, cash flow and assets. The projections take into account cyclical developments in the economy, financial parameters and the property market. Scenarios and simulations are developed for various different development life cycles. The simulations provide good information for the Board and the executive management in their monitoring of developments in central balance sheet figures and cash flow.

Allocation of capital and risk profile are important parameters for financing activities. The Group's finance policy contains guidelines for the day-to-day management of the Group's financial risk. Principles have been defined for borrowing, management of liquidity risk and interest rate risk, and credit and counterparty risk. The Group's model for financial projections yields up-to-date key figures, which are monitored on a continual basis. There is monthly reporting to the management in accordance with the management guidelines for the financing activities, and to the Board through the business report.

There is systematic monitoring of the general economic situation and how this affects the Group's financial risk. Based on expected developments in the economy and analysis of the Group's financial position, expected developments in both short and long interest rates, the strategy for interest rate positioning, capital needs and planned financing activities are discussed, as well as opportunities in the financing market.

Corporate governance (cont.)



See the description in the annual report for a more detailed presentation of the Group's financial position and risk.

Monitoring of risk management and internal controls
As part of the Group's internal control system, Entra has established a quality department that performs internal auditing with the aim of assisting the Board and the management in their assessments of whether the main risks the Group is exposed to are being adequately managed and monitored. The quality department carries out internal audits in accordance with the plan approved by the Board. The results are presented to the audit committee and the Board on an annual basis. If necessary, the company's quality manager can report directly to the audit committee, and the Board.

The quality department performs operational audits. Examples of audit tasks include verifying that the Group's purchasing processes are in compliance with the defined purchasing routines and authorisations, checking compliance with the investment routines for projects, documentation of property transactions, supplier audits and other tests linked to the company's authorisation structure.

Follow-up of the ethical guidelines and socially responsible purchasing
Issues linked to ethics and corporate social responsibility are included in the company's internal control plan and the mandate of the quality department. The environmental perspective is an integrated part of the assessments made in connection with potential investments, for example. Special requirements have been defined for Entra's suppliers in the document "Socially responsible purchasing", and a supplier verification is conducted each year to ensure that the Group's suppliers are familiar with and adhere to the contractual conditions.

Entra's requirements regarding corporate social responsibility in the supply chain are followed up by means of a supplier audit conducted by external consultants. The audits focus on the implementation at suppliers of Entra's standard requirements in relation to corporate social responsibility, such as purchasing processes, environmental standards and waste management, as well as checking that pay, working and living conditions are in accordance with all the relevant laws and regulations.

Internal controls linked to Entra's core values, ethical guidelines and corporate social responsibility are under constant development and are implemented on an ongoing basis.

The company's quality manager is the addressee of and follows up non-compliance notifications submitted via the Group's reporting system. The ethical guidelines lay down how employee's can report breaches of Entra's ethical guidelines or legislation, and this information is also available on the Intranet. Employees are encouraged to report unsatisfactory situations. In addition to internal reporting, the company has also established an external reporting channel to a law firm, who can receive notifications on behalf of the Group.

Non-conformance with the recommendations: None

11. Remuneration of the Board
Each year, the AGM determines the remuneration of the Board. For information about remuneration of the Board in 2011, see Note 24 to the financial statements. The remuneration of the Board is not performance related, and no options have been issued to Board members.

For a discussion of the Board's independence, see Section 8.

Non-conformance with the recommendations: None

12. Remuneration of key employees

Guidelines for determining salaries and remuneration

With effect from 1 April 2011, the Government's guidelines concerning the State's position on senior executive remuneration in State-owned companies from 2006 were replaced with new guidelines, issued in connection with Report no. 13 (2010-2011) to the Storting "Active ownership" and appendix no. 1 "Guidelines for terms of employment for senior executives in state-owned enterprises and companies". The primary objective of the guidelines is to ensure that senior executive remuneration levels within companies with a State shareholding are competitive, but not above those of other similar companies. The companies shall promote moderation in executive pay. The principal element in the remuneration of senior executives should be the fixed basic salary. The guidelines also lay down that the sum total of the individual components in a pay package must be assessed as a whole, including fixed basic salary, any variable pay and other benefits such as pensions and severance pay. It is the responsibility of the entire Board to adopt guidelines for the compensation of senior executives.

The Board's statement concerning executive remuneration

The AGM of 27 June 2011 adopted an amendment to the Articles of Association of Entra Eiendom AS to ensure compliance with the Government's revised guidelines on remuneration of senior executives. Effective from the 2012 Annual General Meeting, the Board shall submit a statement on the determination of salaries and other remuneration of senior executives. Note 24 to the consolidated financial statements contains the statement and information about the compensation paid to each member of the executive management.

Determining salaries and remuneration

The Board assesses the CEO's terms and conditions of employment once a year in light of a recommendation from the Board's compensation committee. The CEO consults the compensation committee in connection with the annual determining of the salaries of the Group's senior management team. See the presentation of the compensation committee in Section 9.

The CEO has an additional pension plan as part of his employment contract from 2008. This pension scheme is a continuation of a pension agreement with a former employer. This scheme does not comply with the Government's guidelines on remuneration of senior executives. All other elements related to remuneration are in line with the guidelines.

The CEO has a personal performance-related pay scheme with an upper limit of 50 per cent of his annual salary. The targets defined each year as part of this scheme are linked to the Group's targets for its operations. The performance-related pay scheme is based on objective, definable and measurable targets over which the CEO for the most part can exert an influence. The Board finds that the CEO's total remuneration is in keeping with the main principle of the Government's guidelines that senior executive remuneration levels shall be competitive, but not above those of other similar companies.

The other members of the management group have a similar performance-related pay scheme, with an upper limit of 25 per cent of their annual salaries. There are no share option schemes for key employees.

The company-wide performance-related pay scheme is linked to defined targets for the Group related to return on equity, owner costs, achieved rents, occupancy rate, customer satisfaction and energy consumption, as well as defined individual goals. The degree to which Entra achieved its goals over the course of the year can be seen from the Group's corporate governance system. The total performance-related pay within this scheme in any given year can total no more than one month's salary.

After consultation with the compensation committee, the CEO has been authorised to give employees who are not part of the management group bonuses over and above the company-wide performance-related pay scheme. However, the total bonus can never exceed 25 per cent of the annual salary of the employee.

Non-conformance with the recommendations: None

13. Information and communication

Financial reporting and communication

The financial statements are prepared in accordance with the International Financial Reporting Standards (IFRS). Reporting must fulfil statutory requirements and provide sufficient additional information to allow Entra's stakeholders to form as accurate a picture of the business as possible. The financial calendar is published on Entra's website, and is also stated in the Group's annual report. Entra Eiendom AS has publicly traded bonds, and its reporting conforms with the rules of the Securities Trading Act, as well as with the requirements specified by Oslo Børs for company's with listed bonds. The Group publishes interim figures and its annual results through stock exchange notices and press releases.

Corporate governance (cont.)

Dialogue with shareholders
Regular meetings must be held with representatives of the shareholder and company at which the annual and interim accounts are presented. The CEO, CFO and Deputy CEO always attend on behalf of the company. In addition, there are regular meetings between shareholder representatives, the Chair and the CEO.

Non-conformance with the recommendations: None

14. Acquisition

The company is wholly owned by the Norwegian Government through the Ministry of Trade and Industry. The owner cannot sell shares in the company without special authorisation from the Norwegian Parliament (the Storting).

Non-conformance with the recommendations: Section 14 of the recommendations is not considered relevant to the company.

15. Auditor

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

Auditor's relationship to the Board
The auditor attends meetings of the audit committee, as well as Board meetings to review and adopt the annual report and financial statements. The auditor also attends Board meetings when other matters for which the auditor's expertise is relevant are being discussed. There are two annual meetings between the audit committee and the auditor, and one meeting between the whole Board and the auditor, which is not attended by representatives of the executive management.

Auditor's review of the company's internal controls
When presenting the results of the interim audit to the audit committee and Board, the auditor focuses on the company's internal controls, identified weaknesses and proposals for improvements. The auditor summarises the findings and assessments of the interim audit in a letter to the company's executive management, which is copied to the chair of the audit committee.

Auditor's independence
Each year the auditor's independence is assessed by the audit committee. The Board has drawn up guidelines on the use of the external auditor, governing what work the auditor can do for the Group in view of the requirement for independence. Any major tasks other than statutory audits shall be approved by the audit committee in advance. The management group informs the audit committee of any additional services supplied by the external auditor under a fixed item on the agenda at meetings.

Annual General Meeting
The auditor attends the AGM in conjunction with the discussion of the annual report and financial statements. The auditor's fee for statutory auditing and other services is approved by the AGM.

Non-conformance with the recommendations: None

“Being responsible is one of our most important values”

Presentation of the Board of Directors, Directors' report and declaration

Entra Eiendom's Board of Directors

CHAIR OF THE BOARD

Grace Reksten Skaugen
Chair since 2004

Job title: Self-employed consultant.

Educational background: PhD in laser physics from Imperial College of Science and Technology at the University of London and MBA from BI Norwegian Business School.

Other directorships: Chairs the board of Ferd AS. Member of the boards of Statoil ASA, Investor AB and the Norwegian Institute of Board Members.

VICE-CHAIR

Martin Mæland
Vice-chair since 2007

Job title: CEO of OBOS.

Educational background: Cand.mag. and cand.oecon. from the University of Oslo.

Other directorships: Chairs the board of Veidekke ASA. Member of the boards of Fornebu Utvikling ASA and Terra Boligkreditt AS.

BOARD MEMBER

Finn Berg Jacobsen
Board member since 2004

Job title: Consultant (own company).

Educational background: Government-authorised auditor, business degree (Siviløkonom) from the Norwegian School of Economics and Business Administration (NHH) and MBA from Harvard Business School.

Other directorships: Chairs the boards of Arctic Securities ASA and FBJ-Consulting AS. Member of the boards of Aker ASA, Oslo Asset Management ASA, Norron Asset Management AB, Eneas Holding AS, Hvamveien 5 ANS, Industriveien ANS and Strømsveien ANS.

BOARD MEMBER

Ida Helliesen
Board member since 2011

Job title: Has held various positions at Norsk Hydro and the Ministry of Finance; most recently CFO at Norsk Hydro.

Educational background: Business degree (Siviløkonom) from the Norwegian School of Economics and Business Administration (NHH).

Other directorships: Norges Bank, Aker Solutions and Skagerak Energi.

BOARD MEMBER

Ottar Brage Guttelvik
Board member since 2006

Job title: County Director for Møre og Romsdal.

Educational background: Business degree (Siviløkonom) from the Norwegian School of Economics and Business Administration (NHH) and further studies in political science and public administration from the Norwegian Municipal and Social College (NKSH).

Other directorships: Chairs the boards of Fylkeshuset AS and Fylkeshuskantina AS. Member of the boards of the Norwegian Institute for Urban and Regional Research (NIBR) and the regional theatre in Møre og Romsdal, and member of the control committee and supervisory board of Eksportfinans ASA.

BOARD MEMBER

Ketil Fjerdingen
Board member since 2011

Job title: Investor.

Educational background: Government-authorised auditor, postgraduate public accounting degree from NHH, registered auditor from Trondheim College of Economics and Business Administration, and studied economics and business administration at Trondheim College of Economics and Business Administration.

Other directorships: Chairs the boards of Fredriksen Sønn AS, Langøya Invest AS, Vågar AS, Helga den Fagres gate 12 AS, Vågar Drift AS, BK Eiendom AS, HF-Invest AS, TF-Invest AS and Rykket Eiendom AS. Member of the boards of Svolvær Havn AS, Vågar Utvikling AS, Vågar Havn AS and Litek Eiendom AS.

BOARD MEMBER

Tore Benediktsen
Board member since 2008
Employee representative

Job title: Operations manager at Entra Eiendom, Southern and Western Norway Region.

Other directorships: None.

BOARD MEMBER

Mari Fjærbu Åmdal
Board member since 2006
Employee representative

Job title: Technical manager at Entra Eiendom, Southern and Western Norway Region.

Educational background: Master of Science in Engineering (Siv.ing.)

Other directorships: None.

BOARD MEMBER

Frode Erland Halvorsen
Board member since 2012
Employee representative

Job title: Operations manager, Central Oslo Region.

Other directorships: Head, Norwegian Civil Service Union (NTL) Entra Eiendom.

Solid property management and good progress in the project portfolio

Directors' report

Solid and efficient operations throughout 2011 led to the Group achieving a profit from property management of over one billion kroner. The pre-tax profit for 2011 came to NOK 805.6 (947.1) million, a decline that is largely due to higher net financial expenses and reduced contributions from partly owned subsidiaries.

The market value of the property portfolio as a whole rose by NOK 1.6 billion to NOK 23.1 billion. The Group has worked on planning of major development projects throughout the year, and there has generally been good progress in the project portfolio. At year-end, the Group manages over one million square metres of floor space, including the project portfolio.
The economic vacancy rate for property in the management portfolio was 3.7 per cent.

About Entra Eiendom

Entra is engaged in the development, letting, management, operation, sale and purchase of real estate in Norway. Entra is one of Norway's leading property companies, and is owned by the Norwegian Government through the Ministry of Trade and Industry.

Entra's main purpose is to provide premises to meet central government needs, and to operate on commercial principles similar to those of private enterprises in the industry. The Group has both public and private sector customers, with a main focus on commercial property. The largest customer group is public-sector tenants, who make up 80 per cent of the Group's customers.

The Group's business concept is to create value by developing, letting and operating attractive, environmentally efficient premises. The company's vision is to enhance the efficiency and reputation of its customers. Entra's business goals are to be best in terms of customer-perceived quality, to achieve profitable growth, and to be industry leader in the area of environmental efficiency. As part of its operations, Entra works to find innovative solutions to save energy and improve the environmental efficiency of its properties.

Entra is organised into four regions: Central Oslo, Greater Oslo, Southern and Western Norway, and Central and Northern Norway. The head office is in Oslo, and the regional offices are located in Bergen and Trondheim.

Operations in 2011

Strategy

In 2011 the Board reviewed the Group's strategy, including the targets for profitable growth, customer perceived quality and environmental efficiency. Entra continuously assesses the opportunities in the property market, particularly in terms of our priority areas and property segments. The Board has also reviewed Entra's plans for the Tullinkvartalet neighbourhood in Oslo, and the opportunities to develop an environment-friendly, secure datacenter through the Greenfield Datacenter project.

The transaction market

The growing uncertainty about future developments in the Norwegian and international economy has affected the Norwegian interest rate and credit market in 2011 and has impacted the transaction market. Commercial property worth approx. NOK 30-35 billion changed hands in Norway in 2011, representing a slight downturn from 2010. Demand was highest for properties in good locations with a reliable cash flow.

In keeping with its market strategy, Entra has bought and sold properties in 2011. In autumn 2011, Entra acquired the development property Lakkegata 55/Heimdalsgata 13 in Oslo

Directors' report (cont.)

through takeover of the shares in Brødrene Sundt Verktøimaskinfabrik AS. Through purchase of the shares in Karoline Kristiansens vei 2 AS, Entra took over a section of the Fyrstikktorget precinct in Helsfyr in Oslo. Entra has also signed a contract to buy Universitetsgaten 7-9 in Oslo, with handover in 2012. All these properties are in areas where Entra already has several properties and where the company wants to grow.

The company has continued to sell properties that no longer fall within the Group's main priority areas, with three transactions being completed in 2011: Langbrygga 1 in Skien, Storgaten 51 in Tønsberg and Gamle Kragerøvei 9 in Kragerø.

In the second quarter, Entra's wholly owned subsidiary Ribekk AS (formerly Optimo AS), sold its 58.3 per cent holding in Optimo Prosjekt AS.

In December Entra Eiendom AS accepted an offer on its 33.75 per cent shareholding in Kunnskapsbyen Eiendom AS, with transfer of the shares to the new owner in the first quarter of 2012.

Rental market

The general trend in rents in Central Oslo has been a slight, gradual increase over the year, whereas rents in the office markets outside the city centre have remained flat. Rental activity is somewhat lower than in 2010, but activity started to pick up again in the last quarter of 2011. The office vacancy rate is roughly 7 per cent.

Rents in Bergen have remained relatively stable throughout the year. Demand is good for modern office premises. The office vacancy rate was roughly 6.25 per cent in 2011 and is expected to rise slightly as a result of completion of a number of new-build projects.

Growth in the oil industry and the low supply of new buildings has contributed to a good rental market in the Stavanger area with rising prices. The office vacancy rate is down to almost 4 per cent.

In Trondheim, rents for high-standard offices in attractive locations have increased slightly over the year. Activity in the rental market has remained stable at a good level. The rise in the supply of new office space is expected to lead to an increase in vacancy in the future.

In 2011, Entra achieved a positive trend in rents in connection with renegotiations and the signing of new contracts. In keeping with the general developments in the market, the trend in achieved rents was most positive in and around Oslo.

The proportion of vacant space in Entra's portfolio remained stable throughout the year, and the Group had an economic vacancy rate of 3.7 (4.9[(1)]) per cent at 31 December. Vacancy was highest in the Greater Oslo region (Helsfyr-Bryn, Drammen, Bærum, Skedsmo and Østfold), with an economic vacancy rate of 6.5 per cent, and lowest at 2.1 per cent in the region Southern and Western Norway (Kristiansand, Stavanger and Bergen). The Central and Northern Norway region (Trondheim, Bodø and Tromsø) had an economic vacancy rate of 2.5 per cent, and Central Oslo had 3.1 per cent vacancy at the end of 2011.

At the close of 2011, the Group controlled 976,000 square metres spread across 106 properties. The average remaining contract term is 9.9 (10.6) years. In 2011 Entra signed lease contracts corresponding to a total annual rent of NOK 118.2 million and 79,000 square metres, with the most important individual contracts being:

- Kristiansand Municipal Authority, Kongsgård Allé, Kristiansand, 12,174 square metres
- Bærum Municipal Authority, Øvre Torv 1, Bærum, 10,500 square metres
- The Norwegian Public Roads Authority, Spelhaugen, Bergen, 9,100 square metres
- NAV National Office for Social Insurance Abroad, Hagegata 23, Oslo, 6,012 square metres
- Oslo Cancer Cluster, Cort Adelersgt. 30, Oslo, 4,802 square metres
- The Norwegian Hydrographic Service, Lervigsveien 36, Stavanger, 4,792 square metres
- Vestre Viken Hospital Health Authority, Konggata 51, Drammen, 3,542 square metres

Customer satisfaction

One of Entra's main business objectives is to be best in terms of customer-perceived quality. A high degree of customer satisfaction promotes greater stability in the customer base. In 2011, the Norwegian Tenant Satisfaction Index was used for the first time to measure customer satisfaction. Entra achieved an overall score (CSS) of 70, against the national average of 66 in the industry. It is good to know that the customers perceive Entra as

[(1)] The vacancy rate in 2010 is based on area, corresponding to 4.8 per cent at the end of 2011.

clearly better than average on customer focus and environmental performance.

Projects under development
In 2011 the company invested NOK 1,139 million in new-builds and renovation projects, and the following major projects were completed:

- Professor Olav Hanssens vei 10 (second construction phase), Stavanger
- Middelthunsgate 29, Oslo
- Hagegata 23, Oslo
- Malmskriverveien 4, Sandvika
- Pilestredet 28, Oslo
- Konggata 51, Drammen

At the close of 2011, Entra had 12 properties in its project portfolio, with a combined area of 110,000 square metres. Renovation has started of some 32,000 square metres in Fredrik Selmers vei 4 in Oslo. The building is due for handover to the Directorate of Taxes in 2013, and will meet the requirements of energy efficiency class A. In Stavanger, work has started on the third phase of Professor Olav Hanssens vei 10, and on the project in Lervigsveien 36. Both projects will be completed in 2012.

Environment and urban development
As part of its corporate social responsibility, Entra has further developed and increased its work on the environment and urban development in 2011.

In 2011, Entra joined the Powerhouse Alliance, which is a collaboration between the construction company Skanska, Snøhetta architects, the environmental organisation ZERO, the aluminium company Hydro, and Entra Eiendom. In June, the Powerhouse Alliance launched its plans to build Norway's first – and the world's northernmost – energy-positive new-build at Brattørkaia in Trondheim, and the work on designs and solutions has come a long way. Powerhouse is also planning to remodel two office buildings from 1980 at Kjørbo in Sandvika. The ambition is that the office blocks will be the northernmost energy-positive renovated office buildings in the world and will produce more energy than they consume.

Entra has significantly stepped up its environmental efforts in 2011. Entra wants to be perceived as the industry leader in environmental efficiency by its customers, suppliers and partners. The environmental strategy is well integrated at all levels in the Group, and the environmental targets are monitored through the balanced scorecard system. Entra's environmental strategy also provides a framework in relation to the Group's market positioning and business development. In contrast to traditional "economising" strategies in business, environmental thinking means looking ahead to the future and adopting a wider, more long-term life-cycle perspective. Through its development and renovation projects, as well as in the ongoing operation of its properties, Entra seeks to influence the market's conditions and requirements regarding the environmental efficiency of buildings. From 2010 to 2011, Entra reduced the specific energy consumption of its properties by 6 per cent, equivalent to 7.65 GWh per year. The Group had an average energy consumption, adjusted for temperature variations,

Directors' report (cont.)

of 202 kWh per square metre in 2011, compared with its target of 206 kWh. This corresponds to an 11 per cent reduction in carbon emissions compared with 2010.

In autumn 2011 Entra was the first property company in Norway to introduce special green "win–win" agreements. The agreements commit the tenant and Entra to a binding cooperation on measures to enhance the environmental performance of the premises. Entra's role is to identify and fund appropriate measures. The tenant will enjoy lower waste management and energy costs and pays for the measures through the rent. The County Governor of Hordaland was the first customer to enter into a green win–win agreement with Entra. A total of 15 green win–win agreements were signed in 2011.

Entra's involvement in Sandvika, where it is developing a new learning centre at Øvre Torg, is an important part of the "Kunnskapsbyen Sandvika" project to develop Sandvika as a centre of learning and education and will help revitalise the old Sandvika town centre. The renovated building will be eco-friendly and energy efficient with additional insulation of existing façades and roofs, low-energy windows and new technical installations.

Part-owned subsidiaries

Brattørkaia AS (52 per cent) is developing and building Brattørkaia in Trondheim. The company had a busy year in 2011. Building work has started on Brattørkaia 15, with the construction of 14,000 square metres of environmentally friendly office premises that meet the requirements of energy efficiency class A for the Norwegian Directorate for Nature Management.

Through the Powerhouse Alliance, work has started on an outline proposal for the property Brattørkaia 17A, where the Alliance is planning to build Norway's first energy-positive commercial building.

An important measure to further enhance the attractiveness of the Brattørkaia area is the construction of a bridge over the railway area, linking the quayside to the city centre. Work on construction of the Tverrforbindelsen bridge started in 2011.

The development projects in Drammen are continuing through Papirbredden Eiendom AS (60 per cent). Work on Phase II, Building 1, of the Papirbredden project has been ongoing throughout 2011, and the 9,000 square metre building was virtually fully leased at year-end. The tenants include the Norwegian Labour Inspection Authority, the pharmaceutical company MSD AS, Buskerud University College and Telemark University College. Papirbredden II is the first construction project in Norway designed from the outset to participate in the FutureBuilt programme. FutureBuilt aims to promote climate-friendly architecture and urban development. Papirbredden Eiendom AS also owns Kreftings gate 33, Drammen Science Park, the old lighthouse Fyrhuset, and Union Scene in Drammen. Drammen Science Park "Kunnskapsparken" is primarily leased to higher education institutions and a library. Union Scene is a modern cultural centre with stages, theatres and offices for Drammen Town Council's culture department.

Jointly controlled entities

Sørlandet Kunnskapspark Eiendom AS (51 per cent) owns the science park Sørlandet Kunnskapspark. The property is home to large tenants such as Agder Research, Høyskoleforlaget and the Sørlandet Resource Centre, as well as a number of small companies that want to be part of a research-driven environment.

UP Entra AS (50 per cent) develops and manages approximately 80,000 square metres of property in the Hamar region. In 2011 the company completed a new building linked to Statens Hus that has been leased to the South-Eastern Norway Regional Health Authority (Helse Sør-Øst).

Oslo S Utvikling AS (33.33 per cent) is playing a major role in the development of the Bjørvika harbour area in Oslo. In the Opera Quarter, the company is building a total of approximately 200,000 square metres above ground level and a joint cellar area comprising 75,000 square metres. In 2011 OSU completed and handed over the Visma Building to the buyer.

The company develops properties for sale, meaning that the properties are not recognised at fair value in the accounts, but at historical cost. The company is accounted for in the consolidated financial statements using the equity method and is recognised at a value of NOK 372.5 million at 31 December.

The market value of the properties and projects in OSU is estimated to approximately NOK 6.4 billion (100 per cent). Entra's 33.33 per cent ownership interest yields a market value of NOK 2.1 billion. This estimate has been calculated using the same principles as for other valuations of Entra's investment properties. Entra's share of value-adjusted equity was NOK 1.8 billion at 31 December 2011. Entra's share of value-adjusted equity, taking into account 10 per cent deferred tax was NOK 1.7 billion at 31 December 2011.

In 2012, OSU signed an agreement to sell all the buildings in the DNB project. The transaction is based on a property value of just under NOK 4.8 billion. Each of the buildings will be transferred on completion, and the first building, Midtbygget, is going to be handed over on 1 July 2012. The exact accrual schedule for the recognition of revenue from the DNB transaction in OSU has not yet been finally decided.

Income statement and balance sheet, financial matters and liquidity

General

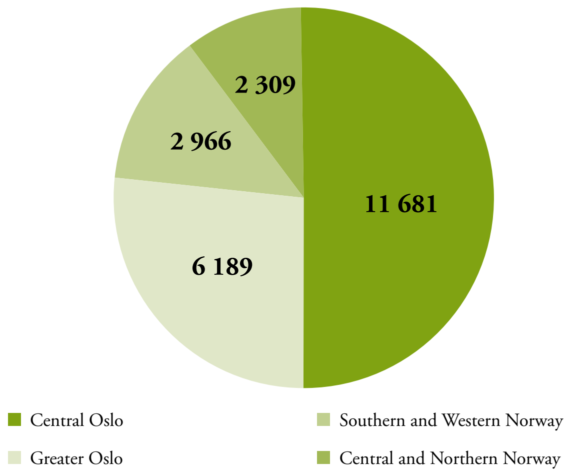
The annual report has been filed on the assumption of the business being a going concern. The Board's assessment is that this is an accurate assumption. The company is in a healthy financial position, and has good liquidity. There have been no events since 31 December 2011 that affect the financial statements.

Income statement and cash flow

The Group's rental income in 2011 amounted to NOK 1,434.7 (1,421.6) million. The increase is mainly due to annual rent increases, but also reflects the loss of rent from divested properties and ongoing renovations, and new rent from recently acquired properties and completed projects. Other operating revenues amounted to NOK 33.1 (80.2) million. The decline was primarily due to the loss of income linked to Ribekk AS's housing project in Brekkeveien, and the cessation of income from the sale of project management in Optimo Project AS, which was sold in the second quarter of 2011. The Group's total operating revenues amounted to NOK 1,467.8 (1,501.8) million.

Total operating expenses in 2011 came to NOK 463.7 (503.1) million. The decline was mainly due to the fact that there were no longer any expenses related to Optimo's housing project in Brekkeveien. Entra's profit from property management amounted to NOK 1,004.1 (998.7) million.

Geographical distribution by market value (NOK millions)



Directors' report (cont.)

Changes in the value of investment properties totalled NOK 632.6 (526.6) million in 2011. Attractive properties, primarily in Oslo and Trondheim, rented to reliable tenants on long leases and close to public transport have had a lower required rate of return (yield) in 2011, contributing to the increase in value. At 31 December 2011, the Group's net yield based on contract rents was 6.2 per cent (6.3 per cent). Changes in the risk assessment for certain major project properties, combined with renegotiation and signing of new contracts, have also had a positive impact on the change in value. Market rents increased gradually over the course of the year. This has a particularly big impact on the values of properties with leases with a short remaining term.

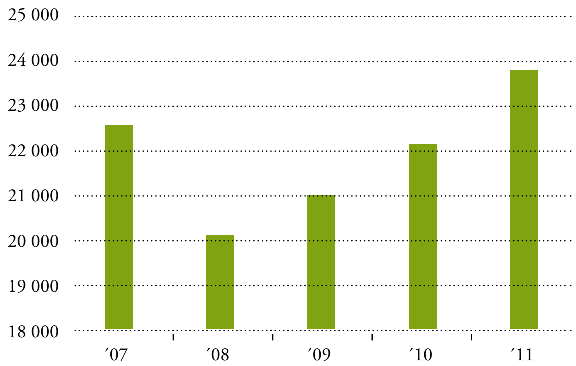
The Group's share of profit from associates and jointly controlled entities amounted to NOK -28.4 (42.2) million. The decline is primarily due to a negative change in the value of financial instruments in Oslo S Utvikling AS (OSU). Last year, OSU had a positive result, largely as a result of gains from the sale of residential property.

The Group's operating profit was NOK 1,604.8 (1,549.4) million.

Net financial items totalled NOK -799.3 (-602.2) million. Net realised financial items came to NOK -591.3 (-488.8) million in 2011. The Group's interest expense was NOK 614.8 (596.6) million. The item other finance expense includes a write-down of NOK -87.5 million, due to changes in the basis of calculation for IFRIC 12 properties. Net unrealised changes in the value of financial instruments amounted to NOK -208.0 (-113.4) million. The change was due to falling market interest rates that had a negative impact on the value of derivatives, plus the fact that the market value of the Group's interest-bearing loans has almost reached nominal value.

The Group's profit before tax in 2011 was NOK 805.6 (947.1) million. The tax charge for the year totalled NOK 226.6 (248.5) million. The Entra Eiendom Group's profit after tax was NOK 579.0 (698.7) million before non-controlling interests, and NOK 564.8 (NOK 737.2) million after non-controlling interests. Deferred tax is reported at the nominal tax rate.

Total assets (NOK millions)



Market value of the property portfolio (NOK millions)

Equity ratio

The Group's net cash flow from operating activities totalled NOK 517.2 (517.0) million. This is at the same level as last year, reflecting the stability of the profit from property management. The difference between net cash flow from operating activities and the operating profit is mainly explained by the change in the value of investment properties and the interest and fees for loans to financial institutions.

Net cash flow from investment activities came to NOK -1,052.5 (-762.6) million. The biggest investments in 2011 related to the renovation projects at Fredrik Selmers vei 4 and Tvetenveien 22 in Oslo, Malmskriverveien 4 in Bærum, the new-build projects Grønland 51 in Drammen, Brattørkaia 15A and B in Trondheim, and the renovation and extension of the Norwegian Petroleum Directorate's premises at Professor Olav Hanssens vei 10 in Stavanger. Repayment of loans and dividends from associates and jointly controlled entities have increased net cash flow from investment activities by NOK 217.7 million.

In 2011 net cash flow from financing activities totalled NOK 434.6 (166.8) million. For 2011 this mainly relates to net new borrowing to finance ongoing projects. The total net change in liquid assets for the year was NOK -100.8 (-78.7) million.

Balance

The Group's book assets at the close of the year totalled NOK 23,740.3 (22,225.6) million. The carrying amount of the Group's investment properties and investment properties held for sale rose by NOK 1,856.3 million in 2011 to NOK 21,880.4. Investment properties are valued at fair value, based on the average of two external, independent valuations. Properties valued in accordance with the IFRIC 12 rules amounted to NOK 1,318.7 million. The Group's net interest-bearing debt increased by NOK 799.2 million in 2011.

The Group's equity at 31 December 2011 was NOK 7,391.4 (6,952.4) million. Deferred tax is calculated as the difference between the tax value and the market value of the Group's investment properties, at a nominal rate of 28 per cent, and at 31 December 2011 was NOK 2,352.5 million.

The Group had an equity ratio of 31.1 (31.3) per cent at the close of the year.

The Board considers the Group's financial position to be satisfactory.

Financial matters

The financial markets were volatile in 2011. The first half of the year was marked by a general sense of optimism and the positive developments in most markets. The second half of 2011 was characterised by a clear slowdown in economic activities. This trend is primarily due to increasing sovereign debt problems in the eurozone, widespread uncertainty regarding the solvency of the European banking sector, and the focus on the rising national debt in the United States.

In the past six months, fears of a new global recession and concern over the sovereign debt crisis in the eurozone have impacted the financial markets, resulting in falling equity markets, sharp falls in market interest rates, and limited availability and high cost of credit.

Directors' report (cont.)

The Group has chosen a cautious finance strategy with an adequate equity ratio that will allow financial flexibility over the economic cycle. Entra has defined a target range for its equity ratio of 25-35 per cent over the economic cycle. This means that the company will normally aim for the median value of the target range, i.e. an equity ratio of 30 per cent.

Entra is exposed to the performance of the financial markets and in 2011 experienced gradually rising rates in the credit markets for new credit. The market for commercial paper remained very liquid throughout the year. During the year, Entra established new credit facilities with its banks to secure its financing needs in 2012.

At 31 December 2011, 67 per cent of the Group's total interest-bearing debt was subject to fixed interest rates. At the same date, the effective term to maturity of the Group's interest rate hedging instruments was 3.4 years.

The Group is financed through a variety of bank and capital market instruments. The loans have a spread-out maturity structure. At 31 December 2011, the Group's liquid assets amounted to NOK 48.3 (149.1) million. In addition the company had committed, undrawn credit facilities with Norwegian banks totalling NOK 4.5 (4.4) billion. The Group's liabilities at 31 December 2011 totalled NOK 16,348.9 (15,273.2) million. The Group's nominal interest-bearing debt totalled NOK 12,694 (12,135) million at year-end, equivalent to 53.5 (54.6 per cent) of the total equity.

HSE and organisation

Entra is responsible for ensuring the safety of its customers, suppliers, employees and guests. Entra's goal of being a zero-harm workplace underpins all the Group's health, safety and environmental work. The main HSE requirements are specified in the Group's HSE policy.

Risk analysis is a key element in Entra's HSE work and is central to all Entra's projects and the day-to-day operation of the properties. Risk analysis shall also contribute to continuous improvements by ensuring priority is given to the most important HSE measures and that effective action plans are established. Good reporting routines, combined with recording and follow-up of all types of injuries and adverse events, are an important part of the Group's improvement work.

Entra's LTI rate (the number of work-related injuries resulting in absence per million work-hours) was 6.3 in 2011, compared with 7.4 in 2010. Two of the accidents were of a serious nature, although there was limited damage. The events have been followed up as prescribed by the company's procedures, and corrective measures have been implemented for similar work processes. There were no fatal accidents associated with the Group's activities in 2011.

At the close of 2011, the Group had 155 employees in total, corresponding to 152 full-time equivalents. Staff turnover at Entra Eiendom AS was 9.5 per cent in 2011, which was 1.7 percentage point higher than in 2010. Adjusted for natural wastage (retirement), turnover was 8.5 per cent, which is 3.2 percentage points higher than in 2010.

Sickness absence at Entra Eiendom AS was 4.5 per cent, up by 1.1 percentage points compared with 2010. The company works systematically to prevent sickness absence, and monitors the progress of staff on sick leave closely.

In 2011, Entra Eiendom AS reviewed its organisational structure with a view to ensuring the Group has the best organisation to meet its business goals. A new organisational structure was established, with different division into regions and clarification of the mandates for roles within the Group's various business areas and positions.

In 2011 Entra Eiendom AS participated in the employee satisfaction survey "Great Place to Work" for the third time. This important survey provides a basis for comparing employee satisfaction both within the organisation and in relation to other companies. This year's survey revealed a slight decline in employee satisfaction. Employee satisfaction has remained stable in the period 2009-2011. The company is working on concrete plans to increase employee satisfaction in 2012.

In addition, a new HR strategy has been adopted in 2011 with new management principles. The new management principles are firmly rooted in Entra's core values and are useful both to set the standard for management and to indicate to the employees what to expect. The management principles will also define the course for the further development of management at Entra.

Cooperation with employee organisations was good and constructive during 2011, and made a positive contribution to the running of the company.

Equality and diversity
At 31 December 2011, 28 (28.6) per cent of the Group's employees were women. Around 56 per cent of the positions at the company are in the operations and maintenance department, and most of these jobs are related to the actual operation of the company's properties, which is an area where there tend to be very few female applicants. At the close of 2011, 8 per cent of the workers in the operations and maintenance department were women, and there are ongoing efforts to increase the proportion of women in this area of the business. Elsewhere in the company, 51 per cent of the employees are women. Entra aims to increase the number of women working at the company, and this goal has been incorporated into the company's recruitment procedures. In 2001, over 40 per cent of the Board members were women. [1]

Employee benefits, such as flexible working hours and full pay during sickness and parental leave, regardless of the National Insurance Scheme's limits, are regarded as important tools in ensuring equal opportunities.

Reducing sickness absence, as stipulated in the agreement on inclusive working life, is a priority at Entra. The company has established a seniors policy. The company believes in the benefits of diversity, and this goal has been incorporated into the company's recruitment procedures. The company's recruitment processes encourage all qualified candidates to apply, regardless of their age, gender, ethnic background or any disabilities.

[1] At the end of the year, one female board member left the Board. She has not yet been replaced, meaning the percentage of women on the Board was under 40 per cent at the time of signing.

4.8 per cent of the workforce at Entra works part-time, and 25 per cent of the part-time staff are women. They have all chosen to work part time.

The company's impact on the environment
Entra's environmental strategy shall serve to reduce the company's negative impact on the environment. The Group has achieved significant energy savings through target-oriented work over several years to reduce energy consumption. The Group had an average energy consumption adjusted for temperature variations of 202 kWh per square metre in 2011, and new goals have been set for further reductions in 2012. Energy consumption is reduced by means of good control systems, continuous training of operating personnel, and investments in energy-saving measures at the properties. Using online tools, the operative staff continuously monitor energy consumption, water consumption, waste volumes and source sorting at all properties. The findings are presented at customer meetings with a view to motivating tenants to work for a better environment. The Group's total carbon emissions in 2011 amounted to 51,201,000 (57,775,000) kg, of which carbon emissions from oil and gas heating account for only 39,000 (47,000) kg.

Entra was the first property company in Norway to introduce energy labelling of all its properties. The very process of working on energy labelling also revealed new opportunities to further reduce energy consumption.

Entra is also actively involved in environmental issues outside its own business areas. Key members of staff have roles on the

Directors' report (cont.)

boards of the Norwegian Green Building Council and the Green Building Alliance.

Enova projects
In total, 713,400 square metres of the Group's property portfolio is covered by energy-saving projects started in 2006 and 2007 with the support of Enova. The aim of the Enova projects is to reduce energy consumption in the buildings by approximately 19 GWh per year relative to their energy consumption at the time the projects were started. By 2011, energy consumption had been cut by 24.9 GWh per year, equivalent to a reduction of 15.5 per cent. The specific energy consumption of the properties covered by Enova projects was 195 kWh per square metre in 2011. This is significantly lower than at other comparable buildings, and reflects the hard work of the company's operations department and close co-operation with the customers.

Of the four Enova projects started in 2006 and 2007, the project in Eastern Norway was completed in spring 2011. The project achieved energy savings of 12.8 GWh per year and has also converted 12.8 GWh per year into renewable heat. Entra has chosen energy-optimal solutions that meet the passive house or low energy standards in all its new-build and upgrade projects, qualifying the projects for grants from Enova.

The Enova projects have been incorporated into Entra's environmental project, to allow more systematic analysis of the energy consumption at each property and, not least, to see how the operation of the building's technical installations can be optimised.

Features of historic value
All features of historic value in the company's buildings are carefully safeguarded in line with current laws and regulations. When disposing of properties comprising buildings constructed before 1950, the company follows the provisions contained in the fourth paragraph of section 2.1 of the "Order on the disposal of real estate belonging to the state, etc." (Royal Decree of 19 December 1997), which was also referred to in Report no. 29 (2008-2009) to the Norwegian parliament (the Storting).

Corporate governance
Corporate governance at Entra is based on the principles set out by the Norwegian Corporate Governance Committee (NUES) in its Norwegian Code of Practice for Corporate Governance.

In 2011 there were seven Board meetings. At the 2011 AGM, the Board was expanded to include two more shareholder-elected members: Ketil Fjerdingen and Ida Helliesen. Åse Koll Lunde left the Board at the end of 2011, as a result of a change in employment. At the time of writing, the AGM had not elected a replacement Board member.

The Group has established a set of values and ethical guidelines that underpin its operations. Defined overall objectives and strategies highlight Entra's ambitions, strategic choices and long-term goals. Guidelines, routines and authorisation structures have been drawn up to reinforce and operationalise the strategy and overall objectives.

See the chapter of this report on corporate governance for a more detailed discussion of the corporate governance principles and reporting pursuant to Section 3-3 of the Norwegian Accounting Act.

Shareholder information
The Norwegian Government, through the Ministry of Trade and Industry, owns 100 per cent of the shares in Entra Eiendom AS. The owner cannot dispose of the shares in the company without special authorisation from the Storting.

In the Government's Ownership Report, Report no. 13 (2010-2011) to the Storting, the Government indicates that it may permit the company to finance its equity capital needs in the private market. This may entail a government sell-off as part of a structural transaction and/or initial public offering. The Government therefore requested authorisation from the Storting to list and/or sell up to two-thirds of the shares in Entra Eiendom AS.

On 9 June the Storting adopted a resolution to authorise the Government to reduce the government ownership interest in Entra Eiendom AS down to 33.4 per cent in connection with a sell-off and/or initial public listing of the company. Before any sell-off and/or initial public offering takes place, the Government will review whether individual buildings in Entra's portfolio should be taken over by Statsbygg on commercial terms.

Dividend policy
The shareholder has adopted a dividend policy for Entra Eiendom AS. The annual dividend shall constitute 50 per cent of the Group's profit after tax and non-controlling interests as calculated under the Norwegian Accounting Act and generally accepted accounting principles, or be equivalent to at least two per cent of book equity after non-controlling interests under IFRS at the start of the financial year. The expected dividend from Entra Eiendom AS is presented each year in the national budget.

The national budget for 2012 anticipates a dividend of NOK 137 million from Entra Eiendom AS for the 2011 financial year.

Profit for the year and allocations
In 2011 Entra Eiendom AS made a profit after tax of NOK 143.9 (72.1) million, as set out in the financial statements prepared in accordance with the Norwegian Accounting Act and Norwegian generally accepted accounting principles.

The Board proposes that Entra Eiendom AS's profit for the year be appropriated as follows:

Transferred to other equity	NOK 6.9 million
Proposed dividends	NOK 137.0 million

The company's distributable reserves totalled NOK 507.6 million at 31 December 2011.

Risks associated with Entra's business
The Group is exposed to financial risk through the liabilities on its balance sheet. The management of its financing activities is regulated by the limits set in the Group's finance policy. Changes in interest rates will have an impact on the Group's cash flows. The company manages this risk by actively using various interest-rate hedging instruments. Refinancing risk is reduced by entering into long-term loan agreements and by having a spread-out maturity structure. Entra does not expose itself

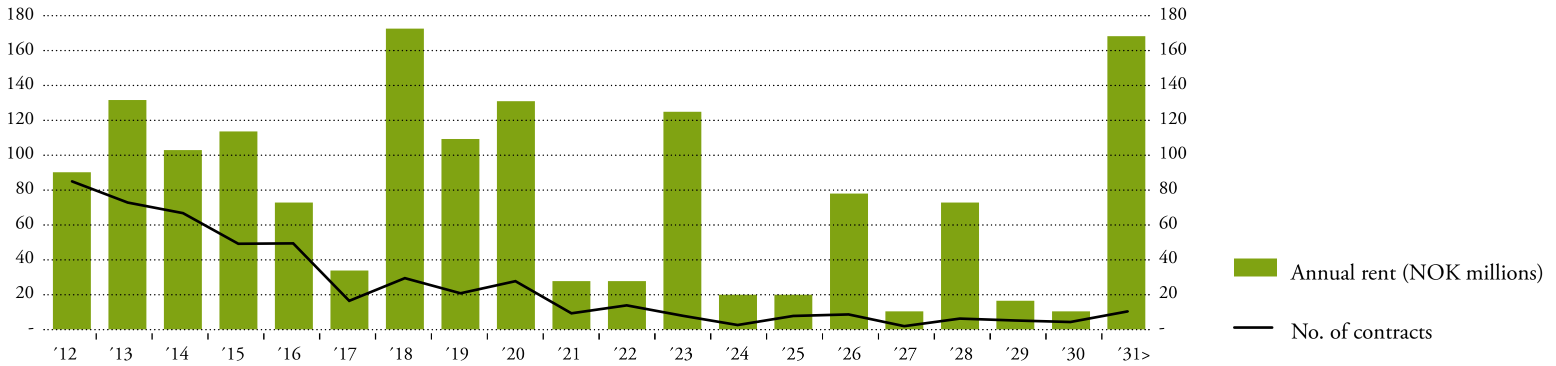
to currency risk. The high proportion of public-sector tenants means that credit and counterparty risk is limited. The credit-worthiness of other customers is continuously checked. Any lack of financial strength is compensated for by satisfactory security being demanded.

The Group is exposed to project risk in conjunction with the construction and renovation of properties. The company takes this type of risk into account in its investment analysis prior to deciding to start work on a project, and project risk is subsequently continuously monitored throughout the project period. When calculating profitability, a risk premium is added to allow for things like cost increases over the construction period, delays and contractual disputes. When making investment decisions, market risk is also taken into account when analysing cash flow and the required rate of return.

The Group is exposed to changes in market rents in the form of economic downturns. This risk is reduced by ensuring the Group has an even expiry structure and a maximum of 11.1 per cent of Entra's contract portfolio, in value terms, expires in any given year. There is also risk associated with negotiation and renegotiation of lease contracts. This risk is monitored in an ongoing process by keeping track of when contracts expire and planning market activities. 80 per cent of the Group's customers are in the public sector, and changes in the prerequisites and efficiency improvements in the public sector may affect the company's risk exposure. The market value of the company's property portfolio is affected by cyclical fluctuations in the economy. A decrease in the market value will reduce the Group's equity ratio.

The graph below shows the maturity structure of the Group's contract portfolio.

Expiry structure of the contract portfolio



Outlook and future development

General

Entra is constantly developing new projects and new business areas, in support of the company's business concept of adding value by developing, leasing and operating attractive and highly eco-friendly premises. The Group's growth ambitions are largely associated with Greater Oslo, Drammen, Bergen and Trondheim in order to meet the needs of existing and new customers.

After about two years of intense work, at the start of 2012 Entra published development plans for the Greenfield Datacenter project and its vision for the redevelopment of the Tullinkvartalet quarter in Oslo.

It is essential for Entra to have the trust of its customers, owners, employees and of society as a whole. Entra will continue to build on the company's strong position in the rental market for commercial property. In order to achieve this, it will be important to focus on the company's corporate social responsibility, including the company's environmental goals, and on integrating that responsibility into day-to-day operations and development projects.

Market development

Although the economic situation is still unsettled, the negative trends we saw in the second half of 2011 appear to have stabilised. The Norwegian economy is in a solid position, and the mainland economy is expected to achieve a slightly positive result in 2012.

The rental market has performed well in several places in Norway, with prices rising for centrally located premises of a high standard. By contrast, the transaction market has been dominated by the turmoil in the financial markets during the year.

Demand for office space appears to be somewhat lower ahead than previously projected. Economic growth and the rise in employment are expected to be moderate. The office vacancy rate is expected to rise slightly in 2012, as a result of the completion of a number of office buildings. Rents for modern, centrally located premises are expected to increase somewhat in 2012. Rents for less central and less efficient premises are expected to remain unchanged or decrease slightly. Going forward, Entra will continue to gain a competitive advantage from having centrally located properties close to public transport hubs, with modern, environmentally sustainable, flexible solutions in addition to efficient operation of the properties.

In the investor market, there was high demand for properties in good locations and with a reliable cash flow in 2011. This is expected to continue into 2012. A transaction volume of around NOK 40 billion is expected in 2012. Yields are expected to remain unchanged or increase slightly in 2012, with continued high yield spread between good and bad properties.

Financial development

Entra's equity ratio has remained stable, and the Group has long-term loan agreements. Transactions during 2011 showed that there is a willingness to lend money to Entra, even at times when the financing markets are volatile and challenging.
It is the view of the Board that Entra's strong cash flow and balance sheet provide a solid financial platform. The Board will continue its conservative financial risk profile. Entra will use its strong position to continue growing profitably in accordance with the Group's strategy. Entra is involved in several major development projects.

The Board is of the opinion that the Group has good foundations for further growth and development.

Oslo, 28 March 2012
The Board of Directors of Entra Eiendom AS

Grace Reksten Skaugen Chair of the Board	**Martin Mæland** Vice-chair	**Ketil Fjerdingen** Board member
Finn Berg Jacobsen Board member	**Ottar Brage Guttelvik** Board member	**Ida Helliesen** Board member
Mari Fjærbu Åmdal Board member	**Frode Halvorsen** Board member	**Tore Benediktsen** Board member

Kyrre Olaf Johansen
Chief Executive Officer

Declaration by the
Board of Directors and CEO

Declaration by the Board of Directors and CEO
We declare that, to the best of our knowledge, the consolidated financial statements for the year 2011 have been prepared in accordance with IFRS, as stipulated by the EU, including the additional information required by the Norwegian Accounting Act, and that the parent company's financial statements for 2011 have been prepared in accordance with the Norwegian Accounting Act and Norwegian generally accepted accounting principles, and that the information contained therein provides a true and fair picture of the assets, liabilities, financial position and results of the company and the Group. We also declare that, to the best of our knowledge, the annual report gives a true and fair picture of the performance, results and financial position of the company and the Group, as well as describing the most important areas of risk and uncertainty faced by the business.

Oslo, 28 March 2012
The Board of Directors of Entra Eiendom AS

Grace Reksten Skaugen
Chair of the Board

Martin Mæland
Vice-chair

Ketil Fjerdingen
Board member

Finn Berg Jacobsen
Board member

Ottar Brage Guttelvik
Board member

Ida Helliesen
Board member

Mari Fjærbu Åmdal
Board member

Frode Halvorsen
Board member

Tore Benediktsen
Board member

Kyrre Olaf Johansen
Chief Executive Officer

“Increasingly people are discovering the link between profitability and sustainable development.”

Consolidated financial statements

Statement of comprehensive income 1 Jan.-31 Dec.

All amounts in NOK millions

	Note	2011	2010
Rental income	22	1 434.7	1 421.6
Other operating revenue	23	33.1	80.2
Total operating revenue		**1 467.8**	**1 501.8**
Maintenance		61.9	69.8
Operating expenses	25	88.6	112.2
Other property costs	7. 10. 26	127.2	133.9
Administrative owner costs	24. 27	186.0	187.2
Total operating expenses		**463.7**	**503.1**
Net income from property management		**1 004.1**	**998.7**
Unrealised changes in value of investment properties	8	632.6	526.6
Share of profit from associates and jointly controlled entities	12	-28.4	42.2
Profit/loss on the sale of non-current assets		-3.5	-18.1
Operating profit		**1 604.8**	**1 549.4**
Interest and other finance income	3-3	114.7	109.0
Interest and other finance expense	3-3	-706.0	-597.9
Net realised financial items		**-591.3**	**-488.8**
Unrealised changes in value of financial instruments	3	-208.0	-113.4
Net financial items		**-799.3**	**-602.2**
Profit before tax		**805.6**	**947.1**
Tax expense	28	-226.6	-248.5
Profit/loss for the year		**579.0**	**698.7**
Total comprehensive income for the year		**579.0**	**698.7**
Profit for the year attributable to			
Shareholders in the parent company		564.8	737.2
Non-controlling interests		14.2	-38.6
Total comprehensive income for the year attributable to			
Shareholders in the parent company		564.8	737.2
Non-controlling interests		14.2	-38.6
Earnings per share (NOK)			
Continuing operations			
Ordinary = Diluted	31	3 972.0	5 184.7

Notes 1 through to 32 form an integral part of the consolidated financial statements.

Balance sheet at 31 Dec. - Assets

All amounts in NOK millions

	Note	31 Dec. 2011	31 Dec. 2010	1 Jan. 2010
NON-CURRENT ASSETS				
Goodwill	7	-	-	15.7
Other intangible assets	7	16.5	12.6	7.0
Total intangible assets		**16.5**	**12.6**	**22.7**
Investment properties	4, 8	21 843.9	19 955.6	18 346.7
Property used by owner	10	6.0	6.2	6.5
Other property, plant and equipment	10	25.4	40.2	21.7
Total property, plant and equipment		**21 875.3**	**20 002.0**	**18 374.8**
Investments in associates and jointly controlled entities	12	502.0	623.1	304.9
Loans to associates and jointly controlled entities	29	14.2	135.6	385.5
Other non-current receivables	13	1 107.5	1 168.5	1 130.1
Total non-current financial assets		**1 623.6**	**1 927.3**	**1 820.5**
Total non-current assets		**23 515.4**	**21 941.9**	**20 218.0**
CURRENT ASSETS				
Stock	9	-	-	104.3
Trade receivables	14	34.5	24.6	21.0
Other receivables	14	105.6	41.5	93.1
Total current receivables		**140.1**	**66.1**	**218.4**
Cash and bank deposits	15	48.3	149.1	227.8
Total current assets		**188.4**	**215.2**	**446.2**
Investment properties held for sale	8	36.5	68.5	404.7
TOTAL ASSETS		**23 740.3**	**22 225.6**	**21 068.9**

Notes 1 through to 32 form an integral part of the consolidated financial statements.

Balance sheet at 31 Dec. -Equity and liabilities

All amounts in NOK millions

	Note	31 Dec. 2011	31 Dec. 2010	1 Jan. 2010
EQUITY				
Paid-in equity	16	1 414.2	1 414.2	1 414.2
Retained earnings	16	5 858.0	5 418.1	4 782.8
Non-controlling interests		119.2	120.1	259.0
Total equity		**7 391.4**	**6 952.4**	**6 456.1**
LIABILITIES				
Interest-bearing liabilities	19	9 086.3	8 491.3	9 345.5
Pension liabilities	17	84.9	77.9	77.0
Deferred tax	28	2 352.5	2 124.3	1 877.8
Financial derivatives	3-2	769.5	697.5	629.1
Other liabilities	18	63.8	74.5	35.0
Total non-current liabilities		**12 356.9**	**11 465.5**	**11 964.4**
Trade payables and other payables	20	250.6	175.1	270.2
Interest-bearing liabilities	19	3 616.5	3 513.2	2 306.5
Prepayments and provisions	21	124.9	119.5	71.7
Total current liabilities		**3 992.0**	**3 807.7**	**2 648.4**
Total liabilities		**16 348.9**	**15 273.2**	**14 612.8**
TOTAL EQUITY AND LIABILITIES		**23 740.3**	**22 225.6**	**21 068.9**

Notes 1 through to 32 form an integral part of the consolidated financial statements.

Oslo, 28 March 2012
The Board of Directors of Entra Eiendom AS

Grace Reksten Skaugen
Chair of the Board

Martin Mæland
Vice-chair

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Board member

Finn Berg Jacobsen
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Ottar Brage Guttelvik
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Ida Helliesen
Board member

Mari Fjærbu Åmdal
Board member

Frode Halvorsen
Board member

Tore Benediktsen
Board member

Kyrre Olaf Johansen
Chief Executive Officer

Consolidated statement of changes in equity

All amounts in NOK millions

	Paid-in equity	Retained earnings	Total majority	Non-controlling interests	Total equity
Equity at 1 Jan. 2010	**1 414.2**	**4 782.8**	**6 197.0**	**259.0**	**6 456.1**
Comprehensive income		737.2	737.2	-38.6	698.7
Dividend paid		-114.5	-114.5		-114.5
Buy-out of non-controlling interests		12.6	12.6	-100.4	-87.9
Equity at 31 Dec. 2010	**1 414.2**	**5 418.1**	**6 832.3**	**120.1**	**6 952.4**
Comprehensive income		564.8	564.8	14.2	579.0
Dividend paid		-124.6	-124.6		-124.6
Change in non-controlling interests		-0.4	-0.4	-15.0	-15.4
Equity at 31 Dec. 2011	**1 414.2**	**5 858.0**	**7 272.2**	**119.2**	**7 391.4**

Notes 1 through to 32 form an integral part of the consolidated financial statements.

Consolidated cash flow statement

All amounts in NOK millions

	Note	2011	2010
Cash flow from operating activities	32	1 153.1	1 145.9
Interest paid on loans from financial institutions		-618.6	-628.9
Payment of loan fees		-17.3	-
Net cash flow from operating activities		**517.2**	**517.0**
Proceeds from sales of property, plant and equipment		47.6	260.6
Sales of operations, net liquidity	11	-40.8	56.0
Purchase of investment properties	8	-127.4	-244.5
Cost of upgrades to investment properties	8	-1 135.1	-735.5
Net cost of purchase of limited companies		-	-51.4
Purchase of intangible assets and other property, plant and equipment	7. 10	-12.0	-10.8
Purchase of shares and other investments		-2.6	-1.3
In-/outflow on loans to associates and jointly controlled entities	29	122.4	-35.6
Dividends from associates and jointly controlled entities	12	95.3	-
Net cash flow from investment activities		**-1 052.5**	**-762.6**
New non-current liabilities	19	2 597.0	2 568.7
New current liabilities	19	4 144.0	3 515.0
Repayment of non-current liabilities	19	-2 188.0	-2 663.5
Repayment of current liabilities	19	-3 994.0	-3 050.0
Equity injection by non-controlling interests		0.2	-
Purchase of non-controlling interests		-	-87.9
Dividends paid	16	-124.6	-115.4
Net cash flow from financing activities		**434.6**	**166.8**
		-	-
Net change in cash and cash equivalents		-100.8	-78.7
Cash and cash equivalents at the start of the year		149.1	227.8
Cash and cash equivalents at the end of the year	**15**	**48.3**	**149.1**

Notes 1 through to 32 form an integral part of the consolidated financial statements.

NOTE 1 General information

Entra Eiendom was established on1 July 2000. Entra Eiendom is engaged in the development, letting, management, operation, sale and purchase of real estate in Norway. The company is one of Norway's largest property companies, with a total property portfolio of 1,214,181 square metres and 975,951 square metres under management, of which 9,314 square metres is vacant at 31 December 2011. Entra Eiendom's head office is situated in Oslo. The company is organised into four regions: Central Oslo, Greater Oslo, Southern and Western Norway, and Central and Northern Norway. The regional offices are located in Bergen and Trondheim.

All of the shares in the company are owned by the Norwegian Government through the Ministry of Trade and Industry. The Board consists of six shareholder-elected members and three employee representatives. Entra Eiendom AS operates in direct competition with private players on a commercial basis. The company is fully financed in the private markets.

The company mainly has public-sector tenants, and at 31 December 2011 the proportion of public-sector tenants was 80 (79) per cent.

The consolidated financial statements were adopted by the Board of Directors on 28 March 2012.

NOTE 2 Accounting principles

ACCOUNTING POLICIES

The most important accounting policies used to prepare the annual financial statements are described below. These policies are used in the same way for all periods presented, unless otherwise indicated in the description.

BASIC PRINCIPLES

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

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

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

The estimates and underlying assumptions are continuously reassessed. Changes in accounting estimates are recognised in the period in which the changes occur if they only apply to that period. If the changes also apply to future periods, the impact is distributed over the current and future periods. Note 4 details items in the accounts that are based on a significant amount of subjective judgement.

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

The Group has started using the following new and amended standards in 2011

No new IFRS or IFRS standards and interpretations came into effect for 2011 year ends that are considered to have or expected to have a significant impact on the consolidated financial statements.

Standards, amendments to existing standards and interpretations that have not yet come into force, and which the Group has not chosen to apply early

The following standards, amendments to existing standards and interpretations of existing standards have been published and will be mandatory for the consolidated financial statements for periods starting on or after 1 January 2013, and which the Group has chosen not to adopt early with effect for the 2011 financial statements.

IAS 19 Employee benefits

This standard was amended in June 2011. The amendments entail that all actuarial gains and losses are recognised in comprehensive income as they arise (eliminating the "corridor"), immediate recognition of all costs relating to pension liabilities accrued in previous periods, and replacement of interest expenses and anticipated return on pension assets with a net interest amount, calculated by applying the discount rate to the net pension liability or asset. Unrecognised actuarial gains/losses at 31 December 2011 are presented in Note 17 – Pensions. The Group has not yet completed its analysis of the impact of the amendments to IAS 19. The Group will implement the revised standard as of the 2013 financial year.

IFRS 9 Financial instruments

Revised versions of IFRS 9 were published in November 2009 and October 2010, replacing the rules in IAS 39 on recognition, classification and measurement of financial instruments. Under IFRS 9, financial assets are divided into two categories depending on how they are measured: those measured at fair value and those measured at amortised cost. Classification is made on initial recognition. Classification will depend on the business model the company uses to handle its financial instruments and the contractual cash flow characteristics of the instrument. The rules for financial liabilities are largely the same as under IAS 39. The most significant change in cases where financial liabilities are measured at fair value is that that part of gains or losses in the fair value of these instruments attributable to changes in the company's own credit risk are to be presented in other comprehensive income and costs, as opposed to in the income statement, as long as this does not result in accrual errors in the measurement of profit or loss. The Group intends to adopt IFRS 9 once the standard comes into force and has been approved by the EU. The revised standard comes into force for accounting periods starting on or after 1 January 2013, but the IASB has published for public comment a proposal to defer the mandatory effective date of IFRS 9 to periods beginning on or after 1 January 2015. The Group has not yet assessed the full impact of IFRS 9. However, a preliminary assessment indicates that the standard will not have a significant impact on the Group's accounts, apart from effects due to changes in fair value attributable to changes in the company's own credit risk, as mentioned above.

IFRS 10 Consolidated accounts

The standard is based on the existing principles defining control as the decisive factor in determining whether a company is to be included in the consolidated accounts of the parent company. The standard provides extensive guidance on determining whether control exists in difficult cases. The Group has not yet assessed all the possible consequences of IFRS 10. The Group intends to apply the standard in accounting periods beginning on or after 1 January 2013.

IFRS 11 Joint arrangements
The standard replaces IAS 31 "Interests in joint ventures" and SIC-13 "Jointly-controlled entities – Non-monetary contributions by venturers". IFRS 11 has two main categories of joint arrangements: joint operations and joint ventures. The proportionate consolidation method is no longer permissible. The equity method of accounting must be used for interests in jointly controlled entities. For arrangements classified as joint operations, the parties recognise their share of the assets and liabilities in the collaboration. The classification of joint arrangements is determined by the nature and terms of the arrangement, as opposed to its formal structure. The standard is not expected to entail any significant changes for the Group.

IFRS 12 Disclosure of interests in other entities
The standard contains the disclosure requirements for financial interests in subsidiaries, jointly controlled entities, associates, special purpose entities and other unconsolidated structured entities. The Group has not yet assessed the full impact of IFRS 12. The Group intends to apply the standard in accounting periods beginning on or after 1 January 2013.

IFRS 13 Fair value measurement
The standard provides a precise definition of fair value for use in IFRS, provides a single framework describing how to measure fair value in IFRS, and defines what additional information must be disclosed when fair value is used. The standard does not expand the area of application for the use of fair value; rather it provides guidance on how it should be applied when fair value measurement is already required or permitted by other IFRSs. The Group measures certain assets and liabilities at fair value. The Group has not yet assessed the full impact of IFRS 13. The Group is planning to apply IFRS 13 in accounting periods beginning on or after 1 January 2012.

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

CONSOLIDATION PRINCIPLES

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

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

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

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

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

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

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

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

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

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

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

Jointly controlled entities
Jointly controlled entities are companies where the Group shares control with other parties, and where an agreement between the parties ensures that strategic decisions on financial and operating policies are

NOTE 2 Accounting principles (cont.)

unanimous. This applies to companies where a shareholder agreement ensures joint control of the business. The Group's interests in jointly controlled entities are measured using the equity method. If necessary, the accounting principles at jointly controlled entities are changed in order to bring them into line with the Group's accounting principles.

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

Associates

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

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

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

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

FOREIGN CURRENCY

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

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

SEGMENT INFORMATION

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

INVESTMENT PROPERTY

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

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

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

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

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

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

For properties where the Group is involved in constructing and/or upgrading public infrastructure, and where the Group operates and maintains the infrastructure for an agreed period of time, the infrastructure itself is not included in the Group's accounts, but is instead treated as a financial or intangible asset, depending on whether the Group has a public liability to pay/guarantee cash flows. In those cases where the Group has a contractual right to receive a specific amount or other financial asset from the public sector, in return for constructing or upgrading and subsequently maintaining/operating the asset for an agreed period, the infrastructure is deemed a financial asset as defined in IAS 39. If the Group is entitled to charge users of a public asset that it has constructed/upgraded, and it is responsible for maintaining and operating it for an agreed period, the entitlement is deemed an intangible asset as defined in IAS 38. The total amount recognised in income varies depending on the use of the asset. The Group has three properties classified as financial assets under IFRIC 12.

Property, plant and equipment
Property, plant and equipment are recognised at cost, less depreciation. The acquisition cost includes costs directly related to acquisition of the asset. Buildings under construction that do not qualify as investment properties are recognised at historical cost, adjusted for write-downs. The acquisition cost includes costs directly related to acquisition of the asset. Subsequent expenditure is added to the asset's carrying amount or recognised separately, when it is probable that future financial benefits attributable to the expenditure will flow to the Group and the expense can be measured reliably. Amounts relating to replaced parts are recognised in the income statement. Other maintenance costs are recorded through the income statement in the period in which they are incurred.

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

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

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

Non-current assets held for sale and discontinued operations
Non-current assets and groups of non-currents assets and liabilities are classified as held for sale if their carrying amount will be recovered through a sales transaction rather than through their continuing use. This condition is regarded as met if the sale is highly probable and the non-current asset (or groups of non-current assets and liabilities) is available for immediate sale in its present condition. The management must be intending to sell the asset and must expect the sale to be completed within a year of the balance sheet date.

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

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

Buildings under construction
For construction contracts where the design and delivery schedule have been negotiated with the buyer, costs and revenues should be recognised in the income statement in accordance with the percentage of completion method described in IAS 11. Sales of other property projects are measured at cost and presented under stock. The sales price is recognised in the income statement on handover.

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

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

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

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

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

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

Financial assets are classified in the following categories: at fair value through profit or loss, loans and receivables and available for sale.

NOTE 2 Accounting principles (cont.)

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

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

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

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

Shares
Investment shares are measured at fair value on the balance sheet date and are classified as available for sale. Changes in the value of shares are recognised under other comprehensive income, unless the asset is written down or sold. When shares that are available for sale are sold or written down, the total adjustment in value that has been recognised in comprehensive income is reclassified through profit or loss. Previous write-downs of shares are not subsequently reversed in the income statement. Each balance sheet date, the Group assesses whether there is objective evidence of a fall in the value of the investment shares. Write-downs may be considered if there is an indication that the value of the asset is likely to fall. Dividends and other distributions received in relation to investment shares are recognised under other finance income when the entitlement to receive a dividend arises (normally when the dividend is adopted by the AGM).

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

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

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

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

Interest-bearing liabilities
Interest-bearing liabilities that satisfy the criteria for using the fair value option under IAS 39 are classified in the category at fair value through profit or loss. Entra Eiendom uses the fair value option for interest-bearing liabilities incurred to finance the acquisition of investment properties. Interest-bearing liabilities are recognised at fair value when the loan is received. Subsequently loans are measured at fair value through the income statement and are presented under net financial items. Ordinary interest expenses are presented on the income statement under net financial items. Interest-bearing liabilities are classified as current liabilities unless there exists an unconditional right to delay repayment of the debt for more than 12 months from the balance sheet date. Accrued interest that is due for payment within 12 months of the balance sheet date is included in the fair value of loans on the balance sheet.

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

The recognised pension obligation relating to defined benefit plans is the present value of the defined benefit on the balance sheet date less the fair value of the plan assets, adjusted for unrecognised actuarial gains/losses and changes to pension plans relating to past service. The pension obligation is calculated annually by an independent actuary using the projected credit unit method. The present value of the defined benefit is determined by discounting estimated future payments using a discount rate based on a 10-year government bond, plus consideration of the relevant duration of the obligations.

Changes to benefits payable under the pension plan are measured through profit or loss, unless the entitlements under the new pension plan are contingent upon the employee remaining at the company for a specific amount of time (the qualifying period). In such cases the cost associated with the change to the plan is amortised in a straight line over the qualifying period.

Actuarial gains/losses resulting from new information or changes to actuarial assumptions over and above the greater of 10 per cent of the value of plan assets and 10 per cent of pension obligations are recognised in the income statement over a period corresponding to the employees' average remaining service period.

NOTE 2 Accounting principles (cont.)

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

Redundancy packages that are due for payment over 12 months after the balance sheet date are discounted to their present value.

TAX

The tax expense consists of tax payable and deferred tax. Tax is charged to the income statement, except where it relates to items that are recognised directly in equity. In such cases, the tax is either recognised in comprehensive income or directly in equity.

Deferred tax is calculated using the liability method for all temporary differences between the tax values and consolidated accounting values of assets and liabilities. Any deferred tax arising from the initial reporting of a liability or asset in a transaction which is not a business combination and which on the transaction date does not affect accounting or tax results is not recognised in the balance sheet. Deferred tax is defined using tax rates and laws which are enacted or likely to be enacted on the balance sheet date, and which are expected to be used when the deferred tax asset is realised or when the deferred tax is utilised.

In the event of adjustments to the value of investment properties, deferred tax is calculated and adjusted at the nominal tax rate of 28 per cent. For investment properties acquired through the purchase of shares in property companies or not acquired through a business combination, in the event of an adjustment in value, deferred tax is calculated on the property's fiscal value.

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

In principle deferred tax is not calculated on temporary differences arising from investments in subsidiaries and associates. This does not apply in cases where the Group is not in control of when the temporary differences will be reversed, and it is probable that they will be reversed in the foreseeable future. Nor is a liability for deferred tax calculated upon initial recognition of assets or liabilities obtained through an acquisition of a subsidiary not classified as a business combination.

PROVISIONS

The Group recognises provisions for lease agreements and legal requirements when a present, legal or constructive, obligation has arisen as a result of a past event, it is likely that an outflow of resources will be required to settle the obligation and its amount can be estimated reliably. There is no provision for future bad debts.

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

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

INCOME RECOGNITION

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

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

Income from the termination of lease contracts is recognised when the lease contract ends.

LEASE CONTRACTS

Lease contracts where a significant proportion of the risks and benefits of ownership remain with the lessor are classified as operating leases. Rent payments for operating leases (less any financial incentives given by the lessor) are expensed in a straight line over the duration of the lease.

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

DIVIDENDS

Dividend payments to the company's shareholders are classified as debt from the date on which the dividend is adopted by the AGM.

CORRECTIONS TO PREVIOUS YEARS

Deferred tax has been wrong by NOK 30 million in previous years. This error increases deferred tax and reduces equity at 1 January 2010, in accordance with IAS 8.

CHANGES TO CLASSIFICATION

In 2011, Sørlandet Kunnskapspark Eiendom AS (previously Kristiansand Kunnskapspark Eiendom AS) was reclassified from subsidiary to joint venture, in keeping with a new interpretation of the shareholder agreement. The change has been implemented with retrospective effect. In accordance with IAS 1, all comparable figures have been restated, and the adjusted balance sheet at 1 January 2010 has been presented in the annual report. The balance sheet at 31 December 2010 has been reduced by NOK 102.1 million, and net deferred tax assets have been reduced by NOK 4.0 million as a result of the reclassification. The pre-tax profit was changed by NOK 1 million.

The Group has made a number of changes to the financial statements compared with previous years. The most significant change is:
- Adjustment to the value of investment property and profit from associates and jointly controlled entities are now included in the Group's operating profit.

The comparative figures have been restated accordingly.

NOTE 3 Financial risk management

All amounts in NOK millions

The Group's finance strategy shall ensure that the Group has financial flexibility and that it achieves competitive financial terms. The Group is exposed to various types of financial risk. The Group's finance policy, which is adopted by the Board of Entra Eiendom AS, provides a framework for financial management at the Entra Eiendom Group. The parent company has operational responsibility for the Group's financing activities. Entra's exposure to risk is supposed to be limited, balanced and in line with the Group's activities. Entra has established an internal finance committee which is a forum for updates on and discussion of the macroeconomic climate, as well as for discussing the company's financial risks and opportunities. Long-term projections are made of financial developments as a component in the Group's risk management, using a model with detailed assumptions concerning the Group's financial performance, cash flow and assets. The projections take into account cyclical developments in the economy, financial parameters and the property market. Simulations are drawn up for different development scenarios. The simulations provide good information for the Board and the executive management in their monitoring of developments in central balance sheet figures and cash flow.

Liquidity risk

Liquidity risk is the risk that the Group will be unable to meet its financial obligations when they are due. This includes the risk that financing will not be available at a reasonable price. The Group aims to limit liquidity risk by obtaining capital from a wide range of sources, including various capital markets and several different lenders. It also aims to maintain a financial buffer by having committed credit facilities covering 100 per cent of the Group's capital requirements over the next 12 months. The Group has arranged several long-term credit facilities, as described below. At 31 December 2011, the average weighted remaining term to maturity of the Group's loans and credit facilities was 4.2 years (4.7 years).

The Group issues commercial paper in the market as part of the Group's short-term and long-term financing. By definition, commercial paper has a maximum term to maturity of 12 months, and is therefore classified as a current liability. To protect itself against the liquidity risk associated with its use of commercial paper, the Group has set up credit facilities with its banks. These facilities ensure that the Group will still be in a position to refinance its debt even if the market for commercial paper becomes unattractive, or if investors do not have available liquidity.

Maturity structure of all financial liabilities

At 31 Dec. 2011	REMAINING TERM								
	Under 3 months	4-12 months	1-2 years	2-4 years	4-6 years	6-8 years	8-10 years	Over 10 years	Total
Interest-bearing bank loans									
- principal	-	-	3 385.0	100.0	1 750.0	-	100.0	519.0	5 854.0
- estimated interest	54.4	163.1	173.1	173.3	97.7	46.8	44.5	94.5	847.3
Bonds									
- principal	-	670.0	-	1 425.0	500.0	325.0	-	1 100.0	4 020.0
- estimated interest	4.6	181.8	158.9	251.3	184.7	137.7	101.6	457.4	1 478.1
Commercial paper									
- principal	800.0	2 000.0	-	-	-	-	-	-	2 800.0
- estimated interest	26.6	68.3	-	-	-	-	-	-	94.9
Financial instruments									
- interest rate derivatives-estimated interest	62.0	80.6	138.2	200.7	153.6	89.7	36.0	-23.3	737.5
Trade payables	204.8	-	-	-	-	-	-	-	204.8
Other financial liabilities	45.9	-	-	-	-	-	-	-	45.9
Total	**1 198.2**	**3 163.9**	**3 855.2**	**2 150.2**	**2 686.0**	**599.2**	**282.2**	**2 147.6**	**16 082.4**

NOTE 3 Financial risk management (cont.)

All amounts in NOK millions

At 31 Dec. 2010	REMAINING TERM								
	Under 3 months	4-12 months	1-2 years	2-4 years	4-6 years	6-8 years	8-10 years	Over 10 years	Total
Interest-bearing bank loans									
- principal	-	1 200.0	505.0	2 030.0	1 200.0	-	-	510.0	5 445.0
- estimated interest	42.7	128.1	123.9	157.4	103.3	29.2	29.2	87.5	701.2
Bonds									
- principal	-	-	670.0	1 425.0	-	500.0	325.0	1 100.0	4 020.0
- estimated interest	3.7	179.2	182.9	310.9	184.7	161.2	119.7	508.2	1 650.4
Commercial paper									
- principal	1 900.0	750.0	-	-	-	-	-	-	2 650.0
- estimated interest	13.4	53.4	-	-	-	-	-	-	66.8
Financial instruments									
- interest rate derivatives-estimated interest	81.4	105.6	174.2	288.4	200.2	117.7	50.4	-52.0	965.9
Trade payables	140.9	-	-	-	-	-	-	-	140.9
Other financial liabilities	34.2	-	-	-	-	-	-	-	34.2
Total	**2 216.2**	**2 416.3**	**1 656.0**	**4 211.6**	**1 688.2**	**808.1**	**524.3**	**2 153.7**	**15 674.4**

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

Undrawn credit facilities

At 31 Dec. 2011	TERM TO MATURITY								
	Under 3 months	4-12 months	1-2 years	2-4 years	4-6 years	6-8 years	8-10 years	Over 10 years	Total
Parent company's undrawn credit facilities	-	1 000.0	-	900.0	1 200.0	1 000.0	-	-	4 100.0
Subsidiaries' undrawn credit facilities	-	-	270.0	-	-	-	160.0	-	430.0
Total undrawn credit facilities	**-**	**1 000.0**	**270.0**	**900.0**	**1 200.0**	**1 000.0**	**160.0**	**-**	**4 530.0**

Undrawn credit facilities

At 31 Dec. 2010	TERM TO MATURITY								
	Under 3 months	4-12 months	1-2 years	2-4 years	4-6 years	6-8 years	8-10 years	Over 10 years	Total
Parent company's undrawn credit facilities	-	700.0	1 000.0	720.0	1 000.0	1 000.0	-	-	4 420.0
Subsidiaries' undrawn credit facilities	-	-	-	-	-	-	-	21.0	21.0
Total undrawn credit facilities	**-**	**700.0**	**1 000.0**	**720.0**	**1 000.0**	**1 000.0**	**-**	**21.0**	**4 441.0**

At 31 December 2011, the Group had NOK 17.1 (118.0) million of available liquid assets. See Note 15.

NOTE 3 Financial risk management (cont.)

All amounts in NOK millions

Interest rate risk

Interest rate risk arises from the value of the portfolio's fixed interest debt being affected by changes in the market interest rates. Interest rate risk can affect the company's cash flows and the market value of the company's liabilities. The main purpose of the Group's strategy to manage interest rate risk is to ensure stable and predictable interest payments. A large proportion of the Group's liabilities are subject to fixed interest rates (67 per cent). The Group uses a variety of derivatives to optimise its portfolio for its interest rate fixing structure. The choice of interest rate structure is based on an evaluation of the Group's financial strength and ability to generate long-term, stable cash flow.

At 31 December 2011, the effective term to maturity of the Group's interest rate hedging instruments was 3.4 (3.6) years. Nominal average interest rate has remained stable and was 5.16 (5.15) per cent at year-end.

The table below shows the nominal value of outstanding current and non-current interest-bearing debt including derivatives.

Maturity structure of the Group's exposure to nominal interest rate risk

At 31 Dec. 2011	**31 Dec. 2012**	**31 Dec. 2013**	**31 Dec. 2015**	**31 Dec. 2017**	**31 Dec. 2019**	**31 Dec. 2021**	**31 Dec. 2021+**	**Total**
Term to maturity	**Up to 1 year**	**1-2 years**	**2-4 years**	**4-6 years**	**6-8 years**	**8-10 years**	**Over 10 years**	
Percentage	33 %	14 %	11 %	15 %	12 %	9 %	6 %	100 %
Amount	4 184.0	1 750.0	1 350.0	1 950.0	1 550.0	1 150.0	760.0	12 694.0

At 31 Dec. 2010	**31 Dec. 2011**	**31 Dec. 2012**	**31 Dec. 2014**	**31 Dec. 2016**	**31 Dec. 2018**	**31 Dec. 2020**	**31 Dec. 2020+**	**Total**
Term to maturity	**Up to 1 year**	**1-2 years**	**2-4 years**	**4-6 years**	**6-8 years**	**8-10 years**	**Over 10 years**	
Percentage	30 %	8 %	15 %	19 %	8 %	11 %	9 %	100 %
Amount	3 685.0	970.0	1 750.0	2 320.0	1 000.0	1 350.0	1 060.0	12 135.0

NOTE 3 Financial risk management (cont.)

All amounts in NOK millions

Sensitivity analysis for market interest rates

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

	Total change in profit/loss (after tax)*	Change in the Group's interest expense (annualised)	Change in the fair value of bonds and derivatives (after tax)
At 31 Dec. 2011			
Market rates increase by 1 percentage point	**426.0**	**-23.7**	**449.7**
Interest-bearing debt	89.8	-51.6	141.4
Derivatives	336.2	27.9	308.3
Market rates decline by 1 percentage point	**-467.7**	**23.7**	**-491.4**
Interest-bearing debt	-107.9	51.6	-159.5
Derivatives	-359.8	-27.9	-332.0
At 31 Dec. 2010			
Market rates increase by 1 percentage point	**388.8**	**-26.7**	**415.5**
Interest-bearing debt	94.7	-47.3	142.0
Derivatives	294.1	20.6	273.5
Market rates decline by 1 percentage point	**-431.0**	**26.7**	**-457.7**
Interest-bearing debt	-112.5	47.3	-159.8
Derivatives	-318.5	-20.6	-298.0

* A positive figure signifies an increase in profit after tax.

NOTE 3 Financial risk management (cont.)

All amounts in NOK millions

Key figures for the Group's financial instruments	**2011**	**2010**
Nominal value of interest rate derivatives on the balance sheet date**	13 230.0	12 830.0
of which		
- Fixed-to-variable swaps**	3 570.0	3 570.0
- Variable-to-variable swaps	700.0	700.0
- Variable-to-fixed swaps	7 260.0	6 510.0
- Options or option-related products	1 700.0	2 050.0
Range of fixed interest rates	From 2.94% to 6.195 %	From 3.284 % to 6.195 %
Index for variable rate instruments	NIBOR	NIBOR
Average fixed rate excl. futures contracts	5.16 %	5.11 %
Average fixed rate incl. futures contracts	5.16 %	5.11 %
Fair value of derivatives on the balance sheet date (NOK millions)	769.5	697.5
Change in fair value of bank loans over the year ***	40.0	-8.4
Change in fair value of bonds over the year	-158.7	-18.0
Change in fair value of interest rate derivatives over the year	-71.9	-70.9
Loan arrangement fees	-17.4	-16.1
Total change in fair value of financial instruments	**-208.0**	**-113.4**

** NOK 3,570 (3,570) million of swaps linked to the fixed-interest bonds issued by the Group are included in the volume of interest rate swaps. These bonds are swapped to a variable rate in order to ensure that the Group is in a position to manage its interest rate fixing independently of the bonds. The real volume used for interest rate fixing is therefore NOK 8,960 (8,640) million. NOK 7,260 (6,560) million of this consists of pure interest rate swaps, whilst NOK 1,700 (NOK 2,050) million is interest rate options or option-related products. Option-related products are used either to put a ceiling on parts of the Group's future interest rate expenses, or to reduce the current interest rate on the portfolio by issuing options that expose the company to a limited amount of risk. The majority of the Group's option-related agreements are standard interest rate swaps where the bank has an option to extend the maturity date of the contracts.

*** Spreads on bank loans are included in market value calculations for 2010 and 2011. The agreed spreads on bank loans are considered to be below the assumed market spreads on bank loans with an equivalent term to maturity and credit risk on the balance sheet date. The difference between the agreed interest rate spreads and market spreads has been discounted over the loan's term to maturity. This reduces the market value of the liability. If the market spread on loans to the Entra Eiendom Group gradually normalises, this will result in the market value of the Group's debt approaching its nominal value. In 2011 the market value of the Group's bank loans fell by NOK 40 million, which also increased the profit by NOK 40 million.

NOTE 3 Financial risk management (cont.)

Currency risk

Currency risk arises if exchange rate fluctuations would affect the Group's cash flow and profit, and the values of its assets and liabilities. The Group shall not take on any currency risk. Any foreign currency loans and associated interest payments shall be fully hedged to prevent any potential impact on profit, cash flow and balance sheet values. At 31 December 2011 the Group had no currency exposure.

Credit and counterparty risk

Credit and counterparty risk arise if there is a risk that a counterparty will be unable to meet his obligations to Entra Eiendom AS, and if this would result in the Group suffering a financial loss. Entra is dependent on its most important banks having the intention and ability to establish a long-term business relationship. In order to limit the Group's exposure to counterparty risk, the maximum exposure to any one counterparty is 30 per cent. Entra Eiendom considers that the ability of creditors to behave predictably over the long term is often dependent on their creditworthiness, and the Group has set minimum credit ratings for its creditors, in order to ensure that they are sufficiently creditworthy.

Capital management and solvency

The Group has a cautious finance policy and a relatively high equity ratio. The main purpose of the Group's capital management is to maintain a good balance between debt and equity, in order to maximise the value of the shares in the company, while also maintaining a good credit rating and obtaining loan terms with lenders that reflect the risk profile of the company. The Group has defined a target range for its equity ratio of 25-35 per cent over the economic cycle. This means that the Group will normally aim for the median value of the target range, i.e. an equity ratio of 30 per cent. There are covenants in the Group's loan agreements that specify requirements in relation to the company's financial strength. At 31 December 2011, there was a solid buffer with respect to all such covenants.

NOTE 3-1 Categories of financial instruments

All amounts in NOK millions

31 Dec. 2011	Loans and receivables	Financial assets available for sale	Financial assets at fair value through profit or loss	Total
			Held for trading	
Assets				
Financial investments				
- shares	-	0.4	-	**0.4**
- other financial assets	1 107.1	-	-	**1 107.1**
Trade receivables	34.5	-	-	**34.5**
Other current receivables	60.4	-	-	**60.4**
Cash and cash equivalents	48.3	-	-	**48.3**
Total financial assets	**1 250.3**	**0.4**	**-**	**1 250.7**

31 Dec. 2011		Financial liabilities at fair value through profit or loss	Financial liabilities at amortised cost	Total
	Held for trading	Designated upon initial recognition		
Liabilities				
- Interest-bearing non-current liabilities	-	9 086.3	-	**9 086.3**
- Interest-bearing current liabilities	-	3 616.5	-	**3 616.5**
- Derivatives	769.5	-	-	**769.5**
- Trade payables	-	-	204.8	**204.8**
- Other current liabilities	-	-	45.9	**45.9**
Total financial liabilities	**769.5**	**12 702.8**	**250.6**	**13 722.9**

31 Dec. 2010	Loans and receivables	Financial assets available for sale	Financial assets at fair value through profit or loss	Total
			Held for trading	
Assets				
Financial investments				
- shares	-	0.4	-	**0.4**
- other financial assets	1 168.2	-	-	**1 168.2**
Trade receivables	24.6	-	-	**24.6**
Other current receivables	33.2	-	-	**33.2**
Cash and cash equivalents	149.1	-	-	**149.1**
Total financial assets	**1 375.1**	**0.4**	**-**	**1 375.5**

31 Dec. 2010		Financial liabilities at fair value through profit or loss	Financial liabilities at amortised cost	Total
	Held for trading	Designated upon initial recognition		
Liabilities				
- Interest-bearing non-current liabilities	-	8 491.3	-	**8 491.3**
- Interest-bearing current liabilities	-	3 513.2	-	**3 513.2**
- Derivatives	697.6	-	-	**697.6**
- Trade payables	-	-	140.9	**140.9**
- Other current liabilities	-	-	34.2	**34.2**
Total financial liabilities	**697.6**	**12 004.5**	**175.1**	**12 877.1**

NOTE 3-2 Fair value disclosures

The fair value of bank loans has been calculated based on the difference between contractual cash flows and cash flows calculated using market credit spreads on the balance sheet date. The estimate of market credit spreads is based on the views of two different banks, and represents their estimate of the price that Entra would have to pay for credit with an equivalent structure to its existing loans.

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

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

The Group uses the following hierarchy to classify financial instruments, based on the valuation methods used to measure and disclose their fair value:
Level 1: Quoted (unadjusted) prices in active markets for identical assets and liabilities.
Level 2: Other techniques where all of the parameters that have a significant impact on measuring fair value are either directly or indirectly observable.
Level 3: Valuation techniques that use parameters that significantly affect the valuation, but which are not observable.

NOTE 3-2 Fair value disclosures (cont.)

All amounts in NOK millions

Financial assets at fair value	31 Dec. 2011	Level 1	Level 2	Level 3
Financial assets available for sale				
- equity instruments	0.4	-	-	0.4
Total	**0.4**	**-**	**-**	**0.4**

Financial liabilities at fair value	31 Dec. 2011	Level 1	Level 2	Level 3
Financial liabilities at fair value through profit or loss				
- Derivatives	769.5	-	769.5	-
- Bank loans	5 738.3	-	-	5 738.3
- Bonds	4 096.1	-	4 096.1	-
- Commercial paper	2 848.5	-	2 848.5	-
- Other	20.0	-	-	20.0
Total	**13 472.3**	**-**	**7 714.0**	**5 758.3**

Financial assets at fair value	31 Dec. 2010	Level 1	Level 2	Level 3
Financial assets available for sale				
- equity instruments	0.4	-	-	0.4
Total	**0.4**	**-**	**-**	**0.4**

Financial liabilities at fair value	31 Dec. 2010	Level 1	Level 2	Level 3
Financial liabilities at fair value through profit or loss				
- Derivatives	697.5	-	697.5	-
- Bank loans	5 370.3	-	-	5 370.3
- Bonds	3 937.1	-	3 937.1	-
- Commercial paper	2 677.0	-	2 677.0	-
- Other	20.0	-	-	20.0
Total	**12 702.0**	**-**	**7 311.7**	**5 390.3**

NOTE 3-2 Fair value disclosures (cont.)

All amounts in NOK millions

Reconciliation of opening and closing fair value of level 3 assets and liabilities	2011 Financial assets available for sale	2011 Financial liabilities at fair value through profit or loss		2010 Financial assets available for sale	2010 Financial liabilities at fair value through profit or loss	
		Held for trading	Designated upon initial recognition		Held for trading	Designated upon initial recognition
Opening balance	**0.4**	**-**	**5 390.3**	**0.6**	**-**	**4 888.7**
Changes in financial liabilities						
- of which changes in the value of financial instruments recognised in the income statement	-	-	-40.0	-	-	8.4
Purchases/new borrowing	-	-	1 609.0	-	-	930.0
Sales/repayments	-	-	-1 200.0	-0.2	-	-445.0
Change in accrued interest at 31 Dec.	-	-	-1.0	-	-	8.2
Closing balance	**0.4**	**-**	**5 758.3**	**0.4**	**-**	**5 390.3**

Level 3 financial liabilities at fair value through profit or loss consist of bank loans. Changes in fair value are mainly due to changes in credit markets over the course of the year. Market credit spreads for the Group's loans increased in 2011. This contributed to a reduction in the Group's liabilities.

Information about the fair value of financial assets measured at amortised cost	2011 Fair value	2011 Carrying amount	2010 Fair value	2010 Carrying amount
Jointly controlled entities	-	-	119.2	119.2
Associates	14.2	14.2	16.4	16.4
Financial assets – service concession arrangements (IFRIC 12)	1 318.7	1 106.6	1 355.9	1 167.7
Trade receivables	34.5	34.5	24.6	24.6
Closing balance	**1 367.4**	**1 155.4**	**1 516.0**	**1 327.8**

The fair value is the same as the carrying amount for jointly controlled entities and associates, as the interest rate is adjusted continuously and no changes in credit margins have been identified. Trade receivables have a short anticipated term, so the fair value is the same as the carrying amount. For service concession arrangements, fair value has been set as the average of two external valuers' estimates of the fair values of the properties in question; see Note 4.

NOTE 3-3 Financial items

All amounts in NOK millions

	2011	2010
Interest income*	112.6	108.9
Other finance income	2.0	0.1
Total interest and other finance income	**114.7**	**109.0**
Interest expenses	644.0	623.3
- of which capitalised loan arrangement fees	-29.2	-26.7
Other finance expense**	91.2	1.4
Total interest and other finance expense	**706.0**	**597.9**
Average interest on capitalised loan arrangement fees	5.4 %	5.5 %

* Interest income includes the impact of IFRIC 12 on financial assets where the Group's counterparty is the state. The effective interest rate based on the asset's cash flow is used to calculate the finance income for the period.

** Other finance expense in 2011 includes the impact of the write-down of the IFRIC 12 assets totalling NOK 87.5 million before tax. See Note 4.

NOTE 4 Critical accounting estimates and subjective judgements

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

Each quarter, all of Entra's properties are valued by two independent, external valuers. The valuations at 31 December 2011 were carried out by Akershus Eiendom AS and DTZ Realkapital Verdivurdering AS. The valuations are mainly based on the discounted cash flow method, which involves discounting future cash flows over a specified period using an estimated discount rate and then adding the estimated residual value at the end of the period. Future cash flows are calculated on the basis of cash flows from signed leases, as well as future cash flows based on an expected market rent at the end of the lease terms. The fair value of investment properties is therefore mainly affected by expected market rents, discount rates and inflation. The market rent for each property takes into account the property's situation, standard and leases signed for comparable properties in the area. For the duration of existing lease terms, the discount rate is mainly based on an assessment of the individual tenants' financial solidity and classification. After the end of the lease term, cash flows are discounted using a discount rate that takes into account the risk of not finding a tenant and location. Inflation is estimated using the consensus of a selection of banks and official statistics.

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

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

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

Parameter	Change in %	Change in value (NOK millions)*
Inflation	+ 1 %	219.4
Market rents	+ 10 %	1 707.0
Discount rate	+ 0.25 %	-492.1
Exit yield	+ 0.25 %	-365.3

* Estimates by DTZ Realkapital Verdivurdering in conjunction with valuations at 31 December 2011.

NOTE 4 Critical accounting estimates and subjective judgements (cont.)

Uncertainty surrounding estimates pursuant to IFRIC 12

IFRIC 12 has been implemented by Entra Eiendom AS retrospectively from 1 January 2010. IFRIC 12 regulates the building of public infrastructure by private operators commissioned by public authorities. The infrastructure is also to be operated by the private sector for a period, although the public sector retains control of the residual value. Entra has three properties regulated by these rules.

The value of non-current receivables has been calculated using estimates to which uncertainty is attached. The uncertainty relates to future rent payments. There is also uncertainty surrounding the property-specific estimates of future ownership costs, investments and purchase options.

As a result of changes in estimates linked to the fair value of financial assets, a write-down in the order of NOK 87.5 million before tax was made in the fourth quarter of 2011, at the same time as NOK 9.9 million of provisions for maintenance of properties has been reversed. The net effect of these changes in estimates amounts to NOK 55.8 million after tax.

NOTE 5 Segment information

The Group management assesses the business based on geographical regions. The geographical regions share similar characteristics, so the Group considers that under IFRS 8 it has only one reportable segment.

NOTE 6 Major transactions

There were no major transactions in 2011 and 2010.

NOTE 7 Intangible assets

All amounts in NOK millions

2011	Options	Other intangible assets	Total intangible assets
Acquisition cost at 1 Jan. 2011	3.5	30.5	34.0
Acquisitions	-	9.6	9.6
Acquisition cost at 31 Dec. 2011	3.5	40.1	43.6
Accumulated depreciation and write-downs 1 Jan. 2011	-	21.5	21.5
Depreciation	-	5.7	5.7
Accumulated depreciation and write-downs 31 Dec. 2011	-	27.1	27.1
Carrying amount at 31 Dec. 2011	**3.5**	**13.0**	**16.5**
Anticipated useful life		5 years	
Depreciations schedule		Linear	

2010	Goodwill	Options	Other intangible assets	Total intangible assets
Acquisition cost at 1 Jan. 2010	15.7	3.5	21.0	40.3
Acquisitions*	-	-	9.5	9.5
Acquisition cost at 31 Dec. 2010	15.7	3.5	30.5	49.8
Accumulated depreciation and write-downs 1 Jan. 2010			17.6	17.6
Depreciation	-	-	3.9	3.9
Write-downs	15.7	-	-	15.7
Accumulated depreciation and write-downs 31 Dec. 2010	15.7	-	21.5	37.2
Carrying amount at 31 Dec. 2010	**-**	**3.5**	**9.1**	**12.6**
Anticipated useful life			5 years	
Depreciation schedule			Linear	

* Acquisitions in 2010 include a NOK 1.9 million correction in relation to previous years.

Other intangible assets relate to capitalised IT investments.

NOTE 8 Investment properties

All amounts in NOK millions

Value of investment properties	2011	2010
Opening balance 1 Jan.	20 024.1	18 859.2
Reclassification*	-	-107.9
Adjusted opening balance 1 Jan.	**20 024.1**	**18 751.4**
Net change in fair value recognised in the income statement	632.6	526.6
Adjustment to value of investment property	**632.6**	**526.6**
Other movements		
New acquisitions	127.4	244.5
Improvements	1 110.1	714.7
Capitalised loan arrangement fees	29.2	26.7
Disposals	-43.0	-239.8
Closing balance 31 Dec.	**21 880.4**	**20 024.1**
Of which investment properties held for sale	36.5	68.5
Investment property	**21 843.9**	**19 955.6**

* In 2011, Sørlandet Kunnskapspark Eiendom AS (previously Kristiansand Kunnskapspark Eiendom AS) was reclassified from subsidiary to jointly controlled entity.

Investment properties held for sale comprise 2 (4) investment properties for which the sales process had started, but not been completed, on the balance sheet date. Assuming that acceptable offers are received, the properties are expected to be sold within 12 months. In 2011, the Group has identified a new investment property held for sale.

For information about valuations and fair value calculations for investment properties, see Note 4 (Critical accounting estimates and subjective judgements).

NOTE 9 Housing units being developed by the company for sale

Housing units being developed by the company for sale comprise homes developed by Brekkeveien 8 AS, a subsidiary of Ribekk AS. The company was sold on 30 June 2010, and the Group therefore has no houses currently under development at 31 December 2011.

NOTE 10 Other property, plant and equipment

All amounts in NOK millions

	Property used by owner	Other property, plant and equipment	Total other property, plant and equipment
Acquisition cost at 1 Jan. 2011	7.5	69.2	76.7
Acquisitions	-	14.2	14.2
Disposals	-	-22.6	-22.6
Acquisition cost at 31 Dec. 2011	7.5	60.7	68.2
Accumulated depreciation and write-downs 1 Jan. 2011	1.3	29.0	30.3
Depreciation	0.2	6.3	6.6
Accumulated depreciation and write-downs 31 Dec. 2011	1.5	35.3	36.8
Carrying amount at 31 Dec. 2011	**6.0**	**25.4**	**31.4**
Anticipated useful life	20-50 years	1-5 years	
Depreciation schedule	Linear	Linear	

	Property used by owner	Other property, plant and equipment	Total other property, plant and equipment
Acquisition cost at 1 Jan. 2010	7.5	44.1	51.6
Acquisitions	-	25.3	25.3
Disposals	-	-0.3	-0.3
Acquisition cost at 31 Dec. 2010	7.5	69.2	76.7
Accumulated depreciation and write-downs 1 Jan. 2010	1.1	22.4	23.5
Depreciation	0.2	6.5	6.8
Accumulated depreciation and write-downs 31 Dec. 2010	1.3	29.0	30.3
Carrying amount at 31 Dec. 2010	**6.2**	**40.2**	**46.4**
Anticipated useful life	20-50 years	1-5 years	
Depreciation schedule	Linear	Linear	

NOTE 11 Subsidiaries

Subsidiary	Acquisition date	Business office	Shareholding/voting rights
Oslo Z AS	20.09.2000	Oslo	100 %
Biskop Gunnerusgt. 14 AS	26.03.2001	Oslo	100 %
Universitetsgaten 2 AS	03.09.2001	Oslo	100 %
Kunnskapsveien 55 AS	17.12.2001	Oslo	100 %
Entra Kultur 1 AS	28.02.2002	Oslo	100 %
Kristian Augustsgate 23 AS	01.02.2003	Oslo	100 %
Nonnen Utbygging AS	10.02.2003	Oslo	100 %
Langkaia 1 AS	21.11.2003	Oslo	100 %
Kjørboparken AS	21.12.2005	Oslo	100 %
Ribekk AS	02.10.2006	Oslo	100 %
Bispen AS	24.10.2007	Oslo	100 %
Pilestredet 28 AS	07.05.2008	Oslo	100 %
Hagegaten 24 AS	01.10.2008	Oslo	100 %
Hagegaten 23 AS	07.07.2010	Oslo	100 %
Stakkevollveien 11 AS	12.03.2010	Oslo	100 %
Holtermannsveg 1-13 AS	22.09.2010	Oslo	100 %
Karoline Kristiansen vei 2 AS	15.02.2011	Oslo	100 %
Youngskvartalet AS	10.05.2011	Oslo	100 %
Greenfield Datacenter AS	26.09.2011	Oslo	100 %
Brødrene Sundt Verktøimaskinfabrik AS	03.10.2011	Oslo	100 %
Tullinkvartalet AS	21.11.2011	Oslo	100 %
Papirbredden Eiendom AS	10.01.2005	Oslo	60 %
Brattørkaia AS	31.01.2006	Oslo	52 %
Shares in subsidiaries owned through subsidiaries			
Papirbredden Eiendom AS			
Grønland 51 AS	04.02.2005	Drammen	100 %
Kreftingsgate 33 AS	30.12.2010	Drammen	100 %
Grønland 56 AS	12.01.2011	Drammen	100 %
Grønland 58 AS	12.01.2011	Drammen	100 %
Grønland 60 AS	12.01.2011	Drammen	100 %
Brattørkaia AS			
Brattørkaia 14 AS	31.01.2006	Trondheim	100 %
Brattørkaia 15AB-16 AS	31.01.2006	Trondheim	100 %
Brattørkaia 17A AS	31.01.2006	Trondheim	100 %
Brattørkaia 17B AS	31.01.2006	Trondheim	100 %
Ribekk AS			
Ringstabekk AS	30.06.2006	Oslo	100 %

In 2011 Entra Eiendom AS sold its 58.3 per cent holding in Optimo Prosjekt AS for NOK 23.2 million. The sale resulted in a gain for the Group of NOK 2 million. At the time of the sale, Optimo Prosjekt AS had cash and cash equivalents of NOK 38.7 million.

NOTE 12 Jointly controlled entities and associates

All amounts in NOK millions

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

31 Dec. 2011	Acquisition date	Business office	Shareholding/ voting rights	Carrying amount	Share of profit/loss	Of which changes in value under IFRS*
Jointly controlled entities						
Sørlandet Kunnskapspark Eiendom AS**	04.07.2005	Kristiansand	51.00 %	10.0	-0.3	0.2
UP Entra AS	31.12.2003	Hamar	50.00 %	107.3	1.8	-1.9
Oslo S Utvikling AS	01.07.2004	Oslo	33.34 %	372.5	-27.8	-3.0
Associate						
Ullandhaug Energi AS	07.07.2009	Stavanger	44.00 %	6.1	0.6	-
Kunnskapsbyen Eiendom AS	31.12.2004	Oslo	33.75 %	5.7	-2.8	-1.6
Tverrforbindelsen AS	24.04.2009	Trondheim	33.33 %	0.3	-	-
Youngstorget Parkeringshus AS	16.11.2005	Oslo	21.26 %	0.1	-	-
Total for jointly controlled entities and associates				**502.0**	**-28.4**	**-6.3**

31 Dec. 2010	Acquisition date	Business office	Shareholding/ voting rights	Carrying amount	Share of profit/loss	Of which changes in value under IFRS*
Jointly controlled entities						
Sørlandet Kunnskapspark Eiendom AS**	04.07.2005	Kristiansand	51.00 %	7.7	2.0	-0.8
UP Entra AS	31.12.2003	Hamar	50.00 %	105.4	1.8	1.3
Oslo S Utvikling AS	01.07.2004	Oslo	33.34 %	495.6	35.8	-0.5
Associate						
Ullandhaug Energi AS	07.07.2009	Stavanger	44.00 %	5.5	-0.9	-
Kunnskapsbyen Eiendom AS	31.12.2004	Oslo	33.75 %	8.5	3.6	2.7
Tverrforbindelsen AS	24.04.2009	Trondheim	33.33 %	0.3	-0.1	-
Youngstorget Parkeringshus AS	16.11.2005	Oslo	21.26 %	0.1	-	-
Total for jointly controlled entities and associates				**623.1**	**42.2**	**2.7**

* Changes in value under IFRS consist of changes in the value of property, loans and interest rate hedging instruments, plus calculated deferred tax on the changes.

** In 2011, Sørlandet Kunnskapspark Eiendom AS (previously Kristiansand Kunnskapspark Eiendom AS) was reclassified from subsidiary to joint venture, in keeping with a new interpretation of the shareholder agreement. According to the shareholder agreement, strategic and operational decisions must be unanimous among the shareholders. It also requires proportional representation on the Board and rotation of the role of the chair of the board among the shareholders.

NOTE 12 Jointly controlled entities and associates (cont.)

All amounts in NOK millions

Movement in carrying amount of jointly controlled entities and associates

	Carrying amount at 31 Dec. 2010	Share of profit/ loss for 2011	Dividend 2011	Capital contributions	Carrying amount at 31 Dec. 2011
Jointly controlled entities					
Sørlandet Kunnskapspark Eiendom AS	7.7	-0.3	-	2.6	10.0
UP Entra AS	105.4	1.8	-	-	107.3
Oslo S Utvikling AS	495.6	-27.8	-95.3	-	372.5
Associate					
Ullandhaug Energi AS	5.5	0.6	-	-	6.1
Kunnskapsbyen Eiendom AS	8.5	-2.8	-	-	5.7
Tverrforbindelsen AS	0.3	-	-	-	0.3
Youngstorget Parkeringshus AS	0.1	-	-	-	0.1
Total for jointly controlled entities and associates	**623.1**	**-28.4**	**-95.3**	**2.6**	**502.0**

Aggregate financial information about associates and joint ventures

(Figures stated refer to Entra's ownership interest)

	2011	2010
Operating revenue	85.6	210.6
Profit	-17.9	58.5
Total assets	1 798.9	1 373.9
Equity	379.0	489.3
Total liabilities	1 419.9	884.7

NOTE 12 Jointly controlled entities and associates (cont.)

INFORMATION ABOUT MAJOR PROJECTS THROUGH OSLO S UTVIKLING AS (OSU)

Oslo S Utvikling AS (OSU) is a property development company established for the purpose of developing properties at Bjørvika, Oslo. OSU is jointly controlled by the Group, and is accounted for using the equity method. At 31 December 2011, OSU was on course to develop approx. 300,000 square metres, which is around one-third of the total area being developed at Bjørvika. OSU's most important projects are described below.

Completed projects

The PwC building was sold in February 2006 (forward contract), and was completed in December 2007. The gain on the sale has previously been recognised in the income statement. A number of minor matters linked to the sale have still to be clarified and settled.

2011 saw the completion of the Visma building, which was sold in February 2006 (forward contract) for a gross price of NOK 920 million (value of property). The gain on the sale, taking into account the seller's future commitments, was recognised in 2011.

The KLP building was completed in spring 2010, and the office premises were handed over to the buyer, KLP. The residential units in the building were also completed in 2010, and were handed over during the year. At the close of the year, one flat, which is used as a show home for potential buyers in the Opera quarter, remained unsold.

Current projects under development

At 31 December 2011, roughly 90 per cent of the Deloitte Building (total floor space of approx. 16,000 square metres) has been leased, and Deloitte has rented the entire office section. At 31 December 2011, purchase contracts have been signed for approx. 75 per cent of the project. The cellar structures underneath the building have been completed. Work above ground started in summer 2011, and is due for completion at the end of 2013.

For the three commercial buildings known as the DNB buildings, lease contracts for approx. 80,000 square metres had been signed at 31 December 2011. The buildings are due for completion in 2012-2013. The lease term is 15 years, with options to extend the contract or purchase the buildings. OSU has signed contracts to sell the areas leased to DNB, with handover as the individual building is completed. See Note 30 for further details.

The OSU subsidiary Barcode Basement AS is a separate company that owns, and which is developing and building, all of the underground areas in the Barcode zone (gross volume 70,000 square metres, just over 50 per cent of which Basement will be responsible for), and the business will lease out storage, car parking spaces and plant/plant rooms for the buildings above. At year-end 2011, the areas from the western limit (under the PwC Building) and east as far the Visma Building have been completed and leased. The remaining areas will be completed over the period 2012-2014.

NOTE 12 Jointly controlled entities and associates (cont.)

All amounts in NOK millions

Infrastructure projects

OSU owns 34 per cent of Bjørvika Utvikling/Bjørvika Infrastruktur. These companies are mainly involved in building infrastructure at Bjørvika, with an estimated cost of NOK 2,000-2,500 million. The costs are covered by developers, who pay a fixed amount per square metre of development, as well as by a contribution of NOK 300 million from the City of Oslo. Payments are due at certain milestones, with 30 per cent due when work above ground level starts, 50 per cent on completion of the buildings' structures, and 20 per cent on their completion. The infrastructure contributions have been incorporated into the cost estimates for the various buildings. All infrastructure is to be transferred to the City of Oslo free of charge.

Contractual obligations

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

	31 Dec. 2011	31 Dec. 2010
Property, plant and equipment	1 492	1 308
Total obligations contracted	**1 492**	**1 308**

NOTE 13 Other non-current receivables

All amounts in NOK millions

	2011	2010
Financial assets – service concession arrangements (IFRIC 12)*	1 106.6	1 167.7
Other non-current receivables	0.8	0.9
Total other non-current receivables	**1 107.5**	**1 168.5**

* NOK 87.5 million in financial assets – service concession arrangements (IFRIC 12) was written down in 2011. See Note 4 for further details.

NOTE 14 Current receivables

All amounts in NOK millions

	2011	2010
Trade receivables	40.7	25.6
Provisions for bad debts	-6.2	-1.0
Net trade receivables	34.5	24.6
Other current receivables	105.6	41.5
Total current receivables	**140.1**	**66.1**

At 31 December 2011, NOK 24.9 (18.3) million in trade receivables were overdue. Provisions for a loss of NOK 6.2 (1.0) million have been made for overdue trade receivables. One tenant owes a total of NOK 4.2 (3.3) million. The Group is in talks with this tenant to find a solution. The remaining trade receivables relate to various customers with good credit histories. The aged analysis of these trade receivables is as follows:

Trade receivables	**2011**	**2010**
Up to 3 months	7.7	10.4
Over 3 months	17.3	8.0
Total overdue	**24.9**	**18.3**

Other current receivables	**2011**	**2010**
Shared costs to be distributed amongst tenants	-	2.6
Advance payments and accruals	51.5	8.3
VAT owed	10.3	5.3
Accrued interest	22.6	19.6
Other current receivables	21.2	5.7
Total other current receivables	**105.6**	**41.5**

NOTE 15 Bank deposits

All amounts in NOK millions

	2011	2010
Bank deposits	17.1	118.0
Tied bank deposits	31.2	31.1
Total bank deposits	**48.3**	**149.1**

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

NOTE 16 Share capital and shareholder information

The Group has paid-in equity of NOK 1,414.2 million, consisting of NOK 142.2 million in share capital and NOK 1,272 in share premium reserve. There have not been equity transactions with the shareholders in the parent company in 2011.

The share capital of NOK 142,194,000 consists of 142,194 shares with a face value of NOK 1,000. All shares enjoy equal rights. All of the shares are owned by the Norwegian Government through the Ministry of Trade and Industry.

The shareholder has indicated that Entra Eiendom AS will pay a dividend of NOK 137 million for 2011 (NOK 963.5 per ordinary share). No provision is made for dividends in the consolidated accounts until the AGM has been held and the dividend has been decided. In 2011, Entra Eiendom AS paid the adopted dividend for 2010 of NOK 124.6 million (NOK 876.3 per ordinary share).

NOTE 17 Pension liabilities

All amounts in NOK millions

The Group has pension schemes that cover a total of 153 current employees and 43 pensioners. The schemes provide an entitlement to defined future benefits. These benefits are mainly dependent on number of years of contributions, salary level on reaching retirement age and the level of benefits from the National Insurance Scheme. Commitments are covered through the Norwegian Public Service Pension Fund.

The Group also has a contractual early-retirement scheme (AFP). At 31 December 2011, 11 (11) former employees had chosen to make use of the AFP scheme.

Entra Eiendom AS's employees are members of the Norwegian Public Service Pension Fund. It is a defined benefit pension scheme that gives all employees a guaranteed level of pension in the future. As a member of the Norwegian Public Service Pension Fund, the guaranteed pension level ensures a defined pension benefit. The guarantee means that employees will receive at least 66 per cent of their pension qualifying salary. Any income over and above 12 times the National Insurance Scheme's basic amount is not included in the qualifying salary. The pension benefit payable is based on the employee's salary, average percentage of full-time equivalents and length of service (30 years' service qualifies for a full pension). As a result of changes to the way in which pension benefits in state-run pension schemes are indexed, a gain of NOK 7.6 million was recognised in the income statement in 2010.

NOTE 17 Pension liabilities (cont.)

All amounts in NOK millions

Entra operates an early retirement pension scheme (AFP) from the age of 62. Employees can cut back on their working week or retire completely. If they choose to cut back, they must continue to work 60 per cent of a full-time position. Between the ages of 62 and 65, pensions are calculated in accordance with the National Insurance Scheme's stipulations. On reaching the age of 65, the pension is calculated using either the National Insurance Scheme's rules or the Norwegian Public Service Pension Fund's rules, depending on which is better for the member. At 31 December 2011, the net pension liabilities associated with the AFP scheme amounted to NOK 17.8 (13.8) million, which is included under total pension liabilities in the table below.

Employees are also insured against incapacity and death.

The CEO has a separate pension plan that is discussed in Note 24. The company's liabilities under this unfunded plan total NOK 8.1 million, and are included in the table below.

The balance sheet liabilities have been calculated as follows	**2011**	**2010**
Present value of accrued pension liabilities in defined benefit schemes in unit trusts	176.3	134.8
Fair value of pension scheme assets	-85.8	-74.4
Unrecognised costs relating to pension liabilities accrued in previous periods	-17.3	9.7
Employers' NICs accrued	11.6	7.8
Net pension liabilities on the balance sheet at 31 Dec.	**84.9**	**77.9**

Change in defined benefit pension liabilities over the year	**2011**	**2010**
Pension liabilities at 1 Jan.	134.8	133.4
Present value of pensions earned this year	20.3	16.5
Interest expense	4.7	5.6
Life expectancy adjustment 1943-1953 cohorts	-	-0.4
Change to indexing of retirement pension	-	-6.2
Actuarial losses/(gains)	20.8	-10.3
Pension benefits paid	-4.3	-3.8
Pension liabilities at 31 Dec.	**176.3**	**134.8**

NOTE 17 Pension liabilities (cont.)

All amounts in NOK millions

Change in fair value of pension scheme assets	2011	2010
Pension scheme assets at 1 Jan.	74.4	66.5
Anticipated return on pension scheme assets	4.4	3.9
Actuarial (gains)/losses	-2.8	-2.7
Contributions from employer	14.1	10.5
Pension benefits paid	-4.3	-3.8
Pension scheme funds at 31 Dec.	**85.8**	**74.4**

Total cost recorded through the income statement	2011	2010
Cost of pension benefits accrued during current period	20.3	16.5
Interest expense	4.7	5.6
Anticipated return on pension scheme assets	-4.4	-3.9
Life expectancy adjustment 1943-1953 cohorts recognised in income statement	-	-0.5
Change to indexing of retirement pension recognised in income statement	-	-7.1
Administrative expenses	0.3	0.3
Employers' National Insurance Contributions	2.5	2.3
Total	**23.3**	**13.2**
2 per cent employee pension contributions	-1.8	-1.4
Expenses related to separate defined contribution scheme for employees at subsidiaries	0.1	0.4
Total expenses, included under personnel costs	**21.6**	**12.2**

The actual return on pension plan assets was NOK 1.6 (1.2) million.

The following economic assumptions have been used	2011	2010
Discount rate	2.60 %	4.00 %
Anticipated return on pension scheme assets	4.10 %	5.60 %
Annual wage growth	3.50 %	4.00 %
Annual adjustment to the National Insurance Scheme's basic amount ("G")	3.25 %	3.75 %
Annual adjustment of pensions	2.50 %	3.00 %
Mortality rates	K2005	K2005
Disability rates	200% K1963	200% K1963
Proportion of entitled employees making use of AFP	40 %	40 %

NOTE 17 Pension liabilities (cont.)

All amounts in NOK millions

Distribution of the pension scheme assets by investment category at 31 Dec.	2011	2010
Government bonds	100 %	100 %
Corporate bonds	0 %	0 %
Shares	0 %	0 %
Property	0 %	0 %
Other	0 %	0 %
Total	**100 %**	**100 %**

Amounts for the current year and for the four previous years	2011	2010	2009	2008	2007
Gross defined benefit pension scheme liabilities	176.3	134.8	133.4	121.4	111.6
Fair value of pension funds 31 Dec.	-85.8	-74.4	-66.5	-59.8	-53.2
Net defined benefit pension scheme liabilities	**90.5**	**60.4**	**66.9**	**61.6**	**58.4**

Sensitivity analysis for the assumptions used to calculate pension assets and liabilities

Discount rate		Impact on liabilities	Impact as a percentage
0.5 percentage point reduction	2.10 %	15.9	9.5 %
Discount rate at 31 Dec. 2011	2.60 %	-	-
0.5 percentage point increase	3.10 %	-13.9	-8.3 %

Wage growth		Impact on liabilities	Impact as a percentage
0.5 percentage point reduction	3.00 %	-7.0	-4.2 %
Expected wage growth at 31 Dec. 2011	3.50 %	-	-
0.5 percentage point increase	4.00 %	6.9	4.1 %

Expected payment to the defined benefit pension plan for the period 1 January 2012 to 31 December 2012 is NOK 15.8 million.

NOTE 18 Other liabilities

All amounts in NOK millions

	2011	2010
Provisions for non-current liabilities	34.6	46.4
Other non-current liabilities	29.2	28.1
Total other liabilities	**63.8**	**74.5**

NOTE 18 Other liabilities (cont.)

All amounts in NOK millions

Movements in provisions for non-current liabilities 2011	Provision for rent payments/loss-making contracts	Provision for maintenance - service concession arrangements (IFRIC 12)	Other provisions	Total
Movements in provisions				
Opening balance at 1 Jan. 2011	22.7	23.4	0.4	46.4
Additional provisions during the year	0.9	5.4	-	6.2
Provisions used during the year	-	-	-0.1	-0.1
Unused provisions reversed during the year	-8.8	-9.9	-	-18.8
Discounting of provisions	0.9	-	-	0.9
Closing balance at 31 Dec. 2011	**15.6**	**18.8**	**0.3**	**34.6**

2010	Provision for rent payments/loss-making contracts	Provision for maintenance - service concession arrangements (IFRIC 12)	Other provisions	Total
Movements in provisions				
Opening balance 1 Jan. 2010	31.2	-	3.9	35.0
Additional provisions during the year	-	23.4	0.4	23.7
Provisions used during the year	-8.5	-	-3.9	-12.4
Unused provisions reversed during the year	-1.4	-	-	-1.4
Discounting of provisions	1.4	-	-	1.4
Closing balance at 31 Dec. 2011	**22.7**	**23.4**	**0.4**	**46.4**

Provisions for properties leased by Entra

At 31 December 2011, Entra Eiendom had made provisions for rent payments for the following properties: Drammensveien 130, Oslo; Akersgata 55, Oslo; Apotekergata 8, Oslo; Kristian Augustgate 19, Oslo and Dronningensgate 10-14, Oslo.

An assessment is made of the relationship between the rent paid by Entra Eiendom and the rental income that can be achieved by leasing out these premises. This assessment is based on the rental cost and rental income specified in current leases, as well as an evaluation of future rental income for vacant premises and for contracts that are expiring.

For properties leased by Entra, the company calculates the net cash flow over the duration of the lease contract. The present value of future cash flows is calculated using a discount rate of six per cent.

In the accounts, a provision is made at 31 Dec. equal to the estimated present value. Changes in the present value in relation to the previous year are recorded through the income statement.

More detailed explanation of the provision for maintenance under IFRIC 12

The contracts that the Group has signed with Vøyenenga School, Borgarting Court of Appeal and the National Library specify that the Group undertakes to maintain the buildings. A regular provision is therefore made in accordance with IAS 37 to cover future maintenance requirements.

NOTE 19 Interest-bearing debt and accrued interest

All amounts in NOK millions

Non-current interest-bearing liabilities	Nominal value 2011	Market value 2011	Nominal value 2010	Market value 2010
Bank loans	5 854.0	5 717.8	4 685.0	4 588.8
Bonds	3 350.0	3 368.5	4 020.0	3 882.5
Other liabilities	-	-	20.0	20.0
Total non-current interest-bearing liabilities		**9 086.3**		**8 491.3**

Current interest-bearing liabilities	Nominal value 2011	Market value 2011	Nominal value 2010	Market value 2010
Bank loans	-	20.5	760.0	781.5
Bonds	670.0	727.6	-	54.7
Commercial paper	2 800.0	2 848.5	2 650.0	2 677.0
Other liabilities	20.0	20.0	-	-
Total current interest-bearing liabilities		**3 616.5**		**3 513.2**

Accrued interest on which is included current interest-bearing liabilities	Nominal value 2011	Market value 2011	Nominal value 2010	Market value 2010
Bank loans	20.5	20.5	21.5	21.5
Bonds	54.9	54.9	54.7	54.7
Commercial paper	48.5	48.5	27.0	27.0
Total accrued interest on interest-bearing liabilities	**123.8**	**123.8**	**103.2**	**103.2**

The average risk premium on the Group's loans at 31 Dec. 2011 was 0.5 per cent.

NOTE 19 Interest-bearing debt and accrued interest (cont.)

All amounts in NOK millions

The Group's bonds and commercial paper are subject to the following terms

The Group's bonds at 31 Dec. 2011

ISIN	Issue limit	Coupon rate	Term to maturity	Amount issued*	Repurchased*	Net balance*
NO0010273386	1 500.0	4.10 %	22.06.2012	670.0	-	670.0
NO0010552441	1 500.0	3M Nibor+0.80%	25.11.2014	450.0	-	450.0
NO0010552458	1 500.0	4.95 %	25.11.2014	975.0	-	975.0
NO0010592363	1 500.0	4.70 %	06.12.2017	500.0	-	500.0
NO0010552466	1 500.0	5.55 %	25.11.2019	325.0	-	325.0
NO0010282031	1 100.0	4.62 %	29.05.2030	1 100.0	-	1 100.0
						4 020.0

The Group's commercial paper at 31 Dec. 2011

ISIN	Issue limit	Coupon rate	Term to maturity	Amount issued*	Repurchased*	Net balance*
NO0010607195	400.0	3.26 %	10.02.2012	400.0	-	400.0
NO0010604895	400.0	3.30 %	09.03.2012	400.0	-	400.0
NO0010607229	400.0	3.35 %	10.04.2012	400.0	-	400.0
NO0010614266	400.0	3.41 %	10.05.2012	400.0	-	400.0
NO0010623325	400.0	3.66 %	08.06.2012	400.0	-	400.0
NO0010626799	400.0	3.35 %	10.08.2012	400.0	-	400.0
NO0010628779	400.0	3.35 %	10.09.2012	400.0	-	400.0
						2 800.0

The Group's bonds at 31 Dec. 2010

ISIN	Issue limit	Coupon rate	Term to maturity	Amount issued*	Repurchased*	Net balance*
NO0010273386	1 500.0	4.10 %	22.06.2012	670.0	.	670.0
NO0010552441	1 500.0	3M Nibor+0.80%	25.11.2014	450.0	.	450.0
NO0010552458	1 500.0	4.95 %	25.11.2014	975.0	.	975.0
NO0010592363	1 500.0	4.70 %	06.12.2017	500.0	.	500.0
NO0010552466	1 500.0	5.55 %	25.11.2019	325.0	.	325.0
NO0010282031	1 100.0	4.62 %	29.05.2030	1 100.0	.	1 100.0
						4 020.0

* face value

NOTE 19 Interest-bearing debt and accrued interest (cont.)

All amounts in NOK millions

The Group's commercial paper at 31 Dec. 2010

ISIN	Issue limit	Coupon rate	Term to maturity	Amount issued*	Repurchased*	Net balance*
NO0010564966	400.0	3.05 %	10.01.2011	300.0	-	300.0
NO0010564388	400.0	2.49 %	10.02.2011	150.0	-	150.0
NO0010566730	400.0	3M Nibor+0.35%	10.03.2011	400.0	-	400.0
NO0010583198	400.0	3.15 %	11.04.2011	350.0	-	350.0
NO0010589922	400.0	2.85 %	10.05.2011	400.0	-	400.0
NO0010577190	400.0	3.15 %	10.06.2011	300.0	-	300.0
NO0010591258	500.0	2.70 %	11.08.2011	400.0	-	400.0
NO0010585409	400.0	3.15 %	09.09.2011	350.0	-	350.0
						2 650.0

* face value

Mortgages

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

For projects/properties with special characteristics, separate mortgage-based financing can be arranged. At 31 December 2011, a long-term bond of NOK 1,100 million is secured against the National Library and associated buildings, located at Henrik Ibsens gate 110 in Oslo. The lender also has a mortgage on the rental income from the property.

For subsidiaries that are not wholly-owned by Entra Eiendom AS, in general separate financing is arranged without any guarantee from the shareholders. This kind of financing is generally secured with a mortgage.

	2011	2010
Market value of liabilities secured through mortgages	2 290.7	2 043.2
Carrying amount of mortgaged assets		
Buildings and sites	3 074.6	2 693.5

NOTE 20 Trade payables and other liabilities

All amounts in NOK millions

	2011	2010
Trade payables	204.8	140.9
Holiday pay owed	11.8	10.0
Unpaid government taxes and duties	9.5	12.3
Shared costs for buildings, owed to tenants	20.4	4.5
Other liabilities	4.2	7.4
Total trade payables and other liabilities	**250.6**	**175.1**

NOTE 21 Prepayments and provisions

All amounts in NOK millions

	2011	2010
Prepayments from customers	105.8	94.6
Provisions for current liabilities	19.1	24.9
Total prepayments and provisions	**124.9**	**119.5**

Movements in provisions for current liabilities

2011	Provisions for salaries and fees	Other	Total
Opening balance at 1 Jan. 2011	11.3	13.6	24.9
Additional provisions during the year	22.7	-	22.7
Provisions used during the year	-14.9	-13.6	-28.5
Unused provisions reversed during the year	-	-	-
Closing balance at 31 Dec. 2011	**19.1**	**-**	**19.1**

2010	Provisions for salaries and fees	Other	Total
Opening balance 1 Jan. 2010	9.7	45.0	54.8
Additional provisions during the year	11.3	13.6	24.9
Provisions used during the year	-5.5	-45.0	-50.5
Unused provisions reversed during the year	-4.2	-	-4.2
Closing balance at 31 Dec. 2011	**11.3**	**13.6**	**24.9**

NOTE 22 Lease contracts

All amounts in NOK millions

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

The Group's future accumulated rent from non-terminable operational lease contracts at 31 December

	2011	2010
≤ 1 year	1 540.9	1 494.3
1 year ≤ 5 years	5 083.6	5 070.3
≥ 5 years	8 628.1	8 872.3
Total*	**15 252.6**	**15 437.0**

The Group's lease contracts at 31 December have the following maturity structure measured in annual rent**

	2011			2010		
Remaining term	**No. of contracts**	**Rent**	**%**	**No. of contracts**	**Rent**	**%**
≤ 1 year	92	90.3	6 %	96	78.1	5 %
1 year ≤ 5 years	240	422.8	27 %	221	413.6	28 %
5 years ≤ 10 years	102	475.8	31 %	114	490.8	33 %
≥ 10 years	67	552.0	36 %	60	511.8	34 %
Total**	**501**	**1 540.9**	**100 %**	**491**	**1 494.3**	**100 %**

The table above shows the remaining non-terminable contractual rent for current lease contracts without taking into account the impact of any options.
* Rent includes rent from IFRIC 12 properties classified under net finance in the income statement.
** The rent is stated as the annualised contractual rent, and is therefore not reconcilable with the rental income for the year for accounting purposes.

Other parameters relating to the Group's contract portfolio	31 Dec. 2011	31 Dec. 2010
Vacancy rate of the management portfolio*	3.7 %	4.9 %
Share of public sector tenants	80.0 %	79.0 %
Weighted average remaining contract term	9.9 år	10.6 år

* In 2011 economic vacancy rate is stated in accordance with EPRA standards. In 2010, vacancy is based on floor space. Vacancy based on floor space in 2011 is 4.8 per cent.

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

NOTE 23 Other operating income

All amounts in NOK millions

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

	2011	2010
Sales of maintenance services to tenants	11.4	12.5
Administrative mark-ups	8.4	7.8
Sale of services*	1.9	29.5
Sale of residential property**	-	14.0
Service concession arrangements (IFRIC 12) recognised in the income statement	8.6	8.1
Compensation paid to tenants on vacating premises	-	6.0
Other operating revenue	2.9	2.3
Total other operating revenue	**33.1**	**80.2**

* The sale of services relates to property development and project management in Optimo Prosjekt AS. The company was part of the Group until 25 May 2011.

** The residential project Brekkeveien 8 AS has been sold by the Group, and so this relates to revenues obtained up until the sale, which was completed on 30 June 2010.

NOTE 24 Personnel costs

All amounts in NOK millions

Personnel costs	**2011**	**2010**
Wages, performance-related pay and other taxable benefits*	120.9	130.6
Employers' National Insurance Contributions	16.2	13.5
Pension expenses	21.6	12.2
Other personnel costs	9.5	8.2
Total personnel costs	**168.2**	**164.5**
Of which capitalised as buildings under construction	-7.5	-6.4
Of which shared costs to be distributed amongst tenants	-41.6	-35.7
Of which related to the ongoing operation of properties	-6.2	-9.9
Total payroll and personnel costs	**112.9**	**112.5**

Number of employees/full-time equivalents	**2011**	**2010**
Number of employees at 31 Dec.	155	166
Number of full-time equivalents at 31 Dec.	152	164
Average number of employees	160	167

* Wages, performance-related pay and other taxable benefits includes a NOK 15.3 (8.1) million provision for performance-related pay for all employees in 2011, which has not yet been paid out.

NOTE 24 Personnel costs (cont.)

Statement on the determination of salaries and other remuneration of senior executives

The Board's statement on the determination of salaries and other remuneration of senior executives is presented to the AGM and is included in the note to the annual accounts on payroll expenses. The statement is structured as follows:

- General guidelines on the compensation of senior executives
- The board's follow-up of senior executives' pay
- Explanation of the compensation of senior executives
- Determination of salaries and other remuneration in 2012
- Overview of total remuneration to senior executives in 2011

General guidelines on the compensation of senior executives

The Norwegian Government has laid down guidelines for terms of employment for senior executives in state-owned enterprises and companies, cf. Report no. 13 (2010-2011) to the Norwegian parliament (the Storting), Appendix 1. These guidelines form the foundation for the Board's remuneration policy at Entra Eiendom and provide guidance concerning recruitment and employment processes as well as in connection with the annual review of the salaries of the Group's senior management team and the CEO.

Compensation of senior executives is based on the Group's general HR strategy and remuneration policy. Entra Eiendom wants to be a highly professional organisation that attracts the best candidates and retains and develops employees. To this end, Entra needs to be able to offer good compensation packages, including competitive salaries, to ensure the company can recruit and retain attractive expertise. The guidelines on remuneration stress in particular that the overall compensation shall be competitive, but not above those of other similar companies in Norway. The guidelines also state that the principal element in the remuneration of senior executives should be the fixed basic salary and that all the individual components that make up the total remuneration package must be considered together as a whole. The targets linked to the company's performance-related pay scheme shall be objective, measurable and identifiable, and there must be a clear correlation between the company's targets and the targets in the performance-related pay scheme.

The board's follow-up of senior executives' pay

The Board has established a compensation committee consisting of four representatives from the current Board of Directors to monitor and determine the remuneration of the Group's senior executives. The compensation committee is chaired by the Chair of the Board. The compensation committee monitors the remuneration of senior executives in relation to the Government's guidelines for terms of employment for senior executives in state-owned enterprises and companies. The committee evaluates the company's performance reward schemes and proposes guidelines for determining Group senior executives' compensation. The Board determines the Chief Executive Officer's salary on an annual basis in light of a recommendation from the Board's compensation committee. The CEO consults the compensation committee in connection with determining the salaries of the members of the senior management team.

Explanation of the compensation of senior executives

The fixed basic salary is the principal element in the remuneration of the Group's senior executives and the Chief Executive Officer. In addition to the basic salary, the CEO has a performance-related pay scheme limited to 50 per cent of his/her annual salary. The total performance-related pay for other members of the senior management team cannot exceed 25 per cent of their annual salary. The CEO's performance-related pay is based on predefined targets regarding individual performance and company performance. The performance-related pay of Group directors is based on defined individual performance targets. In addition, the performance-related pay scheme for 2011 also includes company-level targets relating to return on equity, owner costs, achieved rents, occupancy rate, customer satisfaction and energy consumption.

NOTE 24 Personnel costs (cont.)

There are no share option schemes for key employees.

The CEO is entitled to receive his salary for 12 months after the termination of his contract, subject to certain limitations. In addition, the CEO is the only member of the Group management to have an agreement concerning an additional pension, determined by his employment contract from 2008. This pension scheme is a continuation of a pension agreement with a former employer. This scheme does not comply with the Government's guidelines on remuneration of senior executives. All other elements related to remuneration are in line with the guidelines. The CEO's pension benefits on reaching the age of 65 shall be equivalent to 66 per cent of his final salary less benefits from the National Insurance Scheme, the Norwegian Public Service Pension Fund and pension benefits earned at other companies. The minimum qualifying period for the additional pension is five years. After five years, 1/19 of the full pension rights are earned per year, based on his age on employment, until full pension entitlement is reached at the age of 65. The CEO can retire at the age of 62, in which case he will receive 60 per cent of his final salary until the age of 65. In the event of suffering from a more than 50 per cent long-term disability, the CEO is entitled to a disability pension. The benefit payable is 66 per cent of his final salary less benefits from the National Insurance Scheme, the Norwegian Public Service Pension Fund and pension benefits earned at other companies. The other members of the management group have a defined benefit pension limited to 12 times the National Insurance basic amount ("12G"), in line with the other employees.

The company covers other benefits to the management team in line with the benefits offered to the other employees at Entra and in accordance with standard practice at Norwegian companies.

The Chief Executive Officer and the rest of the management group have a number of internal directorships. They do not receive special remuneration for these directorships.

Determination of salaries and other remuneration in 2012

The Board will use the same guidelines for compensation of senior executives in 2012 as it did in 2011. The Board determines the Chief Executive Officer's salary, and the compensation committee is consulted in connection with determining the salaries of the other members of the senior management team. The annual determination of pay for senior executives is based on assessment of the individual employee.

The company's performance-related pay scheme was revised effective from the 2010 financial year. Under the new scheme, individual targets are set for the Chief Executive Officer, based on the company's strategy, targets and values. The company-wide targets have been updated for 2012, in accordance with the Board's annual review of the Group's balanced scorecard and overall objectives for operations, and have been incorporated as part of the performance-related pay scheme for 2012. For the other members of the Group's executive management, the 2012 performance-related pay scheme includes both defined individual goals and performance targets for the business and support areas.

NOTE 24 Personnel costs

All amounts in NOK thousands

Overview of total remuneration to senior executives in 2011

Payments to leading employees	Salaries	Performance-related pay	Natural benefits in kind	Estimated pension expense	Total compensation 2011	Total compensation 2010
Key employees						
Kyrre Olaf Johansen, CEO	3 135	885	239	1 017	5 275	6 003
Rune Olsø, Deputy CEO since 10 May 2010	2 531	540	145	147	3 362	2 781
Anne Harris, CFO, joined the company 1 Oct. 2010	2 536	-	120	147	2 803	658
Sverre Vågan, Director of Human Resources, left the company 28 Feb. 2011	378	161	26	24	588	1 458
Nils Fredrik Skau, Technical Director	1 430	298	112	147	1 987	1 737
Bjørn Holm, Director of Projects and Development	1 531	326	138	147	2 143	1 847
Ingrid Schiefloe, Director of Communication and Corporate Social Responsibility	1 110	242	142	147	1 641	1 305
Anders Solaas, Director of Marketing, joined the company 16 Aug. 2010	1 416	13	174	147	1 749	612
Total	**14 066**	**2 465**	**1 096**	**1 921**	**19 548**	**16 401**

	Board fees	Committee fees	Total compensation 2011	Total compensation 2010
The Board of Directors*				
Grace Reksten Skaugen, Chair	366	39	405	392
Martin Mæland, Vice-chair	183	22	205	198
Finn Berg Jacobsen, Board member	183	55	238	228
Åse Koll Lunde, Board member up until 29 December 2011	183	39	222	198
Ottar Brage Guttelvik, Board member	183	22	205	213
Tore Bendiktsen, employee representative**	183	-	183	173
Mari Fjærbu Åmdal, employee representative**	183	-	183	173
Total	**1 464**	**176**	**1 640**	**1 575**

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

* The Board and committee members received no other compensation than what is set out in the table.
** Does not include ordinary salary.

The Group has a performance-related pay scheme that covers all employees. Payments are based on the results achieved by the Group, customer satisfaction and individual goals.

NOTE 24 Personnel costs (cont.)

All amounts in NOK thousands

Auditor's fee	2011	2010
Legally required audit	1 450	1 800
Tax advice	63	170
Other services not related to auditing	295	513
Other auditing services	259	98
Total auditor's fee (excl. VAT)	**2 067**	**2 582**

NOTE 25 Operating expenses

All amounts in NOK millions

Operating expenses	2011	2010
Administrative costs	38.5	33.5
Operating expenses	38.1	63.3
Other operating costs	11.9	15.5
Total other operating expenses*	**88.6**	**112.2**

* A total of NOK 2.2 (NOK 1.6) million of the total operating expenses are related to properties that do not generate any income.

NOTE 26 Other property costs

All amounts in NOK millions

Other property costs	2011	2010
Rent paid by Entra Eiendom	59.3	74.5
Project operating expenses	32.7	17.6
Development costs	23.0	15.4
Depreciation and write-downs	12.3	26.4
Total other property costs	**127.2**	**133.9**

NOTE 27 Administrative owner costs

All amounts in NOK millions

Administrative expenses	2011	2010
Payroll and personnel expenses	112.9	112.5
Office expenses, furnishings and equipment	22.3	21.3
Consultancy fees	33.5	24.7
Other administrative owner costs	17.2	28.7
Total administrative owner costs	**186.0**	**187.2**

NOTE 28 Tax

All amounts in NOK millions

Deferred tax is stated net if the Group has a legal right to offset deferred tax assets against the deferred tax on the balance sheet, and if the deferred tax is owed to the same tax authority. The following net value was recognised:

	2011	2010
Deferred tax	2 887.2	2 494.9
Deferred tax assets	534.7	370.6
Net deferred tax	**2 352.5**	**2 124.3**

Change in deferred tax on balance sheet	**2011**	**2010**
Carrying amount at 1 Jan.	2 124.3	1 877.7
Recorded through profit and loss for the period	234.2	245.3
Loss carryforwards	-	0.5
Acquisition/disposal of subsidiaries	-5.9	0.8
Carrying amount at 31 Dec.	**2 352.5**	**2 124.3**

Change in deferred tax/deferred tax assets (not offset)

Deferred tax	**Non-current assets***	**Gains/losses**	**Total**
1 Jan. 2010	**2 150.7**	**41.2**	**2 191.9**
Recognised in income statement for the period	293.3	8.8	302.1
Acquisition and disposal of subsidiaries	0.8	-	0.8
31 Dec. 2010	**2 444.8**	**50.0**	**2 494.9**
Recognised in income statement for the period	415.1	-16.8	398.3
Acquisition and disposal of subsidiaries	-5.9	-	-5.9
31 Dec. 2011	**2 854.0**	**33.2**	**2 887.2**

* The Group has applied the main rule for recognition of deferred tax in connection with the purchase of shares in property companies that are not acquired through a business combination. This means that deferred tax is recognised as the difference between the tax value and consolidated accounting value of investment properties. Deferred tax linked to the retrospective accumulated change in the value of investment properties at 31 December 2011 is NOK 2,243.2 (1,944.9) million.

NOTE 28 Tax (cont.)

All amounts in NOK millions

	Provisions	Financial instruments	Receivable	Loss carryforwards	Total
Deferred tax assets					
1 Jan. 2010	**34.2**	**91.5**	**0.1**	**190.1**	**315.9**
Recognised in income statement for the period	-5.8	32.0	0.2	28.9	55.2
Loss carryforwards	-	-	-	-0.5	-0.5
Acquisition of subsidiaries	-	-	-	-	-
31 Dec. 2010	**28.4**	**123.5**	**0.3**	**218.4**	**370.6**
Recognised in income statement for the period	-	52.3	2.1	109.7	164.1
31 Dec. 2011	**28.4**	**175.8**	**2.4**	**328.1**	**534.7**

Tax payable is calculated as follows	**2011**	**2010**
Profit before tax	805.6	947.1
Share of profit/loss at associates	28.4	-42.2
Other permanent differences	6.2	12.5
Corrections to previous years	-4.1	-25.3
Changes in loss carryforwards	391.8	101.2
Changes in temporary differences*	-1 227.8	-982.0
Application of tax loss carryforwards	-	
Profit for tax purposes	**-**	**11.3**
Tax payable on the balance sheet	-	3.2
Tax payable on the balance sheet	**-**	**3.2**

Applicable tax rate 28 per cent.

* The increase in temporary differences is largely due to an increase in the value of the Group's properties.

NOTE 28 Tax (cont.)

All amounts in NOK millions

The tax expense for the year is calculated as follows	2011	2010
Tax payable	-	3.2
Correction of deferred tax	-7.5	-
Change in deferred tax	234.1	245.3
Tax expense for the year	**226.5**	**248.5**

Reconciliation of tax expense with profit multiplied by nominal tax rate	2011	%	2010	%
Profit for accounting purposes multiplied by nominal tax rate	225.6	28.0 %	265.2	28.0 %
Tax on share of profit/loss at associates	8.0	0.1 %	-11.8	-1.2 %
Tax on permanent differences	1.7	0.0 %	3.6	0.4 %
Corrections to previous years	-8.7	-0.1 %	-7.1	-0.7 %
Tax on other changes	-	0.0 %	-1.4	-0.1 %
Tax expense for accounting purposes	**226.5**	**28.0 %**	**248.5**	**26.3 %**

NOTE 29 Related parties

All amounts in NOK millions

Entra Eiendom AS is owned by the Norwegian government through the Ministry of Trade and Industry. Most of the company's premises are leased to public-sector tenants. Lease contracts are signed on commercial terms. NOK 1,154 million of the Group's annual rental income is generated by leases where the state is the customer, through various ministries.

In 2011, the Group's transactions and balances with jointly controlled entities and associates mainly related to loans and interest payments on loans. The aggregate figures are shown in the table below.

Other interest received	2011	2010
Jointly controlled entities	2.3	13.8
Associates	1.0	0.9
Total rental income	**3.3**	**14.7**
Receivables		
Jointly controlled entities	-	119.2
Associates	14.2	16.4
Total receivables	**14.2**	**135.6**

The agreement to purchase of the remaining 49 per cent of the shares in Ribekk AS of 15 June 2010 also included a clause on the property at Ringstabekkveien 105. This clause was settled in 2011 by the Group paying the previous owners NOK 10.5 million.

NOTE 30 Events after the balance sheet date

In 2012 Oslo S Utvikling AS (33.33 per cent) has signed an agreement to sell all the buildings in the DNB project. The sale is based on a property value of just under NOK 4.8 billion. Each of the buildings will be transferred on completion, and the first building, Midtbygget, is going to be handed over on 1 July 2012.

On 15 February 2012, Entra Eiendom and Oslo Pensjonsforsikring (OPF) signed an agreement for the establishment of a new jointly controlled property company in Bergen. The property Allehelgens gate 6, which was included in the consolidated balance sheet at 31 December 2011 is being transferred in connection with this transaction. The company will consist of the properties Lars Hilles gate 30 and Allehelgens gate 6.

NOTE 31 Earnings per share

Earnings per share are calculated as the profit for the year attributable to the shareholder of NOK 564.8 (737.2) million divided by the weighted average number of outstanding shares over the course of the financial year, which was 142,194 (142,194).

There are no dilution effects, so the diluted earnings per share are the same as the earnings per share.

	2011	2010
Comprehensive income for the year attributable to shareholder (NOK millions)	564.8	737.2
Average number of outstanding shares (Note 16)	142 194	142 194
Earnings per share (NOK)	3 972.0	5 184.7

NOTE 32 Cash flow from operating activities

All amounts in NOK millions

	2011	2010
Profit before tax	805.6	947.1
Loss/profit on the sale of shares and non-current assets	3.4	18.1
Loss/profit on the sale of other investments	-	0.2
Net expensed interest on loans from financial institutions	636.7	618.1
Accrued interest income	-4.0	-
Share of profit from associates and jointly controlled entities	28.4	-42.2
Ordinary depreciation	12.3	10.7
Write-downs of non-current assets	-	15.7
Non-cash impact of IFRIC 12	56.5	-18.8
Adjustment to value of investment property	-632.6	-526.6
Changes in the market value of financial derivatives	208.0	113.4
Changes in trade receivables	-36.6	-3.6
Changes in trade payables	89.5	-57.0
Difference between pension expense and payments into/out of pension schemes	-3.3	0.9
Change in other accruals	-10.8	69.9
Net cash flow from operating activities	**1 153.1**	**1 145.9**

“Entra is constantly developing new projects and new business areas, in support of the company’s business concept of adding value by developing, leasing and operating attractive and highly eco-friendly premises.”

Annual financial statements for Entra Eiendom AS

Entra Eiendom AS
Income statement 1 Jan.-31 Dec.

All amounts in NOK thousands

	Note	2011	2010
Operating revenue			
Rental income	9	828 782	828 853
Gain on the sale of non-current assets	2	20 671	93 477
Other operating revenue		17 760	17 440
Total operating revenue		**867 214**	**939 770**
Operating expenses			
Maintenance costs		44 690	52 551
Renovation costs		16 800	21 627
Ordinary depreciation	2	142 585	132 349
Other operating expenses	7.10.11.14	393 045	294 554
Total operating expenses		**597 120**	**501 080**
Operating profit		**270 094**	**438 690**
Financial income and expenses			
Income from investments in subsidiaries		118 324	-
Income from investments in associates and jointly controlled entities		95 300	-
Interest income from Group companies	14	210 966	219 666
Other interest received		5 066	16 959
Other financial income		7	13
Write-down of financial assets		-	-13 747
Interest paid		-519 859	-505 017
Other financial expenses		-16 575	-41 348
Net financial items		**-106 771**	**-323 475**
Profit before tax		**163 323**	**115 214**
Tax on profit	8	19 390	43 164
Profit for the year		**143 932**	**72 050**
Distribution of the profit for the year			
Dividends		137 000	124 600
Other equity		6 932	-52 550

Balance sheet at 31 Dec. - Assets

All amounts in NOK thousands

	Note	2011	2010
NON-CURRENT ASSETS			
Property, plant and equipment			
Sites, buildings and other real property	2	6 438 233	5 637 636
Plant and machinery	2	40 902	25 942
Buildings under construction	2	485 750	847 994
Total property, plant and equipment		**6 964 885**	**6 511 572**
Financial assets			
Loans to Group companies	4	41 921	26 546
Investments in subsidiaries	3	1 386 071	1 282 903
Investments in associates and jointly controlled entities	3	454 052	448 781
Loans to associates and jointly controlled entities	4	11 761	133 190
Investments in shares/stakes		50	50
Receivables from Group companies	4,5	3 879 593	4 152 719
Other non-current receivables	4	65 778	20 304
Total non-current financial assets		**5 839 227**	**6 064 494**
Total non-current assets		**12 804 112**	**12 576 066**
CURRENT ASSETS			
Receivables			
Trade receivables	5	17 551	19 254
Receivables from Group companies	5	130 327	110 030
Other current receivables		19 158	21 693
Total receivables		**167 036**	**150 977**
Cash and bank deposits	6	49 181	36 017
Total current assets		**216 217**	**186 995**
Total assets		**13 020 330**	**12 763 061**

Balance sheet at 31 Dec.
- Equity and liabilities

All amounts in NOK thousands

	Note	2011	2010
EQUITY			
Paid-in capital			
Share capital	1	142 194	142 194
Share premium reserve	1	1 271 984	1 271 984
Total paid-in equity		**1 414 178**	**1 414 178**
Retained earnings			
Other equity	1	507 594	500 662
Total retained earnings		**507 594**	**500 662**
Total equity	**1**	**1 921 772**	**1 914 840**
LIABILITIES			
Provisions			
Pension liabilities	7	48 149	43 099
Deferred tax	8	181 064	158 776
Other provisions	12	15 398	22 325
Total provisions		**244 611**	**224 201**
Other non-current liabilities			
Bonds	4	2 920 000	2 920 000
Liabilities to financial institutions	4	4 600 000	4 430 000
Other non-current liabilities	4	21 308	25 352
Total other non-current liabilities		**7 541 308**	**7 375 352**
Current liabilities			
Trade payables	5	121 847	95 005
Liabilities to group companies	5	15 305	191 707
Taxes due		9 371	8 153
Dividends	1	137 000	124 600
Commercial paper	4	2 800 000	2 650 000
Other current liabilities	13	229 116	179 203
Total current liabilities		**3 312 638**	**3 248 668**
Total liabilities		**11 098 558**	**10 848 222**
Total equity and liabilities		**13 020 330**	**12 763 061**

Oslo, 28 March 2012
The Board of Directors of Entra Eiendom AS

Grace Reksten Skaugen
Chair of the Board

Martin Mæland
Vice-chair

Ketil Fjerdingen
Board member

Finn Berg Jacobsen
Board member

Ottar Brage Guttelvik
Board member

Ida Helliesen
Board member

Mari Fjærbu Åmdal
Board member

Frode Halvorsen
Board member

Tore Benediktsen
Board member

Kyrre Olaf Johansen
Chief Executive Officer

Cash flow statement

All amounts in NOK thousands

	Note	2011	2010
Cash flow from operating activities			
Profit before tax		163 323	115 214
Tax paid for the year		-	525
Profit/loss on the sale of fixed assets	2	29 949	-93 477
Profit/loss on the sale of shares		40	22 388
Net expensed Interest on loans from financial institutions		537 218	526 388
Interest paid on loans from financial institutions		-520 561	-537 943
Write-downs of shares		-	4 159
Ordinary depreciation	2	142 585	132 349
Changes in trade receivables		1 703	-12 477
Changes in trade payables		26 841	-51 455
Difference between pension expense and payments into/out of pension schemes	7	5 049	1 046
Accrued interest income		-4 604	-18 647
Items classified as investment or financing activities		-213 624	-
Change in other accruals		-13 500	49 402
Net cash flow from operating activities		**154 420**	**137 474**
Cash flow from investment activities			
Sales of property, plant and equipment	2	47 590	260 611
Purchase of investment properties	2	-10 367	-8
Cost of upgrades to investment properties	2	-641 891	-536 947
Purchases of moveables, machinery and equipment	2	-27 155	-12 072
Sales of shares and stakes in other enterprises		-	20 081
Purchase of shares		-104 131	-209 452
Investments in associates and jointly controlled entities		-2 550	-1 320
Loans to associates and jointly controlled entities		-	-45 150
Repayment of loans to associates and jointly controlled entities		124 683	-
Net change in cash pool balance of subsidiaries		195 891	151 294
Repayment of loans to subsidiaries		1 007	-
New loans to subsidiaries		-15 032	-3 452
Dividends from associates and jointly controlled entities		95 300	-
Net cash flow from investment activities		**-336 656**	**-376 415**
Cash flow from financing activities			
New non-current liabilities		1 675 000	2 540 500
New current liabilities		4 144 000	3 515 000
Repayment of non-current liabilities		-1 505 000	-2 633 500
Repayment of current liabilities		-3 994 000	-3 050 000
Dividends paid		-124 600	-114 500
Net cash flow from financing activities		**195 400**	**257 500**
Net change in cash and cash equivalents		13 164	18 559
Cash and cash equivalents at the start of the year		36 017	17 459
Cash and cash equivalents at the end of the year		**49 181**	**36 017**

The financial statements have been prepared in compliance with the Norwegian Accounting Act and generally accepted accounting principles.

General principles for measurement and classification of assets and liabilities

Assets intended for long-term ownership or use are classified as non-current assets. Other assets are classified as current assets. Receivables that are repayable within a year are classified as current assets. When classifying current and non-current liabilities, equivalent criteria have been applied.

Current assets are measured at the lower of cost and fair value.

Non-current assets are measured at cost, but are written down to their recoverable value if the latter is lower than the carrying amount, and the impairment is expected to be other-than-temporary. Non-current assets with a limited useful life are depreciated according to a schedule.

Other non-current liabilities and current liabilities are measured at their face value.

Subsidiaries, associates and jointly controlled entities

Investments in subsidiaries and jointly controlled entities are included in the company accounts using the cost method. Investments are written down to their fair value if the reduction in value is other-than-temporary and the write-down appears to be necessary in accordance with generally accepted accounting principles. The same applies to investments in associates.

Dividends and Group contributions from subsidiaries are recognised as income from the investment in the subsidiary in the year that the allocation is made by the subsidiary. Dividends and Group contributions from subsidiaries that exceed the retained earnings over the period of ownership are considered repayments of the acquisition cost.

Dividends from associates and jointly controlled entities are recognised as income from the investment in the associates and jointly controlled entities in the year that the allocation is received. Dividends that exceed the retained earnings over the period of ownership are considered repayments of the acquisition cost.

Foreign currency

Monetary foreign currency items on the balance sheet are translated at the exchange rate on the balance sheet date.

Rental income

Rental income is recognised when it is earned, i.e. over the course of the lease term.

Lease contracts that are terminated are valued on an individual basis. Payments relating to the termination of contracts are recognised as income to the extent that the company is able to re-let the premises to a new tenant at a market rent. Such payments are accrued over the estimated vacancy period if the premises remain vacant.

Pensions

Pension costs and pension liabilities are calculated using a linear accumulation model based on assumptions relating to discount rates, projected salaries, the level of benefits from the National Insurance Scheme and future returns on pension scheme assets, as well as actuarial calculations of mortality, voluntary early retirement, etc. The net pension liability is the difference between the present value of pension obligations and the value of pension scheme assets allocated to pay for those benefits. Pension scheme assets are measured at fair value. Changes in liabilities due to changes in pension plans are allocated over the expected remaining contribution period. Actuarial gains and losses, and the impact of changes to actuarial assumptions, are amortised over the remaining expected contribution period if they exceed 10 per cent of whichever is greater of the pension liabilities and pension scheme assets (the “corridor”).

Employers’ National Insurance Contributions are expensed on the basis of the pension contributions made for secured (company) pension schemes.

Tax

The tax charge on the income statement covers both tax payable for the period and changes in deferred tax. Deferred tax is calculated at 28 per cent on the basis of the temporary differences that exist between accounting and tax values, as well as any losses carried forward for tax purposes at year-end. Temporary differences which increase or reduce tax and are reversed or may be reversed in the same period have been eliminated. Net deferred tax assets are shown on the balance sheet in so far as they are likely to be utilised.

Tax on Group contributions that is recorded as raising the cost price of shares in other companies, and tax on received Group contributions that is recorded directly against equity, is entered directly against tax on the balance sheet (the entry is made under tax payable if the Group contribution affects tax payable, and under deferred tax if the Group contribution affects deferred tax).

Property, plant and equipment

Property, plant and equipment are recognised on the balance sheet and are depreciated to a schedule over the anticipated useful life of the assets. Direct maintenance of property, plant and equipment is recognised in the income statement on an arising basis. Additions or improvements are added to the asset’s cost price and are depreciated in line with the asset.

Maintenance costs for large rehabilitation projects are described as rehabilitation costs in the accounts. This is done to distinguish them from ongoing, ordinary maintenance of the general management portfolio. The portion of the rehabilitation costs for these projects that represents additions or improvements is recognised on the balance sheet, whilst the remainder is charged as an expense. The accounting implications of this are described in Note 2.

Expenses related to construction projects are capitalised as buildings under construction. The financing costs for capital linked to the development of non-current assets are recognised on the balance sheet for accounting purposes, but are counted as an expense for tax purposes. Projects are recognised on the balance sheet and depreciated from the date of completion and when the non-current asset enters service.

Receivables
Trade receivables and other receivables are shown at nominal value after provisions for anticipated bad debts. Provisions for bad debts are made on the basis of individual assessments of the receivables.

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

The company has an account in a Group cash pooling arrangement and finances its subsidiaries' liquidity requirements.

Contingent liabilities
The company has a certain number of lease agreements where it is the tenant. These contracts are included in the letting activities. Under Norwegian Accounting Standards on contingent liabilities and assets, provision must be made for losses in the event that such premises remain vacant or partially vacant. The company has calculated the necessary provision as of 31 December. The cost of leasing the premises, the duration of the lease and the sub-lease's value have been taken into account for the calculation of the present value. Assumptions have also been made about the letting of vacant properties using the estimated vacancy period. An estimated rental price has been set based on lease agreements achieved.

Non-current liabilities
Non-current liabilities are shown on the balance sheet at nominal value on the initial date. Premiums and discounts in connection with taking on non-current liabilities, as well as arrangement fees, are accrued over the period of the loan. Similarly, in the event of the repurchase of bonds, premiums and discounts are accrued over the remaining term to maturity for the relevant liabilities.

All of the company's debt is subject to variable rates (including fixed rate bonds, which are swapped to a variable rate). The company has then used interest-rate swaps to convert its debt to fix-rate loans with varying maturities. For information on maturities, please see Note 4. The company accrues these interest-rate swaps in such a way that the fixed rate is expensed on the income statement. On the termination of interest-rate swap agreements, the profit or loss is accrued over the remaining term to maturity of the agreement in question.

The company has chosen to apply accounting principles which mean that changes in the value of the company's interest rate swaps are not recognised in the income statement. Hedged items are carried at their nominal value.

In general the Group's financing is based on negative pledge clauses.

Entra Eiendom AS is the parent company of a group of companies. The consolidated accounts can be obtained by writing to Entra Eiendom AS, Postboks 52, Økern NO-0508 Oslo.

NOTE 1 Equity

All amounts in NOK thousands

	Share capital	Share premium reserve	Other equity	Total
Equity at 1 Jan. 2011	142 194	1 271 984	500 662	1 914 840
Profit/loss for the year			143 932	143 932
Dividend appropriation			-137 000	-137 000
Equity at 31 Dec. 2011	**142 194**	**1 271 984**	**507 594**	**1 921 772**

The share capital of NOK 142,194,000 consists of 142,194 shares with a face value of NOK 1,000. All shares enjoy equal rights. All of the shares are owned by the Norwegian Government through the Ministry of Trade and Industry.

NOTE 2 Property, plant and equipment

All amounts in NOK thousands

	Sites*	Buildings	Machinery, fixtures and fittings	Art*	Buildings under construction*	Total property, plant, equipment
Acquisition cost at 1 Jan. 2011	540 912	6 017 387	80 453	5 906	847 994	7 492 652
Acquisitions	10 367	1 004 085	27 155	-	616 735	1 658 342
Disposals	-27 588	-67 621	-322	-	-978 980	-1 074 512
Acquisition cost at 31 Dec. 2011	523 690	6 953 851	107 285	5 906	485 750	8 076 482
Accumulated deprecation at 1 Jan. 2011	-	920 662	60 418	-	-	981 080
Depreciation for the year **	7	131 952	12 123	-	-	144 082
Disposals	-	-13 314	-252	-	-	-13 566
Accumulated deprecation at 31 Dec. 2011	7	1 039 300	72 289	-	-	1 111 597
Balance sheet value as of 31/12/2011	**523 683**	**5 914 550**	**34 996**	**5 906**	**485 750**	**6 964 885**
Anticipated useful life	69 år	50 år	3, 4, 10 år			
Depreciation schedule	Linear	Linear	Linear			

Acquisitions of buildings includes NOK 19,469,232 of interest on capitalised construction loans. Gains on the sale of non-current assets totalled NOK 20,671,425. Losses on the sale of non-current assets totalled NOK 50,620,883. The net gain amounted to NOK 29,949,458. In 2011 we sold six properties. This year's capitalised renovation costs total NOK 262,275,065.

* No depreciation is charged against sites and buildings under construction and art. The figure for depreciation of sites pertains to capitalised costs linked to infrastructure on leased land.

** The difference between this year's depreciation set out in the note and the total depreciation on the income statement is NOK 1,497,673.

Moveables have been included on the balance sheet if the depreciation is charged to joint tenant expenses on the balance sheet.

NOTE 3 – Subsidiaries, associates, etc.

All amounts in NOK thousands

Entra Eiendom AS

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

	Acquisition date	Business office	Shareholding and voting rights	Carrying amount
Subsidiary				
Oslo Z AS	20.09.2000	OSLO	100 %	80 000
Biskop Gunnerusgt. 14 AS	26.03.2001	OSLO	100 %	262 919
Universitetsgaten 2 AS	03.09.2001	OSLO	100 %	215 212
Kunnskapsveien 55 AS	17.12.2001	OSLO	100 %	58 714
Entra Kultur 1 AS	28.02.2002	OSLO	100 %	1 275
Kristian Augustsgate 23 AS	01.02.2003	OSLO	100 %	68 963
Nonnen Utbygging AS	10.02.2003	OSLO	100 %	7 601
Langkaia 1 AS	21.11.2003	OSLO	100 %	20 060
Kjørboparken AS	21.12.2005	OSLO	100 %	62 025
Ribekk AS	02.10.2006	OSLO	100 %	193 119
Bispen AS	24.10.2007	OSLO	100 %	100 967
Pilestredet 28 AS	07.05.2008	OSLO	100 %	359
Hagegata 24 AS	01.10.2008	OSLO	100 %	14 563
Stakkevollveien 11 AS	12.03.2010	OSLO	100 %	15 907
Hagegata 23 Eiendom AS	29.03.2010	OSLO	100 %	94 643
Holtermanns veg 1-13 AS	24.09.2010	OSLO	100 %	10 303
Karoline Kristiansensvei 2 AS	15.02.2011	OSLO	100 %	8 789
Youngskvartalet AS	30.03.2011	OSLO	100 %	119
Brødrene Sundt Verktøimaskinfabrik AS	01.10.2011	OSLO	100 %	85 642
Greenfield Datacenter AS	26.10.2011	OSLO	100 %	120
Papirbredden Eiendom AS	10.01.2005	OSLO	60 %	60 686
Brattørkaia AS	31.01.2006	OSLO	52 %	24 087
				1 386 071

NOTE 3 – Subsidiaries, associates, etc. (cont.)

All amounts in NOK thousands

Entra Eiendom AS

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

	Acquisition date	Business office	Shareholding and voting rights	Carrying amount	Book equity at 31 Dec. 2011	Profit/loss after tax for 2011
Jointly controlled entities						
Sørlandet Kunnskapspark Eiendom AS *	04.07.2005	KRISTIANSAND	51.00 %	5 271	14 755	-920
UP Entra AS konsern	31.12.2003	HAMAR	50.00 %	31 297	121 230	7 429
Oslo S. Utvikling AS	01.07.2004	OSLO	33.33 %	406 621	899 465	-61 400
Associate						
Ullandhaug Energi AS	07.07.2009	STAVANGER	44.00 %	6 490	13 941	1 291
Kunnskapsbyen Eiendom AS	31.12.2004	OSLO	33.75 %	3 746	13 061	-3 488
Youngstorget Parkeringshus AS	16.11.2005	OSLO	21.26 %	463	107	-45
Tverrforbindelsen AS	24.04.2009	TRONDHEIM	16.67 %	165	789	143
				454 052		

* In 2011, Sørlandet Kunnskapspark Eiendom AS (previously Kristiansand Kunnskapspark AS) was reclassified from subsidiary to joint venture, in keeping with a new interpretation of the shareholder agreement.

NOTE 4 Receivables, liabilities and financial instruments

All amounts in NOK millions

	2011	2010
Proportion of receivables which fall due after more than one year		
Loans to Group companies	42	27
Loans to Group companies (group cash pooling arrangement, non-current)	3 880	4 153
Options	4	4
Loans to associates and jointly controlled entities	12	133
Accrual of fees on financial instruments	62	17
Total non-current receivables	**3 999**	**4 333**

NOTE 4 Receivables, liabilities and financial instruments (cont.)

All amounts in NOK millions

Maturity structure of non-current liabilities	Year	2011 Loan value	2010 Loan value
	2011	-	1 204
	2012	691	691
	2013	2 750	2 030
	2014	1 425	1 425
	2015	100	-
	2016	1 750	-
	More than 5 years	825	2 025
Total		**7 541**	**7 375**

Undrawn credit facilities

At 31 Dec. 2011, the maturity structure of the company's new undrawn credit facilities was as follows:

Maturity structure of committed, undrawn credit facilities	Year	2011 Loan value	2010 Loan value
	2011	-	700
	2012	1 000	1 000
	2013	-	720
	2014	-	-
	2015	900	1 000
	2016	1 200	-
	2017	-	-
	2018	1 000	1 000
Total		**4 100**	**4 420**

Special terms and conditions in Entra Eiendom AS's loan agreements

In general the Group's financing is based on negative pledge clauses.

Loans and interest rate hedges

Interest rate hedging at Entra Eiendom AS is part of the Group's overall risk management, and must be viewed in that context. The interest-rate position should support the company's strategic development, and should reflect the company's risk profile and anticipated future market interest rates based on the company's interest rate view. The Group's guidelines on managing interest rate risk are expressed as a preferred interest rate structure (standard portfolio). The standard portfolio specifies the Group's requirements with respect to the weighted term and time segments.

At 31 December 2011, the average remaining term of Entra Eiendom AS's interest bearing liabilities was 3.4 years. The average interest rate on Entra Eiendom AS's portfolio of loans and interest-rate hedges was 5.27 per cent at 31 December 2011.

NOTE 4 Receivables, liabilities and financial instruments (cont.)

All amounts in NOK millions

Entra Eiendom AS's portfolio of loans and interest rate hedges has the following interest rate structure

		2011 Loan value	2010 Loan value
Up to one year	39 %	4 070	4 250
1-2 years	11 %	1 150	300
2-4 years	13 %	1 300	1 500
4-6 years	14 %	1 450	1 650
6-8 years	9 %	900	700
over 8 years	14 %	1 450	1 600
Total	**100 %**	**10 320**	**10 000**

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

Interest-bearing liabilities associated with hedging activities

Entra Eiendom AS uses interest rate derivatives to manage the interest rate risk arising from its interest-bearing liabilities.

The company's debt financing consists of bank loans, as well as commercial paper and bonds. The bank loans are subject to variable interest rates. Commercial paper is subject to variable interest rates. The company has issued both fixed-rate and variable-rate bonds. Outstanding fixed-rate bonds are hedged using fixed-to-variable interest rate swaps. As a result, the hedged bonds are classified as part of the company's portfolio of variable rate loans.

The company's exposure to variable interest rates is hedged for cash flow risk using variable-to-fixed interest rate swaps.

Cash flow hedging

Entra Eiendom AS's liabilities are directly or indirectly subject to variable interest rates. Entra Eiendom AS uses variable-to-fixed interest rate derivatives to manage the company's interest rate risk. Cash flows are hedged by matching the terms and volumes of the interest rate derivatives with the expected maturity profile of the company's interest-bearing liabilities. The expected maturity profile of Entra's interest-bearing liabilities is based on an assessment of the need to refinance existing liabilities and to obtain additional financing.

The table below shows that after taking into account cash flow hedges, 76 per cent of the company's interest-bearing liabilities are effectively subject to fixed interest rates.

Changes in NIBOR rates will therefore affect the interest expense on 24 per cent of the company's interest-bearing liabilities.

NOTE 4 Receivables, liabilities and financial instruments (cont.)

All amounts in NOK millions

Cash flow hedging

	2011	2010
Hedged item		
Variable interest rate debt	10 320	10 000
Hedge		
Interest rate swaps (variable-to-fixed)	7 850	7 300
Hedge ratio (unhedged position)	**2 470**	**2 700**
Hedge ratio (% hedged)	**76 %**	**73 %**

Changes in the cash flow hedges over the financial year:

Change in value	**2011**	**2010**
Opening balance – market value of liability	621	507
Change in value	204	114
Closing balance – market value of liability	**825**	**621**

The fair value of the company's interest rate swaps used as cash flow hedges specifies the present value of the contractual fixed-interest rate agreements. The present value represents the market value of company's liabilities to the counterparty of the interest rate swaps. The change in value over the financial year represents the change in the market value of liabilities. The reason for the increase in the market value of the company's liabilities for the financial year 2011 was falling market interest rates.

NOTE 4 Receivables, liabilities and financial instruments (cont.)

All amounts in NOK millions

Fair value hedging

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

Fair value hedging 2011	Total	Maturity structure Up to 1 year	1-5 years	>5 years
Hedged item				
Fixed interest rate debt	2 470	670	975	825
Hedge				
Interest rate swaps (fixed-to-variable)	2 470	670	975	825
Hedge ratio (unhedged position)	**-**	**-**	**-**	**-**
Hedge ratio (% hedged)	**100 %**			

Fair value hedging 2010	Total	Maturity structure Up to 1 year	1-5 years	>5 years
Hedged item				
Fixed interest rate debt	2 470	-	1 645	825
Hedge				
Interest rate swaps (fixed-to-variable)	2 470	-	1 645	825
Hedge ratio (unhedged position)	**-**	**-**	**-**	**-**
Hedge ratio (% hedged)	**100 %**			

Change in value	2011	2010
Opening balance – market value of liability	-24	19
Change in value	-51	-43
Closing balance – market value of liability	**-75**	**-24**

At 31 December 2011, the market value of the company's fair value hedges amounts to a receivable.

NOTE 5 Intergroup balances

All amounts in NOK thousands

Receivables	2011	2010
Trade receivables	1 717	2 015
Current receivables from, and loans to, Group companies	130 327	110 030
Non-current receivables from, and loans to, Group companies	3 921 514	4 179 266
Total	**4 053 558**	**4 291 311**

Liabilities	2011	2010
Trade payables	2 159	7 814
Current liabilities to Group companies	15 305	191 707
Total	**17 464**	**199 522**

The company has established a Group cash pooling arrangement. It is the net bank deposits that are presented as Entra Eiendom AS's cash at bank. In 2010 the company signed long-term loan agreements with its subsidiaries. Loans to subsidiaries are classified as current financial assets (short-term) and non-current financial assets (long-term).

NOTE 6 Restricted assets

All amounts in NOK thousands

Cash in hand and at bank at the period end is shown on the cash flow analysis.

	2011	2010
Tax withholding account	6 180	6 135

NOTE 7 Pensions

The company has pension schemes that cover a total of 153 current employees and 43 pensioners. The schemes provide an entitlement to defined future benefits. These benefits are mainly dependent on number of years of contributions, salary level on reaching retirement age and the level of benefits from the National Insurance Scheme. Commitments are covered through the Norwegian Public Service Pension Fund.

Entra Eiendom AS's employees are members of the Norwegian Public Service Pension Fund. It is a defined benefit pension scheme that gives all employees a guaranteed level of pension in the future. As a member of the Norwegian Public Service Pension Fund, the guaranteed pension level ensures a defined pension benefit. The guarantee means that employees will receive at least 66 per cent of their pension qualifying salary. Any income over and above 12 times the National Insurance Scheme's basic amount is not included in the qualifying salary. The pension benefit payable is based on the employee's salary, average percentage of full-time equivalents and length of service (30 years' service qualifies for a full pension). The company's pension scheme fulfils the stipulations of the Act on mandatory occupational pensions.

Entra operates an early retirement pension scheme (AFP) from the age of 62. Employees can cut back on their working week or retire completely. If they choose to cut back, they must continue to work 60 per cent of a full-time position. Between the ages of 62 and 65, pensions are calculated in accordance with the National Insurance Scheme's stipulations. On reaching the age of 65, the pension is calculated using either the National Insurance Scheme's rules or the Norwegian Public Service Pension Fund's rules, depending on which is better for the member. Employees are also insured against incapacity and death.

The CEO has a separate pension plan that is discussed in Note 10. The scheme covers salary over and above 12 times the National Insurance Scheme's basic amount ("G") in addition to the scheme with the Norwegian Public Service Pension Fund.

NOTE 7 Pensions (cont.)

All amounts in NOK thousands

	2011	2010
Present value of pensions earned this year	15 549	11 951
Interest expenses on the pension liability	5 001	5 806
- Return on pension scheme assets	-4 439	-3 900
Change in estimate recognised in income statement	1 850	142
Administrative expenses – Norwegian Public Service Pension Fund	284	255
Employers' National Insurance contributions	2 312	1 990
Net pension expense Norwegian Public Service Pension Fund	**20 557**	**16 242**
Life expectancy adjustment, 1943-1953 cohorts, recognised in income statement	-	-392
Change to indexing of retirement pension, recognised in income statement	-	-5 558
2 per cent employee pension contributions	-1 861	-1 453
+ Year's change in liability for CEO's unfunded pension scheme	870	3 000
Pension expense for the year	**19 567**	**11 838**

	31 Dec. 2011	31 Dec. 2010
Estimated pension liabilities at 31 Dec.	137 721	133 730
Pension scheme assets at 31 Dec.	-85 819	-74 356
Effect of actuarial gains/losses not charged to income	-15 178	-26 313
Net pension liabilities on balance sheet before employer's National Insurance contributions	**36 724**	**33 061**
Employers' National Insurance contributions	5 178	4 662
Net pension liabilities after employer's NICs	**41 902**	**37 722**
Liability for CEO's unfunded pension scheme	6 247	5 377
Total net pension liabilities after employer's NICs	**48 149**	**43 099**

Assumptions	2011	2010
Discount rate	3,80 %	3,80 %
Anticipated salary increases	3,50 %	4,00 %
Anticipated pension increase	2,50 %	3,00 %
Anticipated adjustment to the National Insurance Scheme's basic amount ("G")	3,25 %	3,75 %
Anticipated return on pension scheme assets	4,10 %	5,60 %
Anticipated take-up percentage for early retirement scheme (AFP)	40,00 %	40,00 %
Disability table used	200% K63	200% K63
Mortality table used	K2005	K2005

The actuarial assumptions are based on generally accepted assumptions in the insurance industry with regard to demographic factors.

NOTE 8 Tax

All amounts in NOK thousands

Tax for the year breaks down as follows	2011	2010
Excess provision in previous year (government stimulus package)	-	-525
Correction of deferred tax for last year	-	-490
Tax impact of Group contributions entered as investments	-2 897	-
Correction of permanent differences for last year	-	1
Change in deferred tax	22 288	44 178
Total tax	**19 390**	**43 164**

Calculation of the tax base for the year		
Profit before tax	163 323	115 214
Group contributions received	10 348	1 745
Corrections to previous years not recognised in income statement	-	-3
Permanent differences*	-93 989	38 946
Basis for tax for the year	**79 682**	**155 903**
Net temporary differences	-82	1 876
Change in differences included in the calculation of deferred tax	-79 600	-157 779
Tax base for the year	**-**	**-**

NOTE 8 Tax (cont.)

All amounts in NOK thousands

Overview of temporary differences	Change	2011	2010
Receivables	4 171	-4 871	-700
Non-current assets	-319 325	1 188 418	869 093
Provisions in accordance with generally accepted accounting principles	-6 928	-15 398	-22 325
Pensions	5 049	-48 149	-43 099
Gains and losses	59 292	115 816	175 108
Net temporary differences	-257 740	1 235 816	978 076
Loss carried forward	178 141	-589 158	-411 017
Basis for deferred tax on the balance sheet	**-79 600**	**646 659**	**567 059**
28 % deferred tax	-22 288	181 064	158 776
Deferred tax/Deferred tax assets on the balance sheet	**-22 288**	**181 064**	**158 776**

Explanation of why tax for the year does not equal 28 per cent of profit before tax	2011	2010
28 % tax on profit before tax	45 730	32 260
Correction of deferred tax	-23	-
Permanent differences (28 %)*	-26 317	10 904
Calculated tax	**19 390**	**43 164**
Effective tax rate	11.9 %	37.5 %

* Includes non-deductible expenses, such as entertainment, gains on the sale of shares and write-downs of shares.

NOTE 9 Rental income

All amounts in NOK thousands

In 2001, Entra Eiendom AS established a new regional structure for follow-up and operation of the company's properties. The geographical distribution of the rental income is presented in keeping with the new structure.

Geographical distribution	2011	2010
Central Oslo	317 063	318 997
Greater Oslo	246 704	248 636
Southern and Western Norway	180 979	178 960
Central and Northern Norway	84 036	82 260
Total	**828 782**	**828 853**

NOTE 10 Payroll expenses, number of employees, remuneration, etc.

All amounts in NOK thousands

Payroll and personnel expenses	**2011**	**2010**
Salaries, fees, etc.	110 224	97 321
Employers' National Insurance contributions	15 910	13 341
Pension expenses	19 567	11 639
Other expenses	799	784
Other personnel costs	9 687	8 843
Total	**156 188**	**131 928**
Of which capitalised as projects under development	-7 660	-5 551
Of which shared costs to be distributed amongst tenants	-38 148	-33 205
Of which related to the ongoing operation of properties	-8 468	-8 998
Total payroll and personnel costs	101 913	84 174

Over the year, on average 151 full-time equivalent staff worked at the company.

Statement on the determination of salaries and other remuneration of senior executives

The Board's statement on the determination of salaries and other remuneration of senior executives is presented to the AGM.

The statement is structured as follows:

- General guidelines on the compensation of senior executives
- The board's follow-up of senior executives' pay
- Explanation of the compensation of senior executives
- Determination of salaries and other remuneration in 2012
- Overview of total remuneration to senior executives in 2011

NOTE 10 Payroll expenses, number of employees, remuneration, etc. (cont.)

General guidelines on the compensation of senior executives
The Norwegian Government has laid down guidelines for terms of employment for senior executives in state-owned enterprises and companies, cf. Report no. 13 (2010-2011) to the Norwegian parliament (the Storting), Appendix 1. These guidelines form the foundation for the Board's remuneration policy at Entra Eiendom and provide guidance concerning recruitment and employment processes as well as in connection with the annual review of the salaries of the Group's senior management team and the CEO.

Compensation of senior executives is based on the Group's general HR strategy and remuneration policy. Entra Eiendom wants to be a highly professional organisation that attracts the best candidates and retains and develops employees. To this end, Entra needs to be able to offer good compensation packages, including competitive salaries, to ensure the company can recruit and retain attractive expertise. The guidelines on remuneration stress in particular that the overall compensation shall be competitive, but not above those of other similar companies in Norway. The guidelines also state that the principal element in the remuneration of senior executives should be the fixed basic salary and that all the individual components that make up the total remuneration package must be considered together as a whole. The targets linked to the company's performance-related pay scheme shall be objective, measurable and identifiable, and there must be a clear correlation between the company's targets and the targets in the performance-related pay scheme.

The board's follow-up of senior executives' pay
The Board has established a compensation committee consisting of four representatives from the current Board of Directors to monitor and determine the remuneration of the Group's senior executives. The compensation committee is chaired by the Chair of the Board. The compensation committee monitors the remuneration of senior executives in relation to the Government's guidelines for terms of employment for senior executives in state-owned enterprises and companies. The committee evaluates the company's performance reward schemes and proposes guidelines for determining Group senior executives' compensation. The Board determines the Chief Executive Officer's salary on an annual basis in light of a recommendation from the Board's compensation committee. The CEO consults the compensation committee in connection with determining the salaries of the members of the senior management team.

Explanation of the compensation of senior executives
The fixed basic salary is the principal element in the remuneration of the Group's senior executives and the Chief Executive Officer. In addition to the basic salary, the CEO has a performance-related pay scheme limited upwards to 50 per cent of his/her annual salary. The total performance-related pay for other members of the senior management team cannot exceed 25 per cent of their annual salary. The CEO's performance-related pay is based on predefined targets regarding individual performance and company performance. The performance-related pay of Group directors is based on defined individual performance targets. In addition, the performance-related pay scheme for 2011 also includes company-level targets relating to return on equity, owner costs, achieved rents, occupancy rate, customer satisfaction and energy consumption.

There are no share option schemes for key employees.

NOTE 10 Payroll expenses, number of employees, remuneration, etc. (cont.)

The CEO is entitled to receive his salary for 12 months after the termination of his contract, subject to certain limitations. In addition, the CEO is the only member of the Group management to have an agreement concerning an additional pension, determined by his employment contract from 2008. This pension scheme is a continuation of a pension agreement with a former employer. This scheme does not comply with the Government's guidelines on remuneration of senior executives. All other elements related to remuneration are in line with the guidelines. The CEO's pension benefits on reaching the age of 65 shall be equivalent to 66 per cent of his final salary less benefits from the National Insurance Scheme, the Norwegian Public Service Pension Fund and pension benefits earned at other companies. The minimum qualifying period for the additional pension is five years. After five years, 1/19 of the full pension rights are earned per year, based on his age on employment, until full pension entitlement is reached at the age of 65. The CEO can retire at the age of 62, in which case he will receive 60 per cent of his final salary until the age of 65. In the event of suffering from a more than 50 per cent long-term disability, the CEO is entitled to a disability pension. The benefit payable is 66 per cent of his final salary less benefits from the National Insurance Scheme, the Norwegian Public Service Pension Fund and pension benefits earned at other companies. The other members of the management group have a defined benefit pension limited to 12 times the National Insurance basic amount ("12G"), in line with the other employees.

The company covers other benefits to the management team in line with the benefits offered to the other employees at Entra and in accordance with standard practice at Norwegian companies.

The Chief Executive Officer and the rest of the management group have a number of internal directorships. They do not receive special remuneration for these directorships.

NOTE 10 Payroll expenses, number of employees, remuneration, etc. (cont.)

All amounts in NOK thousands

Determination of salaries and other remuneration in 2012

The Board will use the same guidelines for compensation of senior executives in 2012 as it did in 2011. The Board determines the Chief Executive Officer's salary, and the compensation committee is consulted in connection with determining the salaries of the other members of the senior management team. The annual determination of pay for senior executives is based on assessment of the individual employee.

The company's performance-related pay scheme was revised effective from the 2010 financial year. Under the new scheme, individual targets are set for the Chief Executive Officer, based on the company's strategy, targets and values. The company-wide targets have been updated for 2012, in accordance with the Board's annual review of the Group's balanced scorecard and overall objectives for operations, and have been incorporated as part of the performance-related pay scheme for 2012. For the other members of the Group's executive management, the 2012 performance-related pay scheme includes both defined individual goals and performance targets for the business and support areas.

Overview of total remuneration to senior executives in 2011

Payments to senior executives and the Board of Directors	Salaries	Performance-related pay	Benefits in kind	Estimated pension expense	Total compensation 2011	Total compensation 2010
Kyrre Olaf Johansen, CEO	3 135	885	239	1 017	5 275	6 003
Rune Olsø, Deputy CEO since 10 May 2010	2 531	540	145	147	3 362	2 781
Anne Harris, CFO, joined the company 1 Oct. 2010	2 536	-	120	147	2 803	658
Sverre Vågan, Director of Human Resources, left the company 28 Feb. 2011	378	161	26	24	588	1 458
Nils Fredrik Skau, Technical Director	1 430	298	112	147	1 987	1 737
Bjørn Holm, Director of Projects and Development	1 531	326	138	147	2 143	1 847
Ingrid Schiefloe, Director of Communication and Corporate Social Responsibility	1 110	242	142	147	1 641	1 305
Anders Solaas, Director of Marketing, joined the company 16 Aug. 2010	1 416	13	174	147	1 749	612
Total	**14 066**	**2 465**	**1 096**	**1 921**	**19 548**	**16 401**

NOTE 10 Payroll expenses, number of employees, remuneration, etc. (cont.)

All amounts in NOK thousands

The Board of Directors*	Board fees	Committee fees	Total compensation
Grace Reksten Skaugen, Chair	366	39	405
Martin Mæland, Vice-chair	183	22	205
Finn Berg Jacobsen, Board member	183	55	238
Åse Koll Lunde, Board member up until 29 December 2011	183	39	222
Ottar Brage Guttelvik, Board member	183	22	205
Tore Benediktsen, employee representative**	183	-	183
Mari Fjærbu Åmdal, employee representative**	183	-	183
Total	**1 464**	**176**	**1 640**

* The Board and committee members received no other compensation than what is set out in the table.
** Does not include ordinary salary.

The company has a performance-related pay scheme that covers all employees. Payments are based on the results achieved by the company (IPD), customer satisfaction and individual goals.

Fees are not paid to employees of Entra Eiendom AS for being directors of subsidiaries, etc.

Auditor's fee	2011	2010
Statutory audit	870	1 095
Other auditing services	70	78
Tax advice	-	85
Other services not related to auditing	295	336
Total auditor's fee (excl. VAT)	**1 235**	**1 593**

NOTE 11 Other operating expenses

All amounts in NOK thousands

	2011	2010
Management, operation and development of properties	163 947	138 973
Payroll and personnel costs	101 913	84 174
Loss on the sale of non-current assets	50 621	-
Other administrative costs	76 564	71 406
Total other operating expenses	**393 045**	**294 554**

NOTE 12 Other provisions

All amounts in NOK thousands

	2011	2010
Provision for rent payments	15 398	22 325
Total other provisions	**15 398**	**22 325**

NOTE 13 Other current liabilities

All amounts in NOK thousands

	2011	2010
Prepayments from customers	94 086	70 352
Interest accrued	90 664	74 007
Wages and holiday pay owed	28 422	25 591
Total current liabilities	15 944	9 253
Total current liabilities	**229 116**	**179 203**

NOTE 14 Related party transactions

All amounts in NOK thousands

Entra Eiendom AS is owned by the Norwegian Government through the Ministry of Trade and Industry. Most of the company's premises are leased to public-sector tenants. Lease contracts are signed on commercial terms.

Related party transactions

	Counterparty	2011
Rental cost	Subsidiary	16 950
General manager fees*	Subsidiary	5 156
Project management*	Subsidiary	4 158
Invoiced payroll expenses**	Subsidiary	36 596
Invoiced operating expenses**	Subsidiary	5 436
Interest income	Subsidiary	210 966
Interest income	Jointly controlled entities	2 331
Interest income	Associates	1 014

The Group's balances with subsidiaries, jointly controlled entities and associates are described in Notes 4 and 5.

* The company recognises this income as a reduction in expenses (offsetting).
** Some of the expenses are passed on to the tenants as shared costs.

Auditor's report

To the Annual Shareholders' Meeting of Entra Eiendom AS

Independent auditor's report

Report on the Financial Statements

We have audited the accompanying financial statements of Entra Eiendom AS, which comprise the financial statements of the parent company and the financial statements of the group. The financial statements of the parent company comprise the balance sheet as at 31 December 2011, and the income statement and cash flow statement, for the year then ended, and a summary of significant accounting policies and other explanatory information. The financial statements of the group comprise the balance sheet at 31 December 2011, income statement, changes in equity and cash flow for the year then ended, and a summary of significant accounting policies and other explanatory information.

The Board of Directors and the Managing Director's Responsibility for the Financial Statements

The Board of Directors and the Managing Director are responsible for the preparation and fair presentation of the financial statements of the parent company in accordance with Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and for the preparation and fair presentation of the financial statements of the group in accordance with International Financial Reporting Standards as adopted by EU and for such internal control as the Board of Directors and the Managing Director determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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Org.no.: 987 009 713 MVA, Medlem av Den norske Revisorforening

Opinion on the financial statements of the parent company

In our opinion, the financial statements of the parent company are prepared in accordance with the law and regulations and present fairly, in all material respects, the financial position for Entra Eiendom AS as at 31 December 2011, and its financial performance and its cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.

Opinion on the financial statements of the group

In our opinion, the financial statements of the group present fairly, in all material respects, the financial position of the group Entra Eiendom AS as at 31 December 2011, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by EU.

Report on Other Legal and Regulatory Requirements

Opinion on the Board of Directors' report and statement of corporate governance principles and practices

Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Board of Directors report and statement of corporate governance principles and practices concerning the financial statements and the going concern assumption, and the proposal for the allocation of the profit is consistent with the financial statements and complies with the law and regulations.

Opinion on Registration and Documentation

Based on our audit of the financial statements as described above, and control procedures we have considered necessary in accordance with the International Standard on Assurance Engagements ISAE 3000 "Assurance Engagements Other than Audits or Reviews of Historical Financial Information", it is our opinion that management has fulfilled its duty to produce a proper and clearly set out registration and documentation of the company's accounting information in accordance with the law and bookkeeping standards and practices generally accepted in Norway.

Oslo, 28 March 2012
PricewaterhouseCoopers AS

Bjørn Rydland
State Authorised Public Accountant (Norway)

Note: This translation from Norwegian has been prepared for information purposes only.

Financial calendar 2012

May 8 2012	Q1 2012
May 14 2012	Annual General meeting
August 21 2012	Q2 2012
November 6 2012	Q3 2012

Contact information

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