

## 2002

### Directors Report

Entra Eiendom AS is engaged in developing, letting, management, operation, sale, and purchase of real estate in Norway. In addition to Entra Eiendom, the group consist of Entra Eiendom Drift AS, Universitetsgaten 2 AS, Biskop Gunnerusgate 14 AS, Instituttveien 24 AS, and Tollpakketuset AS.

The entity's head office is in Oslo, Norway.

The entity has three regional offices, respectively in Skien, Bergen, and Trondheim.

Entra Eiendom is engaged in letting commercial properties, mainly office building premises, in larger Norwegian cities and towns, primarily in the Oslo- and Eastern area. Public tenants are the entity's largest customer group. At the end of 2002, the entity managed a property portfolio of approximately 840.000 m<sup>2</sup> divided between roughly 120 properties.

Projects that were initiated during 2001 are further developed in 2002. Additionally, the entity's portfolio is extended with several new properties. The entity has, through its activities in 2002, entrenched its position in the Norwegian real estate market.

Entra has entered into a great deal of new and good rental contracts, despite a difficult market. Customers have expressed satisfaction with Entra's area-efficient and rational solutions. Additionally, the entity has established new, in conjunction with enhancing existing, customer relationships during the period. The latter, which has added value to the owners.

During 2002, the Munch Quarter in Oslo was 100% pre-let, approximately 60.000 m<sup>2</sup>. The Ministry of Justice entered into a long-term rental contract for Borgarting Lagmannsrett with completion during 2005. Late December 2002, the entity entered an agreement with the Norwegian Union of Municipal Employees (Norsk Kommuneforbund) to sell the property Keyersgate 15.

In 2002, the entity has bought the National Library in Oslo. The existing building will be refurbished. In accordance with the Ministry of Culture and Church Affairs, Entra Eiendom will construct a new building for offices and storage. Thirty groups of architects and landscape architects submitted ideas, in the project contest, for an expansion of the new property and its surrounding park. The winner was announced in December. The project will be finalised within 2005.

Biskop Gunnerusgate 14 was fully let in 2002 (former Postgirobygget), due to the agreement with Aftenposten as a tenant. An agreement to purchase the properties in Akersgaten 32, 34, 36, and 51 from the media group Schibsted ASA implies that Entra expands its portfolio with more centrally located office buildings with great potential for further development. Additionally, Entra is to acquire Schibsted Drift AS, which gives a valuable contribution to the entity's competence within administration and service.

There has also been considerable activity outside of Oslo. The new office building for the county in Kristiansand is almost finalised, which is according to plan and within budget. The old Trondheim Customs Warehouse building is rehabilitated, and in November, the District Court Administration officially opened its new head office in this prestigious building. The construction of the new Justice Building in Moss has started.

A large number of new rental agreements are agreed upon, both with new and existing tenants.

### **Financial statement, financial conditions, and liquidity**

The accounts for 2002 are based on the Group being a going concern. Profit and loss projections for the year 2003 and the entity's long-term strategic projections for the year to come, show positive figures. The entity has a healthy economic position, with satisfactory liquidity.

### **Income and cash flow statement**

The Group's total turnover in 2002 was 637,8 million NOK. Operating profit was 186,1 million NOK, and profit before tax was -17,8 million NOK. The financial statement of 2002 shows signs of considerable expenses attached to projects under development with hefty rehabilitation.

### **Balance and equity**

At the end of the year, total capital was 6.518,0 million NOK. As per 31.12.2002, entered equity-to-assets ratio was 23,1 per cent. Based on, the average of, two external and independent estimation of value, there are added value beyond the entered values in the Group.

### **Financing and liquidity – financial risk**

The Group's liquidity, including current financial investments per 31.12.2002, was 173,6 million NOK. Additionally, the entity had, per 31.12.2002, committed, un-drawn financial limits with Norwegian banks amounting to 750 million NOK.

During the year 2002, focus has been on organising the Group's long term financing through relationship building against large institutions in the capital market. During February 2003, Norwegian banks have committed long term funding for 6 billion NOK, as part of the long-term financial structure. Hence, the entity has secured its refinancing of existing bank debt, debt to the Norwegian Government, and financing of planned activities. The Norwegian Government debt will be cleared as per 31.03.2003. The proceeding refinancing secures the course of action for further development in line with the Group's strategy.

The Group's ability to equity financing of investments is satisfactory.

Total debt in the Group, as per 31.12.2002, was 5.012,9 million NOK. Total interest-bearing debt in the Group, as per 31.12.2002, was 4.687,7 million NOK.

The entity has agreed upon an interest hedging policy that imply that the weighted duration, in the loan portfolio and hedging instruments, is to be between 2-4 years, as regards the Group's planned provision of new money. At the end of 2002, the Group's average rate of interest is 6,7% per annum.

**Result of the year and disclosure**

The board of directors propose the following for managing of the result of the year for Entra Eiendom:

|                             |                        |
|-----------------------------|------------------------|
| Proposed Group contribution | NOK 0                  |
| Allocation to other equity  | NOK 130.248.846        |
| <u>Total allocation</u>     | <u>NOK 130.248.846</u> |

As per 31.12.2002, the entity's free equity was NOK 244.618.693, -.

**Shareholder information**

The Norwegian Government by Ministry of Trade and Industry owns 100 per cent of the entity's shares.

**Work climate and personnel**

The amount of sick leave in the entity, during 2002, has been 8.152 hours, which is 5.01 per cent of total work time. The figure is viewed as moderate.

There has not been reported any serious working incidents or accidents of any kind that have resulted in great materiel damages or personnel damages.

The working climate is regarded as satisfactory, which is confirmed through appraisal interviews. The appraisal interviews are carried out twice a year amongst the employees. Based on the results of these interviews, the entity carries out initiatives for improvement.

The co-operation with the employee organisations has been constructive and contributed positively to the management.

The trend recent years, that an increasing proportion of the work force is retiring with long term social security agreements are not beneficiary for the individual, entity, nor the community. Sickness, disability, and early retirement are also contributing to weaken the access of labour to all parts of the community. In 2001, the Government and the related parties in labour entered into a letter of intent regarding co-operation of strengthening the operating line in working life. Entra committed itself to the agreement, "Inkluderende arbeidsliv", in 2002.

**The environment**

It is a goal for Entra Eiendom that buildings make as little as possible liability to the environment, in conjunction with the entity's good utilisation of energy and other resources within its economical conditions. Entra perform yearly cost analysis for all their investments to locate optimal systems, to balance investments, management/administration, and maintenance. Entra contributes to the industry by reducing the liability on our natural resources. Entra re-uses structural material, if possible, uses environmentally sound materials, and make use of water-born heating that render possible water-pumps and renewable energy forms.

In all new projects, rebuilding, and rehabilitation work, Entra attach importance to initiatives that reduces the energy consumption. The administration personnel have a

prioritised task following up the property's continuous energy consumption and minimise consumption.

Area efficiency is one of Entra's most important factors for contribution to a viable development. Entra Eiendom AS is actively working towards implementing new working practices and rational areas in all our properties.

The antiquarian values in the entity's building are properly attended to according to existing laws and regulations. By disposal of properties with buildings built before 1950, the entity follow the regulation in point 2.1, forth section in "Instruks om avhending av fast eiendom som tilhører staten m.v (Kgl. Res. 19.12.1997)" or the regulation that succeed the latter.

Effluents from the properties, including material that may involve environmental damages, are within the Government set requirements. The entity's operations are not regulated by impositions or concessions.

#### **Future development**

During last year, Entra has entrenched its position as a central participant in the Norwegian real estate market.

Further development of the good alliances that are entered during the entity's first 2,5 years is essential to additional strengthen its position in the market. Partner-oriented cooperation will be important in due time for the entity if it will reach its goal regarding growth, value, and profit performance.

#### **Prioritised areas**

The entity is exclusively operating in Norway, and has no plans for international commitment. The entity's declared target is to be leading in its prioritised market. Adaptation of the portfolio is continuous considered, in relation to customer relations.

Entra Eiendom's customer portfolio consists of 93 per cent public tenants. These are primary customers and the entity has solid knowledge about this customer group's need for premises and related services. Simultaneously, the entity has a strategic aim to increase its portion of private tenants in the years to come.

The entity has established a strategy towards 2005 that secures the foundation for further positive development. Continuous growth will be reach through processing and development of existing property mass and customer relationship, new buildings, and acquisitions. Additionally, the entity sees a wide range of new possibilities. As part of the further development, the entity seeks to broaden its spectre of services towards the customers through "facility management".

#### **Future investments**

Entra has a considerable amount of projects under development in its portfolio. 217.991 m<sup>2</sup> or 26% of a total portfolio of 838.626 m<sup>2</sup> are projects under development, such as re-building, rehabilitation, addition, or new building. During 2003 will 139.000 m<sup>2</sup> be finalised, practically already fully let.

In line with the entity's strategy, future needs and localisation questions for our primary customer group will most likely involve new investments.

### **Financial development**

Based on a valuation of the entity's balance, in conjunction with the solid and long term underlying cash flow, the Group has, in the view of its board, a strong and good financial capacity to accomplish the planned investment activities. The committed limits for long term funding secure the entity's freedom of action.

### **Occurrence after the end of the financial year**

In January 2003, Entra Eiendom AS entered into an agreement with Norwegian Union of Municipal Employees (Norsk Kommuneforbund) to acquire 100 per cent of the shares in Kristian Augusts gate 23 AS, which owns Kristian Augusts gate 23 in Oslo. Furthermore, an agreement with Norwegian Union of Health and Social Workers (Norsk Helse- og Sosialforbund) were entered to acquire the property Tvetenveien 22 in Oslo. The entity has also entered into an agreement with the two unions (which have merged) to sell the property Keyersgate 15 in 2004. All of the areas in Munch Quarter, after the latter transaction, have been employed.

In connection with the deal made, in December 2002, with Schibsted Group, a due-diligence attached to Entra's acquisition of the shares in Schibsted Drift AS has been performed in January 2003. Entra Eiendom AS has acquired, to book value, shares, as per 01.01.03. Schibsted Drift AS will be incorporated in Entra's remaining administration organisation. Schibsted Drift AS will also have responsibility for the operational administration of Schibsted Group's residual properties.

Oslo 20<sup>th</sup> February 2003

Steinar Stokke  
*Chairman of the Board*

Hanne Berg  
*Board member*

Gerd Kjellaug Berge  
*Board member*

Trine Buttingsrud Mathiesen  
*Board member*

Knut Grøholt  
*Board member*

Bjørnar Sletten  
*Board member*  
*(Employee representative)*

Nils Arne Gundersen  
*Board member*  
*(Employee representative)*

Erik Løfsnes  
*Chief Executive Officer*  
*(CEO)*

## Income Statement 01.01-31.12

| Entra Eiendom AS                |                 | (Amounts in NOK 1000)             | Entra Eiendom Group |                 |                 |
|---------------------------------|-----------------|-----------------------------------|---------------------|-----------------|-----------------|
| 2001                            | 2002            |                                   | Note                | 2002            | 2001            |
| <b>OPERATING INCOME</b>         |                 |                                   |                     |                 |                 |
| 576 389                         | 605 381         | Rental income                     | 10                  | 637 436         | 614 825         |
| 22 508                          | 35 906          | Other operating income            |                     | 36 378          | 22 433          |
| <u>598 898</u>                  | <u>641 286</u>  | <b>Total operating income</b>     |                     | <u>673 814</u>  | <u>637 259</u>  |
| <b>OPERATING EXPENSES</b>       |                 |                                   |                     |                 |                 |
| 105 280                         | 134 732         | Maintenance                       | 13                  | 242 656         | 114 555         |
| 59 402                          | 61 703          | Management and operating costs    | 13                  | 80 428          | 62 126          |
| 35 523                          | 53 375          | Salaries and other staff costs    | 13                  | 54 694          | 38 491          |
| 76 749                          | 82 330          | Ordinary depreciation             | 2                   | 109 891         | 93 209          |
|                                 |                 | Depreciation on goodwill          |                     | 65              |                 |
| <u>276 955</u>                  | <u>332 140</u>  | <b>Total operating expenses</b>   |                     | <u>487 735</u>  | <u>308 381</u>  |
| <u>321 943</u>                  | <u>309 147</u>  | <b>OPERATING PROFIT</b>           |                     | <u>186 080</u>  | <u>328 878</u>  |
| <b>FINANCIAL INCOME/EXPENSE</b> |                 |                                   |                     |                 |                 |
| -                               | 22 465          | Income from other group companies |                     | -0              | -               |
| 23 591                          | 12 918          | Other interest received           |                     | 13 423          | 25 339          |
| 144                             | 1 073           | Other financial income            |                     | 1 073           | 144             |
|                                 | -1 615          | Interest paid to group companies  |                     | 0               | -               |
| -150 249                        | -161 586        | Other interest expense            |                     | -217 778        | -198 462        |
| -14 554                         | -618            | Other financial expense           |                     | -618            | -16 798         |
| <u>-141 068</u>                 | <u>-127 363</u> | <b>Net financial items</b>        |                     | <u>-203 901</u> | <u>-189 778</u> |
| <b>180 875</b>                  | <b>181 784</b>  | <b>PROFIT BEFORE TAXES</b>        |                     | <b>-17 822</b>  | <b>139 100</b>  |
| 50 701                          | 51 535          | Tax on ordinary result            | 9                   | -4 523          | 39 417          |
| <u>130 173</u>                  | <u>130 249</u>  | <b>RESULT OF THE YEAR</b>         |                     | <u>-13 299</u>  | <u>99 684</u>   |
| <b>Disclosure:</b>              |                 |                                   |                     |                 |                 |
| 80 000                          | -               | <i>Dividend</i>                   |                     |                 |                 |
| 50 173                          | 130 249         | <i>Allocation to other equity</i> |                     |                 |                 |

## Assets at 31.12

| Entra Eiendom AS               |                  | (Amounts in NOK 1000)                | Entra Eiendom Group |                  |                  |
|--------------------------------|------------------|--------------------------------------|---------------------|------------------|------------------|
| 2001                           | 2002             |                                      | Note                | 2002             | 2001             |
| <b>FIXED ASSETS</b>            |                  |                                      |                     |                  |                  |
| <b>Intangible fixed assets</b> |                  |                                      |                     |                  |                  |
| 26 512                         | 20 814           | Deferred tax asset                   | 9                   | 15 945           | 11 367           |
|                                |                  | Goodwill                             | 2                   | 261              | -                |
| <u>26 512</u>                  | <u>20 814</u>    | <b>Total intangible fixed assets</b> |                     | <u>16 206</u>    | <u>11 367</u>    |
| <b>Tangible fixed assets</b>   |                  |                                      |                     |                  |                  |
| 3 226 459                      | 3 909 139        | Land, buildings, and other property  | 2                   | 5 171 124        | 4 374 297        |
| 13 094                         | 8 682            | Machinery and plant                  | 2                   | 12 872           | 13 094           |
| 186 176                        | 522 138          | Projects under development           | 2                   | 924 276          | 230 566          |
| <u>3 425 729</u>               | <u>4 439 958</u> | <b>Total tangible fixed assets</b>   |                     | <u>6 108 273</u> | <u>4 617 957</u> |
| <b>Financial fixed assets</b>  |                  |                                      |                     |                  |                  |
| 103 795                        |                  | Loan to group entities               | 5                   | -                |                  |
| 357 207                        | 475 520          | Investments in subsidiaries          | 3                   | 0                |                  |
| -                              | 1 539            | Investments in stocks and shares     |                     | 239              |                  |
| 7 475                          | 8 778            | Other long term fixed assets         | 4                   | 8 778            | 7 475            |
| <u>468 477</u>                 | <u>485 836</u>   | <b>Total financial fixed assets</b>  |                     | <u>9 017</u>     | <u>7 475</u>     |
| <u>3 920 718</u>               | <u>4 946 609</u> | <b>Total non-current assets</b>      |                     | <u>6 133 495</u> | <u>4 636 799</u> |
| <b>CURRENT ASSETS</b>          |                  |                                      |                     |                  |                  |
| <b>Debtors</b>                 |                  |                                      |                     |                  |                  |
| 143 273                        | 143 245          | Trade debtors                        |                     | 145 109          | 143 273          |
| 5 620                          | 66 495           | Other debtors                        | 5                   | 65 772           | 90 774           |
| <u>148 892</u>                 | <u>209 739</u>   | <b>Total debtors</b>                 |                     | <u>210 881</u>   | <u>234 047</u>   |
| 35 013                         | 18 377           | Bonds and certificates               | 12                  | 18 377           | 35 013           |
| 124 127                        | 826 936          | Cash and bank deposits               | 6                   | 155 218          | 164 520          |
| <u>308 032</u>                 | <u>1 055 053</u> | <b>Total current assets</b>          |                     | <u>384 477</u>   | <u>433 580</u>   |
| <u>4 228 751</u>               | <u>6 001 662</u> | <b>TOTAL ASSETS</b>                  |                     | <u>6 517 971</u> | <u>5 070 379</u> |

## Equity and Liabilities at 31.12

| Entra Eiendom AS                    |                  | (Amounts in NOK 1000) | Entra Eiendom Group |                  |
|-------------------------------------|------------------|-----------------------|---------------------|------------------|
| 2001                                | 2002             |                       | 2002                | 2001             |
| <b>EQUITY</b>                       |                  |                       |                     |                  |
| <b>Paid in capital</b>              |                  |                       |                     |                  |
| 142 194                             | 142 194          |                       | 142 194             | 142 194          |
| 1 271 984                           | 1 271 984        | 1, 7                  | 1 271 984           | 1 271 984        |
| <u>1 414 178</u>                    | <u>1 414 178</u> | 1                     | <u>1 414 178</u>    | <u>1 414 178</u> |
| <b>Retained earnings</b>            |                  |                       |                     |                  |
| 135 184                             | 265 433          |                       | 91 484              | 104 783          |
| <u>135 184</u>                      | <u>265 433</u>   | 1                     | <u>91 484</u>       | <u>104 783</u>   |
| <u>1 549 362</u>                    | <u>1 679 611</u> |                       | <u>1 505 662</u>    | <u>1 518 961</u> |
| <b>LIABILITIES</b>                  |                  |                       |                     |                  |
| <b>Long term liabilities</b>        |                  |                       |                     |                  |
| 559 800                             | 552 800          |                       | 1 417 800           | 1 424 800        |
| 1 584 891                           | 3 269 891        | 4                     | 3 269 891           | 1 584 891        |
| <u>2 144 691</u>                    | <u>3 822 691</u> | 4                     | <u>4 687 691</u>    | <u>3 009 691</u> |
| <b>Current liabilities</b>          |                  |                       |                     |                  |
| 142 042                             | 51 079           |                       | 54 256              | 164 396          |
| 29 286                              | -                |                       | 55                  | 34 154           |
| 2 580                               | 1 393            | 9                     | 1 393               | 2 580            |
| 80 000                              | -                |                       | -                   | 80 000           |
| 280 790                             | 446 889          | 5                     | 268 915             | 260 598          |
| <u>534 698</u>                      | <u>499 361</u>   |                       | <u>324 618</u>      | <u>541 727</u>   |
| <u>2 679 389</u>                    | <u>4 322 051</u> |                       | <u>5 012 309</u>    | <u>3 551 418</u> |
| <u>4 228 751</u>                    | <u>6 001 662</u> |                       | <u>6 517 971</u>    | <u>5 070 379</u> |
| <b>TOTAL EQUITY AND LIABILITIES</b> |                  |                       |                     |                  |

Oslo 20. February 2003

\_\_\_\_\_  
Steinar Stokke  
Chairman

\_\_\_\_\_  
Hanne Berg

\_\_\_\_\_  
Gerd Kjellaug Berge

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Knut Grøholt

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Trine Buttingsrud Mathiesen

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Nils Arne Gundersen

\_\_\_\_\_  
Bjørnar Sletten

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Erik Løfsnes  
Chief executive officer (CEO)



## Cash Flow Statement 01.01-31.12

| <b>Entra Eiendom AS</b> |                   | (Amounts in NOK 1000)                                       | <b>Entra Eiendom Group</b> |                   |
|-------------------------|-------------------|---|----------------------------|-------------------|
| <b>2001</b>             | <b>2002</b>       |   | <b>2002</b>                | <b>2001</b>       |
|                         |                   | <b>Cash Flow from operating activities</b>                  |                            |                   |
| 180 875                 | 181 784           | Profit before taxes   | -17 822                    | 139 100           |
| -3 015                  | -21 146           | Profit from sale of fixed assets                            | -19 851                    | -3 015            |
| -                       | -29 286           | Taxes payable   | -34 154                    |                   |
| 76 749                  | 82 330            | Ordinary depreciation                                       | 109 891                    | 96 967            |
|                         |                   | Change in accounts receivable, stocks, and accounts payable | -111 976                   | 5 840             |
| -16 513                 | -90 935           | Change in other operating items                             | 31 209                     | 126 042           |
| 96 207                  | 80 328            | Net cash flow from operating activities                     | <u>-42 703</u>             | <u>364 934</u>    |
| <u>334 302</u>          | <u>203 075</u>    |   |                            |                   |
|                         |                   | <b>Cash flow from investment activities</b>                 |                            |                   |
| -238 306                | -1 097 420        | Investments in fixed assets                                 | -1 601 581                 | -1 450 753        |
| 6 535                   | 22 000            | Sale of fixed assets  | 22 150                     | 6 535             |
| -327 011                | 14 650            | Change in other investments                                 | 14 833                     | 30 197            |
| <u>-558 782</u>         | <u>-1 060 770</u> | Net cash flow from investing activities                     | <u>-1 564 598</u>          | <u>-1 414 021</u> |
|                         |                   | <b>Cash flow from financing activities</b>                  |                            |                   |
|                         | 1 685 000         | New short and long term debt                                | 1 685 000                  | 865 000           |
| -7 000                  | -7 000            | Repayment of existing debt                                  | -7 000                     | -7 000            |
|                         | -37 496           | Group contribution paid                                     |                            |                   |
| -40 000                 | -80 000           | Dividends paid  | -80 000                    | -40 000           |
| <u>-47 000</u>          | <u>1 560 504</u>  | Net cash flow from financing activities                     | <u>1 598 000</u>           | <u>818 000</u>    |
| <u>-271 480</u>         | <u>702 809</u>    | Net change in cash and cash equivalents                     | <u>-9 302</u>              | <u>-231 087</u>   |
| <b>395 607</b>          | <b>124 127</b>    | <b>Cash and cash equivalents as at 01.01</b>                | <b>164 520</b>             | <b>395 607</b>    |
| <b>124 127</b>          | <b>826 936</b>    | <b>Cash and cash equivalents as at 31.12</b>                | <b>155 218</b>             | <b>164 520</b>    |

## Accounting Principles

The annual accounts have been prepared in compliance with the Accounting Act and generally accounting principles.

### Rental income & other operating income

Rental income are entered as income according to the period of letting.

### Consolidation principles

The financial statement of the group includes the parent entity, Entra Eiendom AS, and its subsidiaries, Entra Drift AS, Universitetsgaten 2 AS, Biskop Gunnerusgt. 14 AS, Instituttveien 24 AS og Tollpakkhuset AS. The financial statement of the group is drawn on the principle that the group is an economic unit. Transactions and intercompany accounts between entities within the group have been eliminated. Unique principles are used in the financial statement of the group, as the subsidiaries follow the same accounting principles as the parent.

In the group's accounts, subsidiaries are valued according to the cost method. The investments are valued at purchase cost of the shares. Purchase cost of the shares are allocated to identifiable assets and liabilities in its subsidiary, and entered in the financial statement of the group at real value at the time of purchase. Any excess price beyond this is classified as goodwill and is amortised linearly over its expected remaining economic life.

### Subsidiaries/associated entities

In the group's accounts, subsidiaries are valued according to the cost method. The investments are valued at purchase cost of the shares, unless a write-down has been necessary. The investments are written down to net realisable value if a value reduction occurs which is not believed to be temporary and it seems necessary according to generally accepted accounting principles. Write-downs are reversed when the foundation are no longer are present.

Dividends/group contributions are entered as income in the same year as the provisions are made in the subsidiaries/associated entities. If dividends exceed the portion of retained result after the purchase, the excess represents repayment of invested capital and is deducted from the investment's value in the balance sheet.

### Classification and valuation of balance sheet items

Assets intended for long term ownership or use have been classified as fixed assets. Assets relating to the trading cycle have been classified as current assets. Receivables are classified as current assets if they are to be repaid within one year after the transaction date. Similar criteria apply to liabilities.

Current assets are valued at the lower of purchase cost and net realisable value. Short term liabilities are reflected in the balance sheet at nominal value on the establishment date.

Fixed assets are valued at purchase cost. Fixed assets, whose value will deteriorate, are depreciated on a straight line basis over the asset's estimated useful life. The fixed assets are written down to net realisable value if a value reduction occurs which is not believed to be temporary. Long term liabilities are reflected in the balance sheet at nominal value on the establishment date.

### Debtors

Trade debtors and other debtors are reflected in the balance sheet at nominal value after deduction of bad debts provision. The bad debts provision is made on basis of an individual assessment of each debtor. In addition, a general provision is made for other trade debtors to cover expected losses.

### Foreign currencies

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

### Short term investments

Short term investments (bonds which are considered current assets) are valued at the lower of average purchase cost and net realisable value at the balance sheet date. Dividends and other distributions received are recognised as other financial income.

### Fixed assets

Fixed assets are reflected in the balance sheet and depreciated over the asset's expected useful life on a straight-line basis. Direct maintenance of an asset is expensed under operating expenses as and when it is incurred. Additions or improvements are added to the asset's cost price and depreciated together with the asset.

### Pensions

The pension expenses and pension commitments are calculated on a straight-line earning profile basis, based on assumptions relating to discount rates, projected salaries, the amount of benefits from the National Insurance Scheme, future return on pension funds, and actuarial calculations relating to mortality rate, voluntary retirement, etc. Pension funds are valued at net realisable value and deducted in the net pension commitment in the balance sheet. Changes in the commitment due to changes in the pension plans are written down over the expected remaining service period. The same applies to estimate differences if they exceed 10% of the largest of the pension commitment and pension funds (corridor).

Social security fees are expensed on basis of pension premiums paid for insured (collective) pension schemes, whilst for uninsured pension commitment accruals have been made in line with the changes in pension commitment.

### Taxes

The tax charge in the income statement includes both payable taxes for the period and changes in deferred tax. Deferred tax is calculated at 28% on the basis of the temporary differences which exist between accounting and tax values, and any carryforward losses for tax purposes at the year-end. Tax enhancing or tax reducing temporary differences, which are reversed or may be reversed in the same period, have been eliminated. The disclosure of deferred tax benefits on net tax reducing differences which have not been eliminated, and carryforward losses, is based on estimated future earnings. Deferred tax and tax benefits which may be shown in the balance sheet are presented net.

Tax on group contribution received, booked directly to equity, has been booked directly against tax in the balance sheet

## Note 1 Shareholders' equity

(Amounts in NOK 1000)

### Entra Eiendom AS

|   | Share Premium  |                  |                |                  |
|---|----------------|------------------|----------------|------------------|
|   | Share capital  | reserve          | Other equity   | Total            |
| Equity per 31.12.01                     | 142 194        | 1 271 984        | 135 184        | 1 549 362        |
| Result of the year                      |                |                  | 130 249        | 130 249          |
| <b>Shareholders equity per 31.12.02</b> | <b>142 194</b> | <b>1 271 984</b> | <b>265 433</b> | <b>1 679 611</b> |

### Entra Eiendom Group

|   | Share Premium  |                  |               |                  |
|---|----------------|------------------|---------------|------------------|
|   | Share capital  | reserve          | Other equity  | Total            |
| Equity per 31.12.01                     | 142 194        | 1 271 984        | 104 783       | 1 518 961        |
| Result of the year                      |                |                  | -13 299       | -13 299          |
| <b>Shareholders equity per 31.12.02</b> | <b>142 194</b> | <b>1 271 984</b> | <b>91 484</b> | <b>1 505 662</b> |

## Note 2 Fixed assets

(Amounts in NOK 1000)

### Entra Eiendom AS

|                                   | Land*          | Buildings        | Machines  | Moveables    | Projects under development* | Total fixed assets |
|-----------------------------------|----------------|------------------|-----------|--------------|-----------------------------|--------------------|
| Purchase cost 31.12.01            | 401 348        | 2 922 140        | 54        | 20 677       | 186 176                     | 3 530 395          |
| Additions                         | 89 870         | 669 489          | 54        | 2 040        | 335 962                     | 1 097 415          |
| Reductions                        | -90            | -814             | 0         | 0            | 0                           | -904               |
| Purchase cost 31.12.02            | 491 128        | 3 590 815        | 108       | 22 717       | 522 138                     | 4 626 906          |
| Accumulated depreciation 31.12.01 | 0              | 97 029           | 7         | 7 629        | 0                           | 104 666            |
| Additions                         | 0              | 75 824           | 21        | 6 485        | 0                           | 82 330             |
| Reductions                        | 0              | -49              | 0         | 0            | 0                           | -49                |
| Accumulated depreciation 31.12.02 | 0              | 172 804          | 29        | 14 114       | 0                           | 186 947            |
| <b>Net book value 31.12.02</b>    | <b>491 128</b> | <b>3 418 011</b> | <b>79</b> | <b>8 603</b> | <b>522 138</b>              | <b>4 439 959</b>   |

Expected useful life  
Depreciation plan

|                           |                          |                            |
|---------------------------|--------------------------|----------------------------|
| 40 years<br>Straight line | 4 years<br>Straight line | 3-5 years<br>Straight line |
|---------------------------|--------------------------|----------------------------|

### Entra Eiendom Group

|                                   | Land*          | Buildings        | Machines  | Moveables     | Projects under development* | Total fixed assets |
|-----------------------------------|----------------|------------------|-----------|---------------|-----------------------------|--------------------|
| Purchase cost 31.12.01            | 567 098        | 3 924 447        | 54        | 21 665        | 230 566                     | 4 743 830          |
| Additions                         | 147 191        | 753 371          | 54        | 7 255         | 693 710                     | 1 601 581          |
| Reductions                        | -90            | -814             |           | -1 579        |                             | -2 483             |
| Purchase cost 31.12.02            | 714 199        | 4 677 004        | 108       | 27 341        | 924 276                     | 6 342 928          |
| Accumulated depreciation 31.12.01 | 0              | 117 248          | 7         | 7 691         | 0                           | 124 947            |
| Additions                         |                | 102 879          | 21        | 6 991         |                             | 109 891            |
| Reductions                        |                | -49              |           | -135          |                             | -184               |
| Accumulated depreciation 31.12.02 | 0              | 220 078          | 29        | 14 548        | 0                           | 234 655            |
| <b>Net book value 31.12.02</b>    | <b>714 199</b> | <b>4 456 926</b> | <b>79</b> | <b>12 793</b> | <b>924 276</b>              | <b>6 108 273</b>   |

Expected useful life  
Depreciation plan

|                           |                          |                            |
|---------------------------|--------------------------|----------------------------|
| 40 years<br>Straight line | 4 years<br>Straight line | 3-5 years<br>Straight line |
|---------------------------|--------------------------|----------------------------|

\*) There are no depreciation on land and projects under development.

## Note 3 Subsidiaries, associated entities, etc

(Amounts in NOK 1000)

Investments in subsidiaries are booked according to the cost method.

| Subsidiaries             | Purchase date | Business office | Ownership | Balance sheet value |
|--------------------------|---------------|-----------------|-----------|---------------------|
| Entra Eiendom Drift AS   | 20.09.2000    | Oslo            | 100 %     | 376                 |
| Universitetsgaten 2 AS   | 03.09.2001    | Oslo            | 100 %     | 203 666             |
| Biskop Gunnerusgt. 14 AS | 26.03.2001    | Oslo            | 100 %     | 219 516             |
| Instituttveien 24 AS     | 17.12.2001    | Oslo            | 100 %     | 50 687              |
| Tollpakket AS            | 28.02.2002    | Oslo            | 100 %     | 1 275               |

## Note 4 Debtors, liabilities, and financial instruments

(Amounts in NOK 1000)

|  | Entra Eiendom AS |                | Entra Eiendom Group |                |
|--|------------------|----------------|---------------------|----------------|
|  | 2002             | 2001           | 2002                | 2001           |
| <b>Debtors which fall due later than one year</b>              |                  |                |                     |                |
| Loan to entities in the group                                  | -                | 103 795        | -                   |                |
| Other long term debtors  | 778              | 7 475          | 778                 | 7 475          |
| <b>Total</b>   | <b>778</b>       | <b>111 270</b> | <b>778</b>          | <b>7 475</b>   |
| <b>Long term liabilities which fall due later than 5 years</b> |                  |                |                     |                |
| Liabilities to credit institutions                             | 185 500          | 192 500        | 1 054 500           | 192 500        |
| Other long term liabilities                                    | 20 000           | 20 000         | 20 000              | 20 000         |
| <b>Total</b>   | <b>205 500</b>   | <b>212 500</b> | <b>1 074 500</b>    | <b>212 500</b> |

Government loan is due 30. June 2003, and will within due date be re-financed in the private marked.

|  | Entra Eiendom AS |         | Entra Eiendom Group |           |
|--|------------------|---------|---------------------|-----------|
|  | 2002             | 2001    | 2002                | 2001      |
| Liabilities secured by mortgage                          | 902 800          | 559 800 | 1 767 800           | 1 424 800 |
| <b>Balance sheet value of assets placed as security:</b> |                  |         |                     |           |
| Fixed assets (buildings and land)                        | 698 899          | 348 733 | 2 133 782           | 1 422 265 |

### Interest rate hedging and financial instruments

The board of directors, in Entra Eiendom AS, have defined the following strategy and directions for interest rate hedging:

1. Divide due dates in such a manner that all loans do not expiry simultaneous.
2. Divide the loan portfolio over various maturities, to diversify risk over time.
3. Disengage decisions regarding selection of interest period from the time of due on the loans.
4. Use the financial instruments that, in any given time, are regarded most suitable.
5. Weighted duration is used as a parameter for controlling the loanportfolio:  
*Weighted duration is, at any given time, in the interval 2-4 years.  
 Target for weighted duration is taking into account the planned entering in debt..*

### Portfolio of interest rate hedging agreements carries the following due date structure.

| Year of expiry | Amount           | Portion      | Average base rate |
|----------------|------------------|--------------|-------------------|
| 2003           | -                | 0 %          | 6,16 %            |
| 2004           | 600 000          | 11 %         | 6,24 %            |
| 2005           | 1 500 000        | 28 %         | 6,50 %            |
| 2006           | 400 000          | 7 %          | 6,96 %            |
| 2007           | 550 000          | 10 %         | 6,31 %            |
| 2008 and later | 2 385 500        | 44 %         | 6,31 %            |
|                | <u>5 435 500</u> | <u>100 %</u> |                   |

### Terminated swap agreements - accounting treatment

At 20.03.2002, the entity reversed two interest rate swaps, amounted to NOK 750 million with an original term to maturity at 02.04.2012. The swaps were reversed with effect from 02.04.2003. The reversion gave the entity a profit of NOK 27.533.440,- that was paid out as per 20.03.2002. The profit is accounted periodical over the remaining maturity for the two swaps.

## Note 5 Balance with group companies

(Amounts in NOK 1000)

### Entra Eiendom AS

| <b>Debtors</b>                | <b>2002</b> | <b>2001</b>    |
|-------------------------------|-------------|----------------|
| Loan to entities in the group | 0           | 103 795        |
| Other debtors                 | 647         | 327            |
| <b>Total</b>                  | <b>648</b>  | <b>104 122</b> |

| <b>Liabilities</b>           | <b>2002</b>    | <b>2001</b>   |
|------------------------------|----------------|---------------|
| Suppliers                    |                |               |
| Other short term liabilities | 201 220        | 37 497        |
| <b>Total</b>                 | <b>201 220</b> | <b>37 497</b> |

## Note 6 Restricted bank deposits

(Amounts in NOK 1000)

|                | <b>Entra Eiendom AS</b> | <b>Entra Eiendom Group</b> |
|----------------|-------------------------|----------------------------|
| Withheld taxes | 152                     | 152                        |

## Note 7 Sharecapital and shareholder information

The share capital of NOK 142.194.000 consists of 142.194 shares of NOK 1.000 each. All shares have equal rights. All shares are owned by the Government by Ministry of Trade and Industry

## Note 8 Pensions

(Amounts in NOK 1000)

The company has pension schemes which cover a total of 88 persons. The schemes give right to defined future benefits. These are mainly dependent on the number of earning years, salary level at pension age, and the amount of benefits from the National Insurance Scheme.

Additionally, the company has an agreed, after 62 years, early retirement scheme (AFP) which is part of the National wage negotiations.

|  | <b>Entra Eiendom AS and Group</b> |              |
|--|-----------------------------------|--------------|
|  | <b>2002</b>                       | <b>2001</b>  |
| Present value of pensions earned this year | 2 072                             | 1 969        |
| Interest expense on the pension commitment | 1 586                             | 1 185        |
| -Return on pension funds                   | 1 447                             | 1 289        |
| Administration cost SPK                    | 40                                | 35           |
| Social security fees                       | 317                               | 268          |
| <b>Net pension expenses</b>                | <b>2 567</b>                      | <b>2 168</b> |

|  | <b>Entra Eiendom AS and Group</b> |              |
|--|-----------------------------------|--------------|
|  | <b>2002</b>                       | <b>2001</b>  |
| Estimated pension commitment pr. 31.12                 | 27 993                            | 24 386       |
| Pension funds (at net realisable value) pr. 31.12      | 26 453                            | 22 448       |
| Effect of estimate differences/plan changes not booked | (2 413)                           |              |
| <b>Net pension commitment</b>                          | <b>-873</b>                       | <b>1 938</b> |

### Financial assumptions

|   |        |
|---|--------|
| Discount rate   | 6,0 %  |
| Estimated salary increase                                 | 3,3 %  |
| Estimated pension increase/G-regulation                   | 2,9 %  |
| Expected return on funds                                  | 6,1 %  |
| Expected apyment percentage early retirement scheme (AFP) | 20,0 % |

The actuarial assumptions relating to demographic factors are based on assumptions generally applied to insurance.

## Note 9 Taxes

(Amounts in NOK 1000)

|   | Entra Eiendom AS |               | Entra Eiendom Group |               |
|---|------------------|---------------|---------------------|---------------|
|   | 2002             | 2001          | 2002                | 2001          |
| <b>Tax charges on ordinary result for the year:</b> |                  |               |                     |               |
| 28% of basis for payable taxes (in the tax charge)  | 45 837           | 20 066        | 55                  | 34 154        |
| Change in deferred taxes                            | 5 698            | -             | -4 577              | 5 263         |
| <b>Total tax charge on ordinary result</b>          | <b>51 535</b>    | <b>20 066</b> | <b>-4 523</b>       | <b>39 417</b> |

**Tax charges on ordinary result for the year is as follows:**

|  |                |               |            |                |
|--|----------------|---------------|------------|----------------|
| Result before tax charges                          | 181 784        | 180 875       | -17 822    | 139 101        |
| Permanent differences*                             | 2 269          | 201           | 2 445      | 1 673          |
| Basis for tax charge in the year                   | 184 053        | 181 076       | -16 352    | 140 773        |
| Change in temporary differences                    | -20 349        |               | 16 546     | 90 642         |
| Utilisation of carryforward losses                 |                | -109 412      |            | -109 437       |
| <b>Basis for payable taxes (in the tax charge)</b> | <b>163 703</b> | <b>71 664</b> | <b>195</b> | <b>121 979</b> |

### Temporary differences

|   |                |                |                |                |
|---|----------------|----------------|----------------|----------------|
| Current assets                              |                |                | 29             |                |
| Fixed assets                                | -94 028        | -97 498        | -36 594        | -43 410        |
| Pensions                                    | 873            | 475            | 873            | 475            |
| Gain and loss account                       | 18 820         | 2 338          | 18 820         | 2 338          |
| Net temporary differences                   | -74 336        | -94 685        | -16 872        | -40 598        |
| Carryforward losses                         |                |                | -40 073        |                |
| Basis for deferred tax in the balance sheet | -74 336        | -94 685        | -56 945        | -40 598        |
| 28% deferred tax                            | -20 814        | -26 512        | -15 945        | -11 367        |
| Not shown in the balance sheet              |                |                |                |                |
| <b>Deferred tax in the balance sheet</b>    | <b>-20 814</b> | <b>-26 512</b> | <b>-15 945</b> | <b>-11 367</b> |

### Payable taxes in the balance sheet

|   |          |              |           |               |
|---|----------|--------------|-----------|---------------|
| Payable tax in the tax charge                                 | 45 837   | 20 066       | 55        | 34 154        |
| Tax effect of group contribution with effect on payable taxes | -45 837  | -10 499      |           |               |
| <b>Payable taxes in the balance sheet</b>                     | <b>0</b> | <b>9 567</b> | <b>55</b> | <b>34 154</b> |

### Explanation of the year's tax charge

|  |               |               |               |               |
|--|---------------|---------------|---------------|---------------|
| 28% tax on result before taxes   | 50 899        | 50 645        | -4 990        | 38 948        |
| Estimate change due to accounted deferred tax benefit in the balance sheet |               |               | -217          |               |
| Permanent differences (28%)  | 635           | 56            | 685           | 468           |
| <b>Calculated tax charges</b>  | <b>51 535</b> | <b>50 701</b> | <b>-4 523</b> | <b>39 417</b> |

Nominal tax rate 28 % 28 %

\* ) Includes; not tax deductible costs, such as representation

## Note 10 Rental income

(Amounts in NOK 1000)

|                                  | Entra Eiendom AS |                | Entra Eiendom Group |                |
|----------------------------------|------------------|----------------|---------------------|----------------|
|                                  | 2002             | 2001           | 2002                | 2001           |
| <b>Geographical distribution</b> |                  |                |                     |                |
| East of Norway                   | 356 347          | 333 751        | 388 402             | 372 187        |
| South of Norway                  | 83 814           | 86 149         | 83 814              | 86 149         |
| West of Norway                   | 102 019          | 95 572         | 102 019             | 95 572         |
| Mid- and North of Norway         | 63 201           | 60 918         | 63 201              | 60 918         |
| <b>Total</b>                     | <b>605 381</b>   | <b>576 389</b> | <b>637 436</b>      | <b>614 825</b> |

## Note 11 Payroll expenses, number of employees, remunerations, loans to employees, etc.

(Amounts in NOK 1000)

| Payroll expenses     | Entra Eiendom AS |               | Entra Eiendom Group |               |
|----------------------|------------------|---------------|---------------------|---------------|
|                      | 2002             | 2001          | 2002                | 2001          |
| Salaries/Wages       | 25 449           | 29 347        | 25 449              | 29 347        |
| Social security fees | 5 414            | 4 536         | 5 414               | 4 536         |
| Pension expenses     | 2 567            | 1 900         | 2 567               | 1 900         |
| Other remuneration   | 1 657            | 1 381         | 1 657               | 1 381         |
| <b>Total</b>         | <b>35 088</b>    | <b>37 164</b> | <b>35 088</b>       | <b>37 164</b> |

Average number of employees in the accounting year has been 96.

### Remuneration to executives

|                    | General |       |
|--------------------|---------|-------|
|                    | Manager | Board |
| Salaries           | 1 461   | 370   |
| Pension expenses   | 52      |       |
| Other remuneration | 101     |       |

| Auditor (charged as an expense)                   | Entra Eiendom AS | Entra Eiendom Group |
|---|------------------|---------------------|
| Audit   | 310              | 378                 |
| Technical accounting assistance and certification | 271              | 331                 |
| Agreed control procedures/Due diligence           | 467              | 467                 |
| Other services                                    | 494              | 494                 |

Figures are exclusive value added tax (VAT)

## Note 12 Bonds and certificates

(Amounts in NOK 1000)

### Entra Eiendom AS and Group

| Issuer                       | Foreign exchange | Balance sheet value | Market value  |
|------------------------------|------------------|---------------------|---------------|
| Banks/financial institutions | NOK              | 18 002              | 18 029        |
| Mortgage entity              | NOK              | 0                   | 0             |
| <b>Total bonds/notes</b>     |                  | <b>18 002</b>       | <b>18 029</b> |

Bonds/notes are valued on a portfolio basis at acquisition cost or market value, whichever is lowest. Portfolio valuation is employed since the portfolio is managed on a collective basis and the spread in the portfolio is chosen in order to obtain diversification effect.

## Note 13 Re-grouping of operating costs

(Amounts in NOK 1000)

In conjunction with the presentation of the financial statement for 2002, the entity changed its principle for grouping of operating costs. The grouping is now more adapted to the entity's management, and are comprised of the following:

- Maintenance
- Administration/management
- Administration

The income statement shows comparable figures for 2001 and 2002, since the former also have been re-grouped.

Salaries and other personal costs are included in the groups' administration/management and administration, amounted to;

|                            | 2002   | 2001   |
|----------------------------|--------|--------|
| Administration/management: | 12 956 | 19 978 |
| Administration:            | 22 132 | 17 648 |



To the Annual Shareholders' Meeting of Entra Eiendom AS

**Auditor's report for 2002**

We have audited the annual financial statements of Entra Eiendom AS as of 31 December 2002, showing a profit of NOK 130,2 million for the parent company and a deficit of NOK 13,3 million for the group. We have also audited the information in the directors' report concerning the financial statements, the going concern assumption, and the proposal for the allocation of the profit. The financial statements comprise the balance sheet, the statements of income and cash flows, the accompanying notes and the group accounts. These financial statements are the responsibility of the Company's Board of Directors and Managing Director. Our responsibility is to express an opinion on these financial statements and on other information according to the requirements of the Norwegian Act on Auditing and Auditors.

We conducted our audit in accordance with the Norwegian Act on Auditing and Auditors and auditing standards and practices generally accepted in Norway. Those standards and practices require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. To the extent required by law and auditing standards an audit also comprises a review of the management of the Company's financial affairs and its accounting and internal control systems. We believe that our audit provides a reasonable basis for our opinion.

In our opinion,

- the financial statements have been prepared in accordance with the law and regulations and present the financial position of the Company and of the Group as of December 31, 2002, and the results of its operations and its cash flows for the year then ended, in accordance with accounting standards, principles and practices generally accepted in Norway
- the company's management has fulfilled its duty to produce a proper and clearly set out registration and documentation of accounting information as required by law and accounting standards, principles and practices generally accepted in Norway
- the information given in the directors' report concerning the financial statements, the going concern assumption, and the proposal for the allocation of the profit are consistent with the financial statements and comply with the law and regulations.

Oslo, February 20, 2003

**PricewaterhouseCoopers DA**

Bjørn Egil Johannessen

State Authorised Public Accountant (Norway)

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