



*Annual report 2004*

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# *This is Entra Eiendom AS*

Entra Eiendom AS was established on 1 July 2000. The company is one of Norway's largest property companies, with a total property portfolio of 900,000 m<sup>2</sup>.

The Group is engaged in the development, letting, management, operation, sale and purchase of real estate in Norway. In addition to Entra Eiendom AS, the Group comprises Entra Service AS, Universitetsgaten 2 AS, Biskop Gunnerusgate 14 AS, Instituttveien 24 AS, Entra Kultur 1 AS, Langkaia 1 AS, Kr Augustgate 23 AS, Nonnen Utbygging AS and Krambugt 3 AS. Entra is a shareholder of UP Entra AS and OSU AS.

The Norwegian Government, through the Ministry of Trade and Industry, owns all of the shares in the company. The Board consists of five external members and two employee representatives. Entra Eiendom AS operates in direct competition with private players on a commercial basis. The company is fully financed in the private market.

Since it was created, Entra has grown its balance sheet from a value-adjusted NOK 3.6 billion to approx. NOK 13.4 billion. The book value of total assets has followed a similar trend, which is a result of the investments made by the company.

Entra's head office is situated in Oslo.

The company is organised into regions: Eastern Norway, Southern Norway, Western Norway and Central/Northern Norway. The regional offices are located in Oslo, Skien, Bergen and Trondheim.

Entra Eiendom AS's business concept is to offer customised premises and services to public and private businesses in Norway.

Our main area of focus is office properties. In this market we are one of the leading players in the country. We emphasise the importance of developing

solutions with good layouts that use space effectively, with the key being our customers' ongoing requirements for adaptation and organisational change.

Customer focus is an key, guiding element in the future development of the company.

Entra Eiendom sees long-term customer care as a strategic process to ensure that we keep our customers and have access to new projects.

Our stated aim is to be good hosts for our tenants.

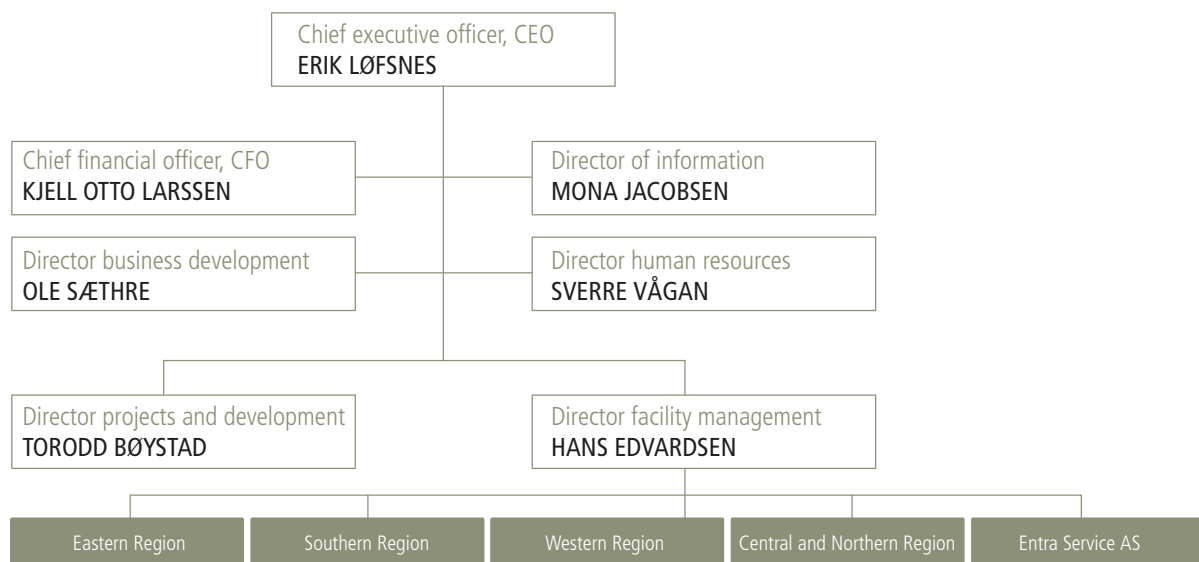
The company has a sound basis for future development through our established customer portfolio, 88 percent of whom are in the public sector, with relatively long-term leases.

Entra Eiendom AS's main focus is on centrally located properties of a high standard. Prestigious premises shall make up a small proportion of our property portfolio. The company shall primarily operate and be a major player in the Oslo fjord region, Bergen, Trondheim, Stavanger, Kristiansand, Tromsø and Bodø. These are the regional centres where long-term growth is expected to be above the national average. They are therefore considered to offer the most interesting investment opportunities for the company's future growth.

The company's property portfolio and total rental income has increased significantly since it was established.

The company's overall aims state that Entra Eiendom AS shall:

- have satisfied customers.
- provide shareholders with market rates of return.
- be a leading player in the prioritised markets.
- offer challenging and attractive employment opportunities.



## *Good results in a weak rental market*

Entra Eiendom AS is required by its owners to achieve a market rate return on their capital. The low interest rates in 2004 set the market conditions for business property.

While the salient feature of 2003 was a dramatic increase in vacant office space, vacancies stabilised at 11 percent in Oslo in 2004. Seen as a whole, rental rates have fallen over the past year. It is a source of great satisfaction that Entra Eiendom has maintained an occupancy rate of 95 percent, at satisfactory prices, throughout the period.

We have completed major projects that include Skattens Hus in Trondheim and the underground storage spaces for the National Library in Oslo. We have started major development projects in the Nonneseter quarter in Bergen, Brattøra in Trondheim and Bjørvika in Oslo.

Attractive premises, combined with a growing range of services offered, have yielded good results in a relatively weak rental market.

Our ambition is to be a good host to our clients. In 2003, our subsidiary, Entra Service AS, was established to invest further in services, and the company has been developed further in 2004. It provides, and prepares, services and activities in excess of management, operation and maintenance.

The overall goal of Entra Eiendom is to have satisfied customers. Our client base is our greatest asset, and for this reason we carry out annual client surveys. The 2004 survey showed that 90 percent of our clients are satisfied with us as hosts.

A well-functioning programme of services provides satisfaction to both our clients and ourselves as a provider. The consequence of this is a more attractive range of products and increased client loyalty, allowing our clients to devote their working hours to their core business.

By satisfying our customers and focusing clearly on priority markets, we have achieved a strong position in the market, with low risk and good results. The company's profits and increased value have more than satisfied its shareholders' demand for return. The total capital, adjusted for value, also exhibits very positive trends.

Among Entra Eiendom's goals was that its property should place as little burden on the environment as possible, and that consumption of energy and other resources in the company should be efficient.

We emphasise the use of recycled building materials where possible, and attempt to use environmentally sound materials. We also heat our buildings with water-borne heating that permits the use of water pumps and renewable forms of energy. It gives us great pleasure to state that Entra enjoys an energy consumption that is below the average in Enova's building statistics.

The antiquarian value of the company's buildings is appropriately protected, in accordance with current legislation and regulations. In 2004, we completed a heritage review of Entra's property portfolio, and the report

has been sent to the Central Office of Historic Monuments for processing and discussion.

During the period, we have emphasised developing and clarifying Entra's value base. Based on the discussions in the organisation, we have decided to focus specially on the following values:

- We are innovative
- We are open
- We are good hosts

We make intensive efforts to achieve these values in practice.

As a major construction Client, Entra Eiendom makes a direct impact on changes in our surroundings.

This gives us special responsibility for ensuring that our own buildings provide good examples of pleasing aesthetic design.

Entra Eiendom is shaping our society. Not just by building and fitting out the buildings themselves, but also by getting involved in the appearance of the area around the buildings.

Entra Eiendom makes an impact, directly and indirectly, on how areas we people travel to grow, how areas we live and work in grow, how cities and city spaces develop, and how those who settle there live in, and with, the city. Being part of urban development is all about being part of society. It is vital that we create attractive urban environments, which do not just contain architecture and cafés, but also, just as importantly, provide social benefits and cultural diversity. This means that Entra Eiendom, to the benefit of the community that we are part of, must be both protectionist and innovative. As I see it, Entra Eiendom's social responsibility includes taking into account the financial, environmental and social impact for owners, clients, employees and other interests.

In the soon five years since the establishment of Entra Eiendom AS, our talented employees have been a decisive resource. Without their knowledge and commitment, we would not be in the position we are today. Their enthusiasm, creativity and spirit of cooperation has meant that we, as hosts of people, concepts and ideas, are continually getting closer to our vision of creating, hand in hand with our clients, the space for future solutions. The appraisal meetings that we carried out in 2004, showed an employee satisfaction of 85.6. This is an increase on the previous year. It is a good result, but still urges us to continue our efforts for committed and targeted employees.

Satisfied customers, skilled employees and a property market which is likely to offer new opportunities in the coming year all create an excellent environment for the company to continue its positive growth.

Erik Løfsnes  
Managing Director



## 2004 highlights

2004 has been a year for project implementation and consolidation, with a lower level of investment than in previous years. There has been focus on activities outside the Oslo region, and the Company has invested considerable resources both in Bergen and in Trondheim.

The Norwegian public sector is the company's primary customer group. As was intended when Entra Eiendom AS was created, the existence of the company contributes to competition. This ensures that our major customers are offered competitive solutions to cover their office space requirements, regardless of whether Entra Eiendom wins or loses the competition.

### Oslo S Utvikling AS

Bjørsvika will become the most active and important urban development area in Oslo over the coming few years.

The purchase of a third of the shares in Oslo S Utvikling AS in June 2004 has further cemented Entra Eiendom AS's interest in the development of Bjørsvika and the area around Oslo Central Station. This is a continued development of the areas surrounding Entra's properties Biskop Gunnerus gate 14 (previously Postgirobygget), Oslo Havneler, Tollboden and Schweigaardsgate 15. Linstow Eiendom AS, ROM Eiendomsutvikling AS and Entra Eiendom AS each own a third of Oslo S Utvikling AS.

Bjørsvika will become a new district with mixed buildings and purpose. The area will comprise everything that can be expected of a city centre, with culture, shopping, private and public sector workplaces and housing, as well as the sea and green parks. The area will also, on account of its proximity to Oslo Central Station and the bus station, be very accessible by public transport. The zoning plan for the area has been finally approved, and the detailed development plan for the first stage of the work is expected to be approved in the first half of 2005.

The government wants the development of Bjørsvika to go ahead, and significant public resources are being invested through the building of the opera, roads and other infrastructure. The project is already a model for the cooperation between central government, local government and private interests, and Entra wishes to contribute to the success of the Bjørsvika area through Oslo S Utvikling.

Oslo S Utvikling is planning to start work on 20-40,000 m<sup>2</sup> during 2005, and there is a great deal of interest from several potential tenants. The total

development potential for Oslo S Utvikling is 315,000 m<sup>2</sup>, of which approx. 80 percent is commercial and 20 percent is housing.

Paul Lødøen, the former Group Chief Executive of NCC Norge, has been employed as the Managing Director of Oslo S Utvikling with effect from the new year.

### Entra Kultur 1 AS

Entra's subsidiary Entra Kultur 1 AS includes the company's significant investment in the National Library in Oslo, including rehabilitation and extension.

The underground storeroom was completed in June 2004, and the offices being built at the back of the original building, as well as the rehabilitation of the National Library, will be completed in June 2005.

The building complex, which in addition to the National Library and other institutions run by the Ministry of Culture and Religious Affairs, shall house the solicitors Bull & Co. from 1 July 2005.

In total the project covers 34,000 m<sup>2</sup> of floor space. The public tenants have entered into long-term lease agreements with the company.

### Biskop Gunnerus Gate 14

Entra's most high-profile building became fully occupied again in 2004, after some of the tenants in the building moved out in 2003. The average rent for the building, which covers approx. 50,000 m<sup>2</sup>, is approx. NOK 2,100 per m<sup>2</sup>, a level we are happy with given the difficult market we have faced over the past couple of years.

### New life in old custom houses

The old customs warehouse in Stavanger has been fully rehabilitated and has become «HALL TOLL». Good cooperation among different institutions involved has led to the completion of this restaurant house, fully in line with the Directorate for Cultural Heritage's guidelines. The first floor of the building can become Stavanger's new great hall for various events, and has space for up to 700 people.

The customs house in Moss, a small building covering 510 m<sup>2</sup>, has also been converted into a restaurant.

These projects are good examples of one of the company's main tasks – maintaining historic properties in line with the requirements laid down

by the cultural heritage authorities, as well using the company's existing property portfolio and finding alternative areas of use where tenants' requirements have changed over time.

#### **The Nonneseter quarter in Bergen**

The Nonneseter quarter is a key area for future development in Bergen. In 2004 Entra Eiendom AS held an invited architectural competition regarding proposals for a new detailed development plan for the area, where Entra has invested in sites in 2003 and 2004. The competition specification was drawn up after consultation with Bergen City Council shortly after the City Council's ambitious conceptual competition on the areas around Store Lungegaardsvann. On the basis of the City Council's wishes, proposals were made for the local development plan for this area.

The proposals received offered a wide range of suggestions both in terms of what the area should contain and how it should be designed. The proposals showed that high rise buildings offer the qualities that are desirable for this area. They provided the basis for a very exciting discussion about what development principle gives most benefits back to the city, whilst meeting the developer's wish for flexibility.

No decision has been made as to the final nature of what will be built, neither in terms of final height nor in terms of orientation or architecture, other than that the volume should be subdivisible in such a way as to allow the development to be built in stages. The proposal of the Oslo architects' office solheim + jacobsen arkitekter AS won the competition.

#### **Completion of the Centre for Regional Tax Authorities in Trondheim**

When Entra Eiendom was being set up, a competition was announced for the construction of new police headquarters in Trondheim, which meant that Entra was not in a position to participate in the competition, and the police moved out of their police headquarters on Kongensgate 87 in February 2004.

Through long-term work and early planning, the building was already released and plans were ready for rehabilitation when the police moved out, and on 29 November 2004 Sør-Trøndelag county tax office moved into the building. Through this move, all their activities have been gathered under one roof.

The building was officially opened on 11 January 2005, with both

Minister of Finance Per Kristian Foss and Director General of Taxation Bjarne Hope present. The artistic decoration was emphasised. Entra hired the artist Håkon Gullvåg to decorate the vestibule. The Centre for Regional Tax Authorities has been leased for 10 years.

#### **Development of Brattøra in Trondheim**

We are certain of a new boost in the Brattøra area, when we build new laboratories for SINTEF, the largest Norwegian research foundation, and move 150 employees to the old Frionor factory. First the old and dilapidated industrial building will be rehabilitated, after Entra Eiendom bought it from the Port of Trondheim in the 3rd quarter of 2004.

The 18,500 m<sup>2</sup> building needs to have space for 150 employees and highly modern research laboratories. SINTEF Sealab is the name of the new building that will be ready for occupation on 1 July 2005.

From their new laboratories, the oceanographers will be able to study things like the value chain of the fish in the sea, from the production of spawn via farming to processing, and above all they will be able analyse how to limit the harmful effects of oil pollution in the sea.

The research teams that will be gathered at Brattøra are SINTEF Fisheries and Aquaculture and SINTEF Marine. MARINTEK, the marine technology research institute, will remain at Tyholt.

Entra has established good relationships with other stakeholders in the area.

#### **Further education centre in Drammen**

In 2004 Entra Eiendom started discussions with Drammen Municipality on the development of the Drammen Science Park at Union Brygge, a former industrial area very close to the centre of Drammen.

Our ambition is to develop a growing scientific community in the Drammen region, and to strengthen Drammen as a student and research town. The building will house Buskerud University College, BI Norwegian School of Management – BI Buskerud, Buskerud County Library, Drammen Town Library and various businesses, with the potential for expansion.

The company Kunnskapsparken Drammen AS was founded at the beginning of 2005 to take charge of the development. Entra owns 60 percent of the company and Drammen Municipality owns the remaining 40 percent through Drammen Eiendom KF. The company shall develop and

run the science park, as well as continue to develop the part of the site that is not built during the first stage.

Five teams participated in an architectural competition in January 2005, and the winner was the Oslo-based company LPO Arkitektur og Design, which is famous for having designed Oslo Spektrum, amongst other things. Construction will start in spring 2005. The floor space plans have been drawn up in cooperation with Entra and the main tenants, and suggest that gross floor area will be approx. 20,000 m<sup>2</sup>. The building is expected to be ready for the start of term in autumn 2006.

#### **County Hall in Tromsø**

In December 2004, Entra Eiendom purchased approx. 10,000 m<sup>2</sup> of the County Hall in Tromsø, with the County Governor in Troms, The County Committee for Social Affairs, Nord-Troms Land Consolidation Court and the Public Roads Administration as tenants. The purchase forms part of the strategic investment plan for the larger regional towns in Norway.

The contracts have nine years left to run.

#### **The Centre For Regional Tax Authorities in Sandvika**

In fierce competition with private operators, Entra Eiendom ASA won the job of establishing a new building for coordinating the office space requirements of the tax authorities in Asker and Bærum.

The Centre for Regional Tax Authorities will cover approx. 4,800 m<sup>2</sup> and will contain both the tax assessment offices run by the county tax director and the tax collectors/ chief municipal treasurers who report to the local authorities. The purpose of establishing joint premises is to provide a unified and improved service to taxpayers and businesses in the two municipalities.

The new Centre for Regional Tax Authorities will thus be located in a new building on the site between the social security offices and the station in Sandvika. The plan is that the new building will be completed no later than October 2006.

#### **New lower secondary school at Vøyenenga**

Entra Eiendom AS has won the competition for the project to design, build and manage both the lower secondary school and the sports hall at Vøyenenga in Bærum. The competition for this genuine PPP agreement (public

private partnership) was extremely tough, and many companies fought until the end for this important contract. Entra will manage the school for a minimum of 20 years. The combination of our expertise in design, management and service was of decisive importance.

The plan is for the building to be occupied in 2007.

#### **Property sales**

Entra Eiendom has over the course of the year continued its work on selling smaller properties, as part of the company's streamlining of its portfolio. This has resulted in the sale of

Vågåveien 44, Vågå  
Storgata 29, Rjukan  
Dr. Lundebys vei, Skotterud  
Korsgata, Sarpsborg  
Skrivervegen, Sørumsand  
Kirkeveien 226, Asker  
Kristian VI's gate 77, Kristiansand  
Storgata 19, Gjøvik  
Cort Adelers gate 33, Oslo

The company has also sold Keyzers gate 15 to the Norwegian Union of Municipal and General Employees when the rehabilitation of the building was completed in the autumn of 2004. This is in line with an agreement signed in 2003 for the purchase of the Norwegian Union of Municipal and General Employees' premises in Kristian Augusts Gate 23.

As of 30 December 2004, Drammensveien 60, Oslo was transferred to a limited partnership c/o Pareto, for NOK 307 million. The sale price was a market record. The National Insurance Administration moved out of the building in 2003, and Skanska is now rehabilitating the building, which will become its new head office.

The book profit from the sale of the above properties is of around NOK 136.3 million.

#### **UP Entra AS**

UP Entra AS is the Entra Eiendom company responsible for managing and developing properties in the counties of Hedmark and Oppland for leasing



to public sector clients. The company is owned 50/50 by Utstillingsplassen AS and Entra Eiendom AS and was established in 2003.

The company owns offices, primarily in Hamar, but it also includes the courthouse in Lillehammer. At the close of 2004, UP Entra had total assets of NOK 180.5 million and managed a total of 18,000 m<sup>2</sup> of office space. The company is run by Utstillingsplassen AS.

The company has developed and initiated several projects in 2004. Biohuset AS, a company owned 50/50 by us and Hamar Municipality, was established to develop and build a bio-tech centre in Hamar. Work on the first stage of construction, consisting of 4,000 m<sup>2</sup>, was started in 2004. As part of a 50/50 partnership with ROM Eiendomsutvikling AS, an agreement was reached and work was begun on the development of a public transport terminal for Hamar. We are also expecting to start a further two projects in the area around the railway station in cooperation with ROM Eiendomsutvikling at the start of 2005.

#### **Kristiansand Science Park**

In February 2004, Kristiansand Municipality announced a competition aiming to find a partner who would, through a public private partnership, establish and develop Kristiansand Science Park.

After prior evaluation of the offers submitted, Kristiansand Town Council resolved to enter into a collaboration agreement with Entra Eiendom AS. The science park shall be located at Gimlemoen in Kristiansand, and shall amongst other things

- aim to contribute towards increased value creation on the basis of research results and advanced product concepts.
- seek operational collaboration agreements with universities and colleges in the local area.
- develop an appropriate set of buildings for leasing purposes, with the tenants ideally being knowledge-based businesses, research institutes or other groups that contribute towards the overall goals.
- be a meeting place for further education institutions, research, capital, businesses and the public sector.

#### **Kunnskapsbyen Eiendom**

In December 2004 shares were transferred from Skanska AS to Entra Eiendom AS relating to Kunnskapsbyen Eiendom AS. The transaction means that

Entra Eiendom has become the largest shareholder in the company. Other major shareholders, are SIVA Eiendom Holding AS and Campus Kjeller AS. At Kjeller there are currently approx. 3,000 jobs in various fields of technology. The strategic business plan for Skedsmo Municipality aims to develop the Kjeller scientific community to include approx. 10,000 technology jobs. The parties wish to help achieve this goal through Kunnskapsbyen Eiendom AS. Kunnskapsbyen Eiendom AS shall work on the basis of the unique potential of the cluster of specialist expertise at Kjeller, and shall through new developments help to turn the Kjeller area into one of the country's leading research-based centres of innovation.

Entra Eiendom AS has previously developed, and owns, Akershus University College at Kjeller in Skedsmo. Through its involvement in Kunnskapsbyen Eiendom, Entra Eiendom wishes to help further develop the activities at the college and in the area in general.

# Key figures and financial information

## FIGURES FOR THE ENTRA EIENDOM AS GROUP

2004

2003

2002

2001

In MNOK if not stated otherwise

### INCOME STATEMENT

Operating Income	1 072.2	855.9	673.8	637.3
Operating expenses excl. depreciation	387.9	406.1	377.8	211.4
EBITDA	684.3	449.8	296.0	425.9
Profit before tax	187.1	25.9	-17.8	139.1
Profit for the year	133.9	18.4	-13.3	99.7

### INVESTMENTS/SALES DURING THE YEAR

New investments in fixed assets	1 078.7	1 841.9	1 601.6	1 450.8
Sale of fixed assets	394.9	144.6	22.2	6.5

### FINANCIAL STRENGTH

Total assets (book value)	8 768.4	8 127.2	6 518.0	5 070.4
Equity (book value)	1 288.2	1 274.1	1 505.7	1 519.0
Equity ratio (book value)	15 %	16 %	23 %	30 %
Value adjusted total assets	13 388.0	11 566.8	9 615.6	7 479.5
Value adjusted equity	5 907.0	4 713.6	4 603.3	3 928.1
Value adjusted equity ratio	44 %	41 %	48 %	53 %

### LIQUIDITY

Liquidity reserve (incl. committed, undrawn credit facilities)	1 930.4	2 403.8	805.1	232.2
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### LOAN PORTFOLIO

Long term interest bearing debt	6 835.4	6 222.3	4 667.7	2 989.7
Weighted average time to maturity (tied-up capital), years	2.3	2.1	1.3	2.4
Weighted average duration, fixed interest	3.8	4.6	4.7	4.3
Normalised interest cover ratio*	2.2	2.0	2.2	2.3
Weighted average portfolio interest rate as at 31.12.	5.2 %	5.9 %	6.7 %	-

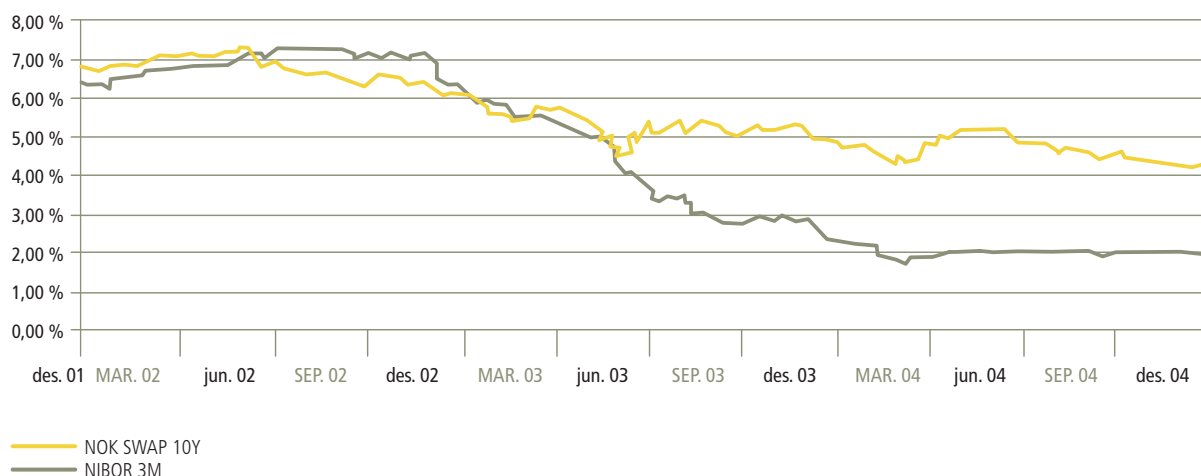
### PROPERTY PORTFOLIO/RENTAL CONTRACTS

Property mass (m <sup>2</sup> )	899 655	881 853	838 626	746 057
- of which projects under development	122 600	126 333	217 991	186 223
Occupancy rate excl. development	95 %	95 %	98 %	97 %
Occupancy rate development projects	60 %	60 %	93 %	70 %
Weighted average time to maturity, contracts (years)	11.3 years	11.6 years	11.4 years	7.9 years

\*) The method of calculating interest cover ratio is adjusted for investment related elements.

Operating profit adjusted for provisions for future obligations + depreciation + refurbishment cost + financial income  
 Interest expenses

DEVELOPMENT IN NORWEGIAN INTEREST RATES 2002-2004



#### Developments in the financial markets

After several years of stagnating economies in the industrialised world, with signs of improvement towards the end of 2003, there have in some areas been significant improvements in 2004. An economic recovery has taken hold, led by the US, which along with China has been the strongest growth engine. It is clear that the record interest-rate reductions in the preceding years have stimulated the world economies, although the signs of recovery sometimes appear fragile, with unemployment still high, and the US trade deficit still very large.

The Euro zone is experiencing weaker growth and the economic situation in Europe is fragmented.

Increased commodity prices and better utilisation of capacity have contributed to higher inflation, and the ever lurking fear of deflation that sometimes hit the surface in 2003 has now been replaced by rates of inflation that are approaching normal in many countries. Global competition and productivity growth are helping to rein in inflation.

Growth in the US has triggered serious interest rate hikes by the Federal Reserve, and the unanimous view of analysts is that this will continue throughout 2004. This is expected to pull other countries' interest rates up as well, and we therefore anticipate that the long-term Norwegian interest rates may edge upwards over the course of 2005.

The strong growth rate of the Norwegian economy, apparent in increasing private consumption and a gradually increasing appetite for investment, means that the Norwegian central bank is also expected to start raising interest rates in the course of 2005. However, the timing depends on factors like interest rate developments in other countries, as well as the exchange rate of the Norwegian krone. A cautious approach is expected.

Entra Eiendom is positioned in such a way that exposure to an interest rate hike is reduced, whilst the proportion of debt that is borrowed at a floating interest rate will be affected. The situation is being followed

carefully, and adjustments within the framework of the company's finance policy are constantly being considered.

#### Financial activities over the course of the year

The company's current finance strategy was adopted in 2003. The main aim of this strategy is to ensure that the company at all times has the necessary access to capital to enable implementation of the company's current business strategies. Furthermore, the selected strategy shall ensure the optimal capital structure and help to provide financing at the lowest possible cost for the Group, whilst staying inside the defined risk tolerances.

The company's finance policy forms a framework for the financial management of Entra Eiendom. The company's finance policy defines objectives, responsibilities and authorities for the handling of financial activities. It is adapted to the company's general structure, and is subject to annual review.

The company has defined the following relevant areas of financial risk, and has specified ways of dealing with them:

#### REFINANCING RISK

To limit the company's refinancing risk, the aim is to use the loan and financial instruments that are most appropriate at any given time.

The following points are of primary importance:

- A maximum of 30 percent of the loans shall fall due within one year.
- The loans shall be distributed among various loan instruments.
- The loans shall be distributed among several lenders. The company shall develop a broad base of relationships with providers of financing. Maximum exposure to one lender is 30 percent.
- The certificate portfolio shall be hedged with back stop facilities covering that proportion of the volume which falls due within the next six months.

### INTEREST RATE RISK

The handling of the interest rate risk is based on the company's current interest rate view, and is expressed as a preferred interest rate structure (standard portfolio). The standard portfolio specifies the following:

- Duration – the weighted duration of the standard portfolio shall be four years, with permitted variation in the range three to six years.
- Maximum expiry within different time intervals.
- Adaptation of the interest rate structure in order to support the company's main activities, taking into account future events or interest rate changes in the market, viewed against relevant interest rate risk exposure.

### CURRENCY RISK

The company shall not take on direct currency risk. All potential loans and associated interest payments in foreign currency shall be fully hedged for profit, cash flow and balance sheet effects.

### CREDIT AND COUNTERPARTY RISK

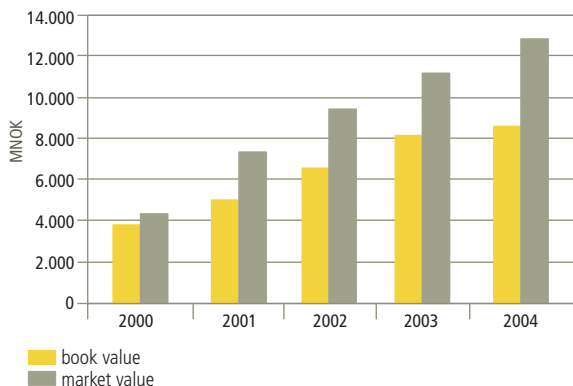
New transactions shall be entered into after assessing the individual counterparty's creditworthiness. Any inadequate creditworthiness shall be compensated for by a demand for guarantees linked to the relevant situation.

## Overall key figures

### FINANCIAL STRENGTH

The company has created substantial value through the development of the Group's properties and contract portfolio since its establishment in 2000. Based on external market valuations of the portfolio, there are significant excess values on the Group's balance sheet. The market valuations have been carried out by two major independent players in the Norwegian commercial property market.

### DEVELOPMENT IN TOTAL ASSETS

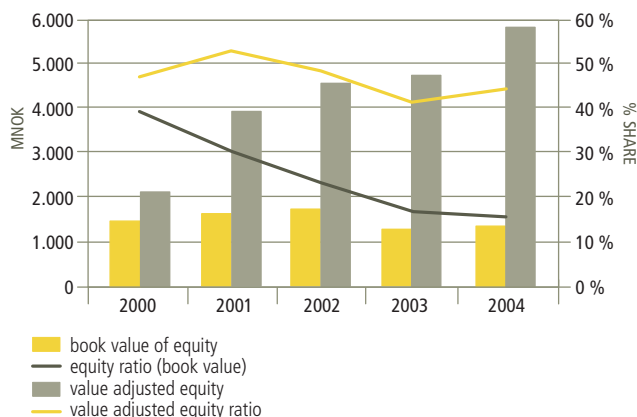


It is of central importance to Entra Eiendom AS to maintain the Group's strong financial position, measured, amongst other factors, by a value

adjusted equity ratio of at least 35 percent. The book equity ratio was 14.1 percent as of 31 December 2004.

The further development and enhancement of the portfolio has contributed to a situation where the company's increased debt has not significantly reduced its financial strength. The value adjusted equity ratio was 44 percent as of 31 December 2004.

### DEVELOPMENT IN EQUITY



### LIQUIDITY AND CASH FLOW

Entra Eiendom has a strong current, positive cash flow from ordinary operations. The Group's net cash flow from operating activities totalled NOK 567 million in 2004.

Revenues are to a large extent based on long-term contracts with reliable tenants. The proportion of tenants in the public sector was 88 percent as of 31 December 2004. This is a reduction of two percent on 2003, on account of the acquisition and development of new and existing properties with a higher proportion of private customers.

### INTEREST COVER RATIO

The company had a normalised interest cover ratio of 2.2 at the close of 2004 (2.0 in 2003). This is in line with the company's internal aim of having an interest cover ratio of a similar level to the industry as a whole – i.e. around 2. The interest cover ratio is an important key figure when assessing the company for various financial services companies.

### Financing/balance sheet

#### EQUITY

Through the Ministry of Trade and Industry (NHD), the Norwegian Government owns 100 percent of the shares in Entra Eiendom.

NHD has, in connection with the 2005 budget, asked the Board of Entra Eiendom to offer its views on the (partial) privatisation of the company, including the potential privatisation alternatives.

NHD measures return on capital in terms of dividends and value creation, and has set a required rate of return after tax for 2004 of 6.5 percent.

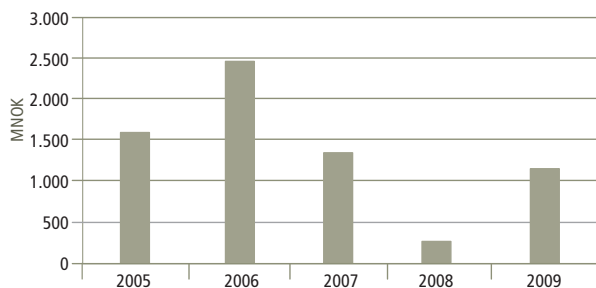
The company had a positive EVA for 2004 as well. The accumulated EVA since the establishment of the company totals NOK 1.5 billion. This means that the company has created excess value over and above the requirements of its owners and lenders.

#### LOAN CAPITAL

The company's total debt at the close of 2004 was NOK 7,480 million, of which interest-bearing debt was NOK 6,835 million.

The company's long-term interest-bearing debt had the following maturity structure as of 31 December 2004:

#### MATURITY STRUCTURE INTEREST BEARING DEBT



IN THE DIAGRAM, THE MATURITY DATE FOR THE CERTIFICATES IS SET AS THE SAME TIME AS THE MATURITY OF UNUSED CREDIT FACILITIES THAT FUNCTION AS BACKUPS.

The average remaining term to maturity of the available credit facilities was 2.3 years at 31 December 2004.

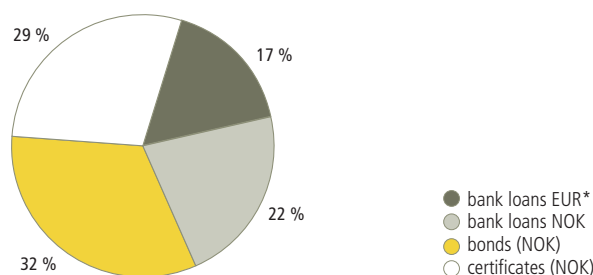
In spite of a relatively short-term debt profile, the company's refinancing risk is viewed as relatively limited. New financing agreed in 2004 has helped to extend the average term to maturity. The company's activities are viewed as very attractive from a credit rating point of view, and the company has built up a strong position in the bank and capital markets (in Norway and overseas).

Access to the optimal financing is a key area for the company, and there is a continuous focus on developing the company's financing structure. The company's debt portfolio is made up of loans from Norwegian and foreign financial institutions, and direct credit acquired through the issue of debt instruments on the Norwegian capital markets. The capital markets are seen as a key element in the Group's financing, and Entra Eiendom AS has through the process in 2003 and further in 2004 become a significant issuer in the Norwegian capital market, both through bonds and certificates.

The structure of the existing loans is based on negative pledge, done in such a way that the loan agreements do not restrict the company's opportunities for using alternative debt instruments for parts of the portfolio.

The company's total debt portfolio of NOK 6,835 million as of 31 December 2004 was split into the following types of debt:

#### DISTRIBUTION OF LOAN PORTFOLIO



\*) BANK LOANS IN EUR ARE HEDGED AGAINST NORWEGIAN KRONE USING A BASIS SWAP, TO ELIMINATE THE COMPANY'S CURRENCY EXPOSURE.

The company had, through its available credit facilities, undrawn facilities of NOK 1,900 million, with which to cover future financing requirements, as well as to provide backup for the company's certificate portfolio.

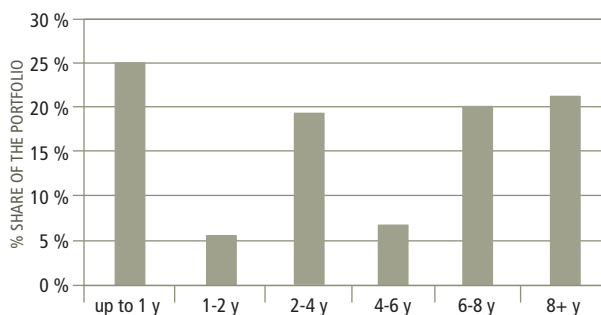
#### Interest rate hedging

Entra Eiendom has significant financial risk associated with the development of general NOK interest rate levels. On the basis of the current interest rate view, the company's interest rate exposure is managed actively through a portfolio of interest rate instruments within the framework of the specified finance strategy. The company uses the interest rate instruments that at any given time are most suited to cover the various risk elements.

As of 31 December 2004 the weighted average duration was 3.8 (4.6 at the close of 2003). The average interest rate on loans in the portfolio was at the same point in time 5.19 percent.

As of 31 December 2004, the portfolio had the following distribution of term to maturity in the portfolio of interest instruments:

#### FIXED INTEREST – PORTFOLIO DISTRIBUTION



#### Financial calendar 2005

Preliminary annual report 2004

Annual report 2004

1st quarter 2005

2nd quarter 2005

3rd quarter 2005

Board meeting 17 February 2005

Middle of april 2005

4 May 2005

26 August 2005

27 October 2005



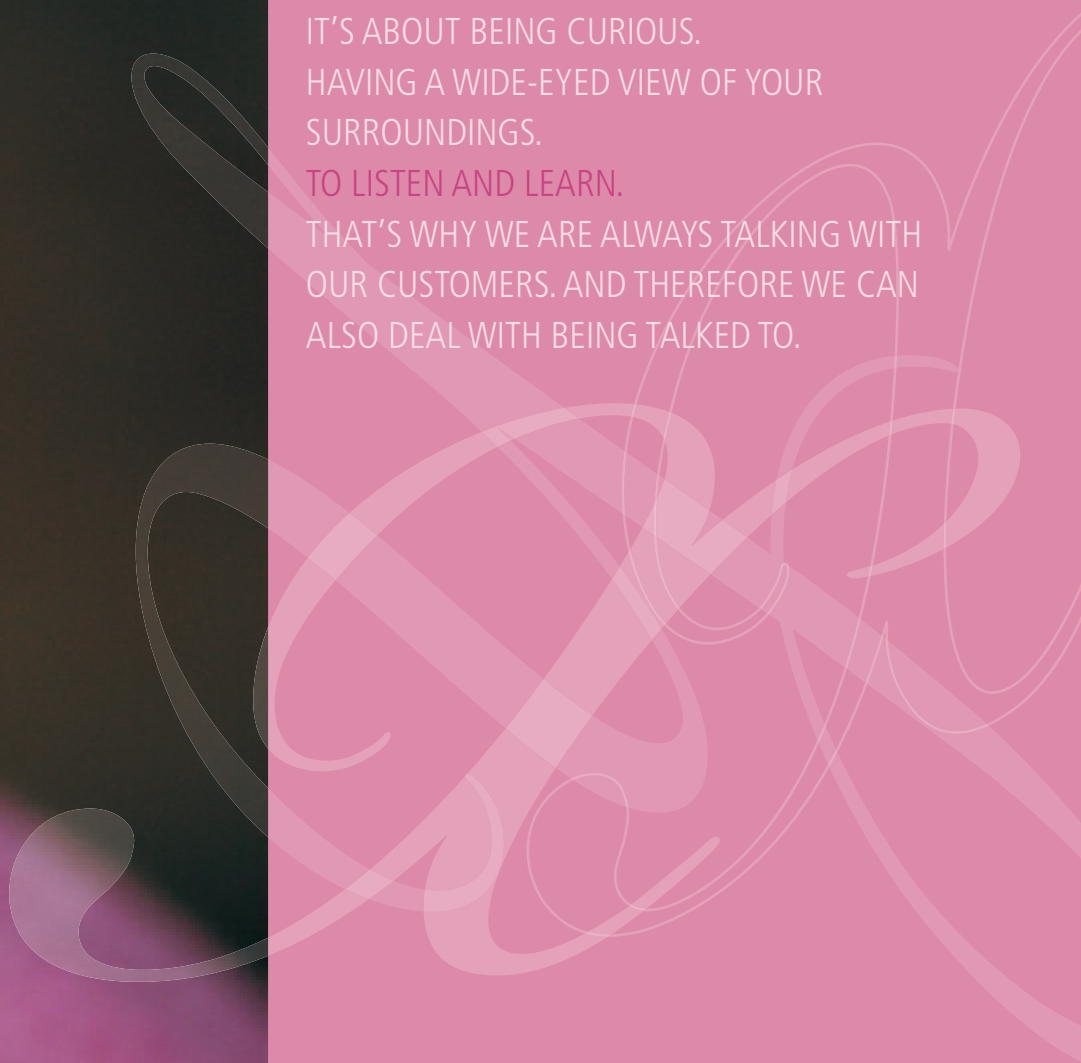


# OPEN

IT'S ABOUT BEING CURIOUS.  
HAVING A WIDE-EYED VIEW OF YOUR  
SURROUNDINGS.

TO LISTEN AND LEARN.

THAT'S WHY WE ARE ALWAYS TALKING WITH  
OUR CUSTOMERS. AND THEREFORE WE CAN  
ALSO DEAL WITH BEING TALKED TO.



# The property portfolio

	GROSS AREA					WEIGHTED REMAINING CONTRACT PERIOD	ANNUAL RENT PASSING AS AT 31.12.04 (NOK 1.000)	SHARE OF TOTAL RENTAL INCOME %
	OFFICES	EDUCA- TIONAL	OTHER	DEVELOP- MENT	TOTAL			
<b>EAST:</b>					<b>549 671</b>	<b>12.7</b>	<b>650 468 517</b>	<b>69 %</b>
Oslo	352 478	26 130	14 946	75 981	469 535			
Akershus	49 012	25 255		5 869	80 136			
<b>SOUTHERN NORWAY:</b>					<b>128 323</b>	<b>8.6</b>	<b>110 936 025</b>	<b>12 %</b>
Kristiansand	30 248	21 174	6 403		57 825			
Oslofjord og Agder	65 983	3 403	1 112		70 498			
<b>WESTERN NORWAY:</b>					<b>105 759</b>	<b>6.3</b>	<b>108 073 395</b>	<b>11 %</b>
Bergen	56 527	6 027			62 554			
Stavanger	43 205				43 205			
<b>CENTRAL AND NORTHERN NORWAY:</b>					<b>115 902</b>	<b>9.2</b>	<b>73 023 660</b>	<b>8 %</b>
Trondheim	39 890			40 750	80 640			
Tromsø	22 636		311		22 947			
Bodø	6 461				6 461			
Rest of Central and Northern Norway	5 854				5 854			
<b>TOTAL FOR THE COMPANY</b>	<b>672 294</b>	<b>81 989</b>	<b>22 772</b>	<b>122 600</b>	<b>899 655</b>	<b>11.3</b>	<b>942 501 597</b>	<b>100 %</b>

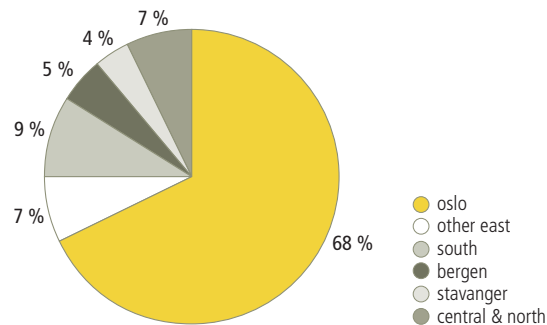


### Market value/concentration

The market value of the company's properties as of 31 December 2004, based on the average of two external valuations, was NOK 12.9 billion.

The company owns a total of 110 properties. The bulk of the properties by value (75 percent in total) are in the Oslo area, and the distribution is as follows:

GEOGRAPHICAL DISTRIBUTION PROPERTY VALUES

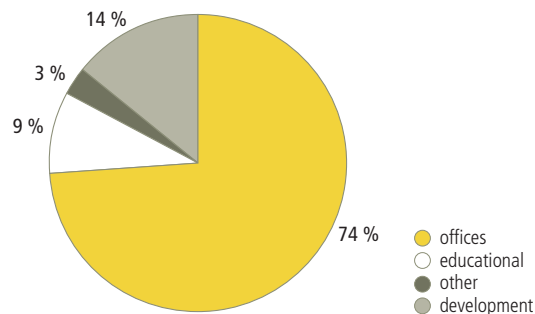


The concentration of property values by size is also high. The 30 most valuable properties are worth NOK 10.4 billion, or 80 percent of the company's total assets as of 31 December 2004.

### Segments

The company's main focus is on the office segment, although the company has slightly increased its focus on other segments.

DISTRIBUTION SEGMENTS (M<sup>2</sup>)

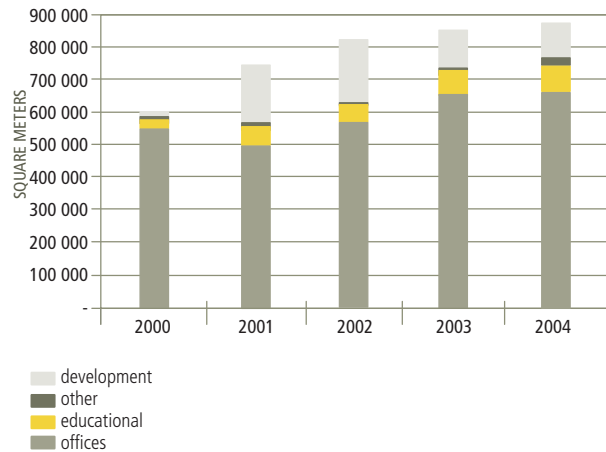


The overall portfolio has grown by approx. 50 percent over recent years, from slightly less than 600,000 m<sup>2</sup> in 2000 to slightly less than 900,000 m<sup>2</sup> at the close of 2004.

The proportion of development properties is more or less unchanged from the previous year, but there have been significant replacements. A number of properties have been completed and/or sold, among them Drammensveien 60 and Keysersgate 15 in Oslo and Kongensgate 87 in

Trondheim, while new ones have been added, such as Brattøra in Trondheim. Refurbishment of Grenseveien 92 has also been started.

DEVELOPMENT IN PROPERTY PORTFOLIO

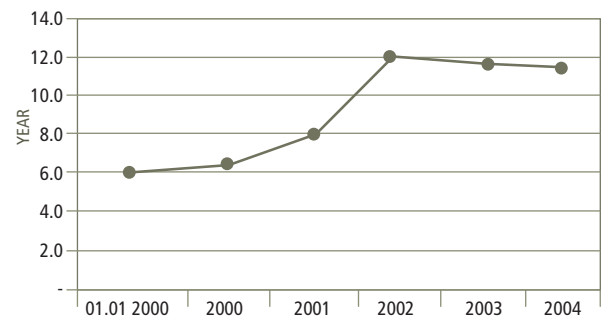


### Rental income

The total contract volume for existing lease agreements was NOK 1,034 million at the turn of the year. Some of these contracts (NOK 91 million) run from the completion of projects that are being developed, which means that the annual rent for ongoing contracts was NOK 943 million as of 31 December 2004.

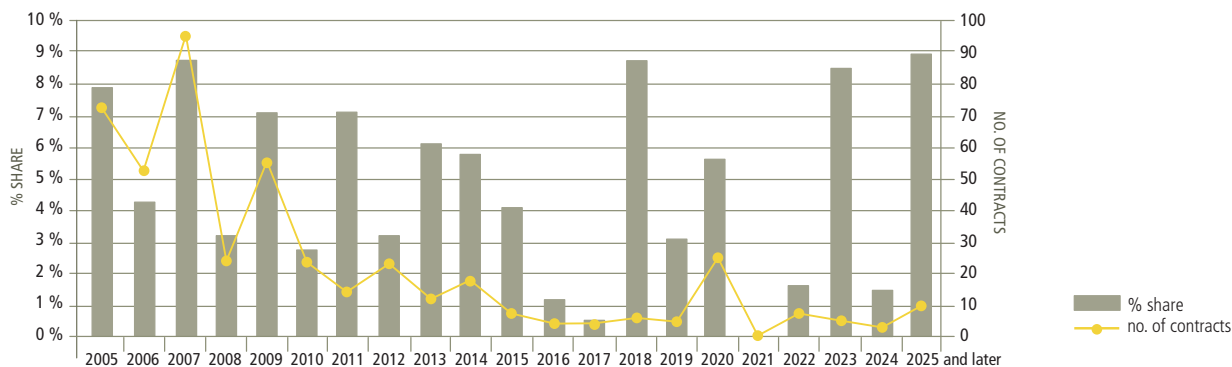
The Group's rental income over the coming years is safeguarded by long-term lease agreements. At the turn of the year, the weighted remaining contract duration was 11.3 years. The weighted average remaining lease period has increased significantly since the company was set up:

WEIGHTED AVERAGE TIME TO MATURITY (YEARS)



To minimise exposure to the economic cycle and variations in market rents, the group aims to optimise the maturity structure of the contract portfolio. A maximum of 10 percent of Entra Eiendom's contract portfolio, in value terms, matures in any given year. The profile has continuously improved since the company was founded in 2000.

MATURITY STRUCTURE PORTFOLIO OF RENTAL CONTRACTS AS AT 31.12.2004

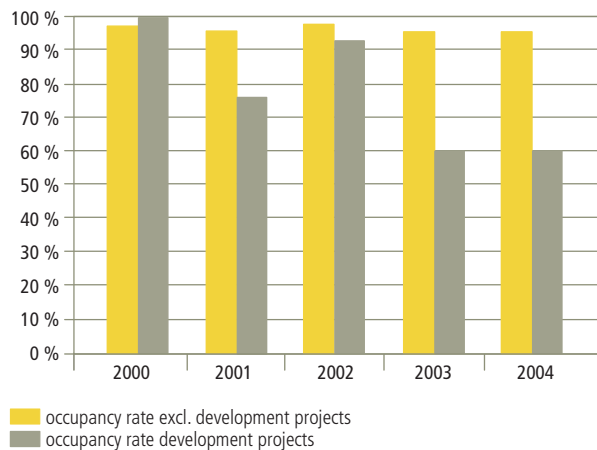


**Occupancy rate**

The occupancy rate at the close of 2004 was 95 percent for the company's ongoing management portfolio. This is unchanged from the previous year, which means that the company has been successful in its marketing activities given the difficult conditions that have affected the market in 2004. At the same time, it is necessary to have a certain level of long-term availability in the property portfolio in order to be active in the rental market. Such long-term availability should probably be around four percent.

The trend in the company's occupancy rate can be illustrated like this:

DEVELOPMENT IN OCCUPANCY RATE



At the turn of the year, Entra Eiendom had 122,600 m<sup>2</sup> of development properties/buildings under construction. This represents 13.6 percent of the Group's total property portfolio. It is important to note that 60 percent of the development portfolio is pre-let. This proportion is unchanged from the end of 2003, but has varied considerably over the course of 2004, as completed projects that are fully leased move to the management portfolio, whilst new projects are added. The occupancy rate only includes lease contracts that have actually been signed. For some of the projects there

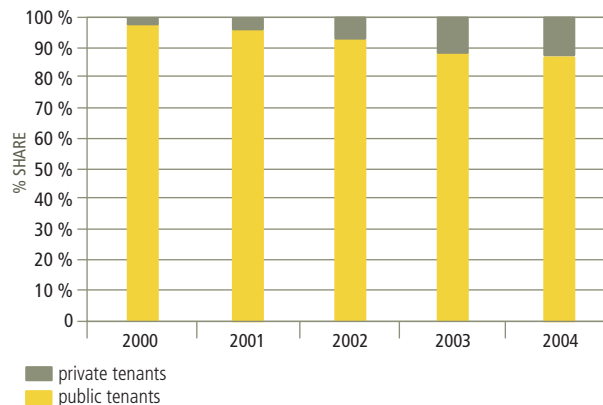
may be framework agreements or letters of intent which mean that the real proportion of available area is lower.

It is this ongoing portfolio of development projects that has been the source of most of the company's value creation throughout its history, and it is responsible for the major proportion of the company's EVA growth.

**Tenant structure**

As of 31 December 2004, the rental income from office space rented to public tenants makes up 88 percent of the total contract value. This is a reduction of two percent compared with the previous year, which is the result of management of the property portfolio in a competitive market. Although the proportion of private tenants has increased, the total office space managed by Entra for the Norwegian Government has increased significantly (by 33 percent over five years).

TENANT STRUCTURE



The large proportion of public tenants means that the company is exposed to very little risk in terms of its tenants, both with regard to credit risk and bankruptcy/termination risk.



# Assessment of market value – EVA

Entra Eiendom's model for Balanced Scorecard includes EVA (Economic Value Added) as a financial target. EVA measures value creation in a business. It forms part of an incentive scheme. This helps to ensure that all employees work towards the same goals, and that reward is based on the employees' efforts creating value for the company. A performance-related bonus scheme is available to all employees, and can total a maximum of the employee's monthly salary. It is put in a performance-related bonus account of which one third of the balance is paid out annually.

EVA measures the added value that is created in the business after both the owners and creditors have received their expected rate of return. EVA can be used to assess the whole business, individual properties, investments and property purchases and sales.

## Explanation of EVA

EVA is defined as the added value created by a business over a given period of time. It is the same as the management income, i.e. an adjusted accounting profit after taxation, with deductions for the capital cost based on the company's weighted capital costs.

EVA IS THE MANAGEMENT INCOME MINUS THE CAPITAL COST FOR CAPITAL EMPLOYED.

+ Management income
- Capital cost
= EVA

THIS IS HOW THE MANAGEMENT INCOME IS CALCULATED

+ Net operating profit/loss
- Investments
+/- Change in property values
-----
= Profit/loss after change in market value
- Tax
-----
= MANAGEMENT INCOME

## Management income

The management income is different from a traditional profit after tax in the following ways:

- No depreciation is taken into account as it only represents a calculated and not an actual value reduction in the properties.
- Interest costs are not included as these are included as part of the capital cost.
- Changes in market value include fluctuations in value for all the properties and not just the ones realised through a sale.
- Investments are charged to profit, which means that investments are put on a part with maintenance costs. This makes it clear that an investment must provide an increase in market value for the property to be a good investment.
- Tax is calculated as 28 percent of profit after changes in market value.

## Capital costs

The capital costs consist of the weighted cost of equity and debt. The cost of equity is determined by the shareholders in terms of their required rate of return. The cost of debt is the net cost of new debt, with the tax advantage deducted.

Capital employed is defined as the total assets on the balance sheet adjusted for the following items: Interest-free debt is excluded as it does not involve any cost. The difference between the property's book value and market value, adjusted for deferred tax, is added to the total capital employed when calculating the capital cost. This development in market value also forms part of the calculation for the management income.

Thus EVA assesses capital at its market value and the Entra Eiendom AS Group is measured in accordance with the market capital cost (value-adjusted total assets and value-adjusted equity (NAV)).

## EVA as a tool

If EVA is zero, both the shareholders and the lenders have received their anticipated return. If EVA is greater than zero, Entra Eiendom has created value over and above this.

EVA is an ideal tool for Entra Eiendom, a long-term player in the property market, as the focus is on properties generating a positive EVA. This is designed to ensure that rational decisions are made regarding the composition of the property portfolio and future investments. Entra Eiendom AS values all its properties once per year through an independent valuation, which provides an up-to-date assessment of the market value.

## EVA in Entra Eiendom

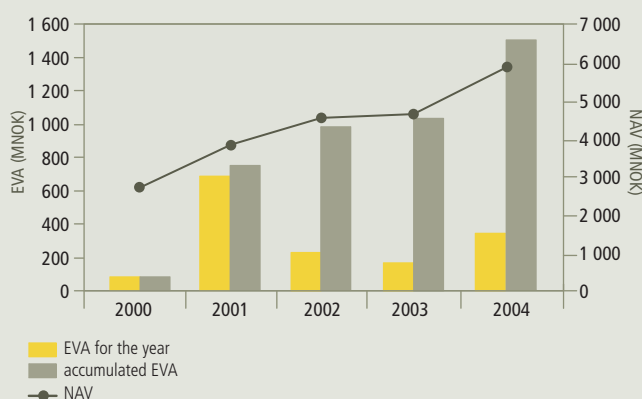
The table shows EVA achieved for each year since the establishment of the company.

### Cummulative EVA calculation for the Entra Eiendom group 2000-2004

	2000	2001	2002	2003	2004	AKKUMULERT
Rental income and other income	261	657	673	792	935	3 318
- Management, operation and maintenance	100	210	378	406	387	1 481
<b>= Net operating income</b>	<b>161</b>	<b>447</b>	<b>295</b>	<b>386</b>	<b>548</b>	<b>1 837</b>
+ Profit from external contracts	-	-	-	-	-	-
+ Interest income	17	26	14	9	4	70
+/- Changes in market value	1 095	2 696	2 179	2 196	2 242	10 408
- Investments	875	1 346	1 337	1 552	1 574	6 684
+ Profit on sale of property	-	-	-	24	82	106
<b>= Income after change in market value</b>	<b>398</b>	<b>1 823</b>	<b>1 151</b>	<b>1 064</b>	<b>1 302</b>	<b>5 738</b>
- Tax	111	510	322	298	364	1 606
<b>= Management income</b>	<b>287</b>	<b>1 313</b>	<b>829</b>	<b>766</b>	<b>937</b>	<b>4 131</b>
- Capital charge (interest on capital employed)	205	633	602	580	592	2 612
<b>= EVA</b>	<b>81</b>	<b>680</b>	<b>227</b>	<b>186</b>	<b>346</b>	<b>1 520</b>

The Group has generated positive EVA (that is, value over and above what is expected by the shareholders and lenders) each year throughout the period. This has been achieved in spite of the to some extent difficult market situation that we have experienced recently. In total the Group has generated value added over and above the expectations of the shareholders and lenders of a good NOK 1.5 billion over the period.

### DEVELOPMENT IN EVA AND NET ASSET VALUE (NAV)



EVA BALANCE SHEET (amounts in MNOK)	2000	2001	2002	2003	2004
Total assets	3 815	5 010	6 551	8 494	8 768
- Interest free liabilities	-	-	-	89	164
+/- Surplus value, adjusted for deferred taxes	756	1 786	2 231	2 615	3 310
<b>= Capital employed</b>	<b>4 571</b>	<b>6 796</b>	<b>8 782</b>	<b>11 020</b>	<b>11 914</b>

Entra Eiendom AS (hereinafter Entra) is engaged in the letting, management, operation, sale and purchase of real estate in Norway. In addition to Entra Eiendom AS, the Group comprises Entra Service AS, Universitetsgaten 2 AS, Biskop Gunnerusgate 14 AS, Instituttveien 24 AS, Kr Augustgate 23 AS, Nonnen Utbygging AS, Langkaia 1 AS, Entra Kultur 1 AS and Krabugt 3 AS.

In addition the company owns shares in the joint venture UP Entra AS.

The company also owns shares in the following associated companies: Kunnskapsbyen Eiendom AS and Oslo S Utvikling AS.

Entra's head office is situated in Oslo. The company has four regional offices located in Oslo, Skien, Bergen and Trondheim.

Entra leases commercial premises, primarily offices, in large Norwegian towns and urban areas, with the main focus on the Oslo region and eastern Norway. The largest customer group is state tenants. At the close of 2004, the Group managed 900,000 m<sup>2</sup> spread across 110 properties.

Over the course of 2004, the company has continued implementing ongoing projects, but investment levels have been slightly lower than in previous years. New tenants have stated that they are satisfied with their new premises and with Entra as a host.

In 2004 the market for office properties has again, particularly in Oslo, seen high vacancy rates and difficult market conditions. This is in spite of the fact that economic growth has increased slightly, based on the stimulation given by the low level of interest rates. The Board is satisfied with Entra maintaining its high level of occupancy (95 percent) through this period. This is evidence of a strong position and of having the right customer focus for ensuring the company's future development.

In 2004, in line with the company's geographical strategy, there has been a greater focus on developments outside the Oslo region. In Bergen the company has bought sites at Nonneseter, one of the last, major, undeveloped sites in the centre of the city, near Entra's building «Government House». In Trondheim the company is developing Brattøra into a centre for maritime research, in collaboration with institutions like SINTEF.

In order to increase the geographical focus further we have continued to sell smaller and peripheral properties in 2004.

Profiling the company as a leading developer of efficient office premises through e.g. Biskop Gunnerus gate 14, (Postgirobygget) has continued through 2004. The company has involved itself in the development at Bjørvika by acquiring one third of the shares in Oslo S Utvikling (OSU). One of the largest and most central urban development projects in Oslo for a long time will thus be a collaboration between the shareholders Linstow Eiendom AS, ROM Eiendomsutvikling AS and Entra Eiendom AS.

The second stage of the Munch quarter was completed in 2004, with the Union of Government and General Employees taking over Keyzers gate 15 in the autumn. The remaining part of the project is Borgarting Court of Appeal which will be completed in the spring of 2005. This will mark the completion of one of the largest projects in the history of the company.

Another important project in the company's portfolio is the National Library. The new storerooms are being used, and the premises in the new office building have been let. The offices will be completed at the same time as the rehabilitation of the venerable library in the spring of 2005.

## Profit and loss account and balance sheet, financial matters and liquidity

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.

## INCOME STATEMENT AND CASH FLOW

In 2004, the Group's total operating income was NOK 1,072.2 million, an increase of NOK 216.3 million on 2003. In 2004, rental income was NOK 882 million, which represents an increase of NOK 127.8 million on 2003. The increase in revenue comes from projects that were completed and properties that were bought in 2004, including Markensgate 19 in Kristiansand, Havneleret in Oslo, Kongens gate 87 in Trondheim, the Police and Court building in Moss and the storeroom at the National Library in Oslo. In addition, a number of projects were completed in 2003. The fact that they generated revenues throughout the year also contributed strongly to the increase in revenues in 2004. This applies to Biskop Gunnerusgt. 14, Alnafossen business park, Akershus University College and Universitetsgaten 2.

The operating income includes total profits on disposals of NOK 136.3 million, compared with NOK 68.8 million in 2003.

The operating profit was NOK 539.3 million, compared with NOK 320.2 million in 2003. Total operating costs were NOK 532.9 million, compared with NOK 535.7 million in 2003. The Group has previously expensed maintenance on ongoing refurbishment projects on the basis of tax assessments. This method was changed for 2004. This means that expensed rehabilitation costs are considerably lower in 2004 than in 2003. Ordinary depreciation was NOK 145 million, compared with NOK 129.7 million in 2003, with the increase being due to a larger management portfolio.

Net financial items were NOK 352.2 million, compared with NOK 294.3 million in 2003. Interest-bearing debt has increased by NOK 613 million over the course of 2004, whilst the average interest cost has been reduced by 74 basis points from 31 December 2003, on account of the low level of interest rates and changes to the company's portfolio of debt instruments.

The Group's pre-tax profit was NOK 187.1 million, compared with NOK 25.9 million in 2003. The tax charge for the year totalled NOK 53.2 million. The profit after taxation was NOK 133.9 million for the Entra Eiendom Group, and NOK 97.2 million for Entra Eiendom AS.

The Group's net cash flow from operating activities totalled NOK 567.1 million, compared with NOK 163.5 million in 2003. Net cash flow from investment activities was NOK -969.4 million, compared with NOK -1,710.6 million in 2003. The reduction is primarily due to fewer development projects in 2004 than in the previous year. The reduction in investment levels resulted in less debt being raised, which along with the dividend payment for 2003 means that the net cash flow from financial activities was NOK 249.8 million. The total net change in liquid assets for the year was NOK -152.5 million.

## BALANCE SHEET AND EQUITY

The Group's book total assets at year-end totalled NOK 8,768.4 million,

which is a net increase of NOK 641.2 million since 2003. The book value of the Group's property and project portfolio has increased by NOK 682.4 million over the course of 2004, after depreciation and property sales.

The Group's book equity ratio as of 31 December 2004 was 14.7 percent, compared with 15.7 percent the previous year. Based on the average of the two external, independent valuations, there are excess values of approx. NOK 4.4 billion in the Group over and above the book values. Based on this, the Group's financial strength is considered satisfactory.

A provision of NOK 71.9 million has been made on the balance sheet for stamp duty and registration fees for the properties transferred at the establishment of Entra. For properties that have been sold prior to 31 December 2004, a corresponding provision of NOK 5.6 million has been expensed against profit. In line with the special law laid out by Stortinget and prior practice for property transfers related to government restructuring, stamp duty and registration fees were not paid for the property portfolio when Entra was set up. ESA is now assessing whether this is in breach of the ban on state support, and a decision is expected on this matter in the course of 2005. The provisions will be re-allocated if ESA's resolution is in line with the original assumptions.

#### FINANCING AND LIQUIDITY – FINANCIAL RISK

The management of financing activities is regulated through agreed frameworks in the finance strategy and finance policy. The Board's view is that this is appropriate for the company's activities and aims.

The company has defined interest rate risk, currency risk, refinancing risk/ liquidity risk and credit and counterparty risk as relevant categories of financial risk.

The company's interest rate risk is managed in line with the finance policy, a framework that covers the average duration and hedging within various time intervals. The average interest rate on the Group's portfolio of loans and interest instruments was 5.19 percent per annum as of 31 December 2004.

The company shall not take on currency risk, and exposure from financing in foreign currency is hedged through interest rate and currency swaps.

The view of the Board is that the company's refinancing/ liquidity risk is low, in spite of the relatively short average term to maturity. The company's financing is currently composed of bank and capital market instruments with a spread out maturity structure from 2005-2009, which provides flexibility for future developments. The capital markets have over the course of 2004 moved in favour of borrowers, with low interest rates and good access to liquidity.

The company aims to keep a tight rein on liquidity, and the Group's liquid assets, including liquid financial deposits, totalled NOK 30.4 million as of 31 December 2004. In addition, as of 31 December 2004 the company had available, undrawn credit facilities with Norwegian banks totalling NOK 1.9 billion. Thus, the company has liquidity available to cover its defined needs.

Credit and counterparty risk are limited with the existing tenant structure. 88 percent of tenants are in the public sector. Other customers

are given a credit check, and any shortfall in financial strength is compensated for by satisfactory security being demanded.

The Group's ability to finance its investments is satisfactory.

The Group's total liabilities as of 31 December 2004 were NOK 7,480.2 million. The Group's interest-bearing debt totalled NOK 6,835.4 million as of 31 December 2004.

#### Profit for the year and allocations

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

Proposed dividend	NOK	120,000,000
Transferred from other reserves	NOK	-22,840,812
<b>Total appropriations</b>	<b>NOK</b>	<b>97,159,188</b>

The company's distributable reserves totalled NOK 163,034,785 as of 31 December 2004.

#### Shareholder information

The Norwegian Government, through the Ministry of Trade and Industry, owns 100 % of the company's shares.

In the autumn of 2004, The Ministry of Trade and Industry asked the company's Board to investigate:

- the business and financial strategies that would best advance the company's development and the aims and assumptions that underpinned the establishment of the company
- the financial and operational risk connected with the company's development
- opinions on a (partial) privatisation of the company, including alternative privatisation models

The Board was asked to deliver the results of its investigations to the Ministry in the middle of February 2005.

#### Corporate governance

At Entra the focus on Corporate Governance is an ongoing process that is under constant development and improvement. Over the long term, the company aims for this process to help it achieve greater predictability and confidence, whilst giving it the basis for dealing with specific challenges and critical decisions effectively. This will help Entra to achieve increased value added over the long-term whilst reducing risk.

The defined values and ethical guidelines, which form an important part of the company's overall strategy document, are of primary importance to the company's basis for future development. The company has defined the following values and ethical guidelines:

Entra shall:

- meet customers' requirements and expectations
- be respectful towards customers, employees and partners

Business ethics:

- act honestly and responsibly in all situations
- do not accept breaches of ethical or moral rules
- do not abuse power

Continuous work is being done on implementing these values and guidelines throughout the organisation.

The Board of Entra changed in 2004. Three new shareholder representatives and one new employee representative were elected for two years.

#### **Moving towards the international financial reporting standards**

The Board of Entra has resolved that the company shall until further notice continue with the existing accounting principles. However, preparations for a future transition to IFRS, which the company started work on in 2003, will continue until transition at a later date.

#### **Working environment and staff**

At the close of 2004, Entra had 133 employees in total. This was the equivalent of 129.5 man-years. This is a moderate reduction compared with the close of 2003.

Staff turnover in 2004 was 3.7 percent. If you ignore natural wastage (retirement), no-one left Entra during 2004 to start working for another employer. Staff turnover of 3.7 percent is slightly lower than our target.

Sickness absence at the company was 5.98 percent of total working hours. Compared with 2003 this is an increase of 0.47 percent. The sickness absence for 2004 is 1.48 percent higher than our defined target. Sickness absence fell in the 4th quarter of 2004, during which period it was 5 percent. Sickness absence at Entra is lower than the Norwegian average, and is in line with absence figures for the industry (commercial services, property management). Measures are being taken to reduce sickness absence at the company.

Employee surveys show that employees are very happy with the working environment. They also reveal good relations between managers and workers.

There were no fatal accidents at Entra in 2004, nor were there any recorded accidents or incidents that caused serious personal injury.

Cooperation with employee organisations has been good and constructive, and has made a positive contribution to the running of the company.

#### **Equal opportunity**

21.8 percent of Entra's employees were women in 2004. This is an improvement in the proportion of women of 1.8 percent compared with 2003. Just over 60 percent of the workforce at Entra is employed on the operational side of the business. These positions generally require technical training or experience, and female applicants are very rare. Three women work in operations, and it is proving very difficult to increase the number of women in these kinds of position. The proportion of women on the administrative staff was 36.7 percent. No women were recruited to manage-

ment positions in 2004. Two of the Board's five shareholder representatives are women, equivalent to 40 percent.

Entra has the same arrangements for working hours for both genders. Six percent of the workforce at Entra works part-time, of whom 62.5 percent are women.

#### **The company's impact on the environment**

Entra's objective is for its properties to have as little impact on the environment as possible, and for the company to contribute to good utilisation of energy and other resources within the financial framework conditions. Annual cost analyses are carried out on all investments to identify the optimal balance between investment, and operation and maintenance. This helps the business community to reduce its burden on natural resources. Structural materials are re-used wherever possible, and the company uses environmentally friendly materials and water-borne heating, which enables use of heat pumps and renewable energy sources.

In all new building projects, conversions and maintenance work, importance is attached to measures which reduce energy consumption. It is a priority for operations staff to monitor, and help minimise, the properties' ongoing energy consumption. Entra's energy consumption is below average according to ENOVA's building statistics.

Efficient use of space is one of the most important factors in sustainable development. Entra is working proactively at implementing new working practices and rationalising the use of space in all our properties.

The features of historic value in the company's buildings are properly safeguarded in line with current laws and regulations. When disposing of properties comprising buildings constructed before 1950, the company follows the regulation 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), or any regulation which might replace it.

In 2004, Entra completed the investigation of its properties with regard to valuable cultural heritage. A proposal for protecting the buildings has been sent to the Directorate for Cultural Heritage for assessment. The discussions with the Directorate for Cultural Heritage will aim to ascertain which properties are likely to be formally protected through being given listed status. On the basis of this, an overview will sort the properties into listed buildings, other buildings with valuable cultural heritage and properties without valuable cultural heritage.

#### **Future development**

Entra has, since its establishment in 2000, experienced significant growth and development. It has developed into a well-known, major player in the industry.

#### **MARKET DEVELOPMENT**

After rising for a number of years, the vacancy rate for office premises in Oslo has now stabilised and stood at 11% in autumn 2004. However, there are clear signs of a fall in the vacancy rate for attractive premises in the city centre. Overall rental prices in Oslo fell in 2004, although the most attracti-



ve properties experienced a slight increase towards the end of the year. This could be an indication of an impending turnaround in general rental price trends. As always, this manifests itself first in attractive, sought-after areas.

The market in the large towns outside Oslo was relatively stable. Rental prices in these areas are considerably lower than those in Oslo, and few premises command more than NOK 1200-1300/m<sup>2</sup>.

The low interest level towards the end of 2004 made itself felt in the market for purchase and sale of property. Many transactions were made at record-low yield levels. Market experts expect interest rates to rise during 2005, which could result in an increased yield level and lower property values. However, the property transaction market is expected to be good in 2005, as many investors will see property as an attractive option in the climate of low bank rates and an uncertain stock market.

#### PRIORITY AREAS

88 percent of Entra's tenants are in the public sector. The company's main customer group is defined as the Norwegian public sector. By means of ongoing customer relations, the company has built up a sound understanding of this customer group's preferences and needs relating to office premises and associated services.

By increasing its focus on «Property and Service» as a separate business area, Entra has created the framework for greater customer focus and provision of a broader range of services to the company's customers. Entra wishes to take on the role in future urban developments that follows from the social responsibility that rests on a major player in this market. Nevertheless, Entra's most important objective is to maintain its existing portfolio and customers, whilst looking after its shareholders' values in the best possible manner.

Entra only operates in Norway, and its current strategy does not include plans for expanding internationally. The company's explicit objective is to be the leader in its priority markets, defined as the seven large regional centres in the country.

Entra shall operate in competition with private players in the market. It is a prerequisite for success that the company can face this competition on an equal footing. The company's ability to act quickly relies on it being run on a commercial basis, which allows it to generate as much value from the properties as possible.

The Norwegian public sector is the company's primary customer group. As was intended when Entra was created, the existence of the company contributes to competition. This ensures that our major customers are offered competitive solutions to cover their need for floor space, regardless of whether Entra wins or loses the competition.

The company is a powerful player in the Norwegian property market. The company has a professional organisation with the operational capacity to implement the defined strategy. Continued growth will be achieved through further development and acquisition of new properties, and by refining and further developing the existing property portfolio based on the existing customer relationships.

It is the opinion of the Board that the company has considerable financial freedom of manoeuvre.

#### FUTURE INVESTMENTS

Entra's strategic goal is for a minimum of 15 percent of the company's portfolio to be development projects. Of the total portfolio of 899,655 m<sup>2</sup>, 122,600 m<sup>2</sup> (or 13.6 percent) are development properties that are being converted, rehabilitated, extended or are new buildings. This is the result of new investments, in addition to the fact that some properties become vacant at the end of a lease agreement.

Through its investments in Bjørvika (via Oslo S Utvikling AS), Entra will participate in the continued development of a new, centrally-located district in Oslo.

The company will also increase its focus on the development of the regional centres outside Oslo, through projects in the Nonneseter quarter in Bergen and along Brattøra in Trondheim.

Entra is involved in scientific buildings through Kristiansand Science Park, the Drammen Science Park, Kjeller Science Park and the Bio-tech centre in Hamar.

Although the level of investment has been slightly lower in 2004, a number of projects have been initiated that will require significant investments in the future.

#### FINANCIAL DEVELOPMENTS

With regard to macroeconomic developments, the economic recovery experienced in 2004 is expected to continue. This should increase activity levels and improve demand for offices in the long term. Both short and long Norwegian interest rates are expected to rise towards the end of 2005. The company is positioned in such a way that it currently benefits from the low short-term interest levels, whilst the long-term fixing of interest rates will reduce the effect on the portfolio of anticipated interest rate hikes. It is the view of the Board that Entra has a solid financial foundation for further growth in line with the company's chosen strategy. Both its financial strength and underlying cash flow give the company the necessary freedom to manoeuvre. The company's position in the financial markets is strong, and allows it to raise capital to implement planned investments. This allows the company to aim for the optimal long-term financing solutions.

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

Oslo 17 February 2005:

<b>Grace Reksten Skaugen</b> Chairman of the board	<b>Finn Berg-Jacobsen</b> Board member	<b>Gerd Kjellaug Berge</b> Board member
<b>Trond Reinertsen</b> Board member	<b>Knut Grøholt</b> Board member	
<b>Kåre Greaker</b> Board member (employee representative)	<b>Bjørnar Sletten</b> Board member (employee representative)	<b>Erik Løfsnes</b> Managing director









IT HELPS TO BE WILLING TO  
TURN AROUND. TAKE A RISK.  
DARE TO GO IN ANOTHER DIRECTION.



# INNOVATIVE

CUSTOMERS HAVE DIFFERENT NEEDS, AND THEY HAVE NEEDS THAT CHANGE. FORTUNATELY. BECAUSE WE LIKE CHANGE. **WE LIKE CHALLENGES.** BUT MOST OF ALL WE LIKE TO CREATE SOMETHING NEW.



# Annual accounts

Income statement 1 January - 31 December (all figures in NOK 1000)

ENTRA EIENDOM AS			NOTE	ENTRA EIENDOM GROUP			
2002	2003	2004		2004	2003	2002	
<b>OPERATING INCOME</b>							
588 336	641 342	646 763	Rental income	10	882 027	754 188	620 391
21 146	68 786	122 843	Profits on the sale of property	2	136 325	68 786	21 146
31 805	20 770	24 179	Other operating income		53 857	32 956	32 277
<b>641 287</b>	<b>730 898</b>	<b>793 785</b>	<b>TOTAL OPERATING INCOME</b>		<b>1 072 209</b>	<b>855 930</b>	<b>673 814</b>
<b>OPERATING EXPENSES</b>							
133 951	49 029	50 438	Maintenance costs		55 629	68 071	241 875
781	18 858	19 207	Rehabilitation costs		20 693	154 425	781
115 078	151 206	282 391	Other operating expenses	11, 14	311 558	183 581	135 123
82 330	94 695	93 086	Ordinary depreciation	2	145 030	129 665	109 891
-	-	-	Amortisation of goodwill		-	-	65
<b>332 140</b>	<b>313 788</b>	<b>445 122</b>	<b>TOTAL OPERATING EXPENSES</b>		<b>532 909</b>	<b>535 742</b>	<b>487 735</b>
<b>309 147</b>	<b>417 110</b>	<b>348 664</b>	<b>OPERATING PROFIT</b>		<b>539 300</b>	<b>320 188</b>	<b>186 080</b>
<b>FINANCIAL INCOME/EXPENSES</b>							
20 850	130 643	143 340	Interest received from Group companies		-	-	-
12 918	8 153	4 010	Other interest received		4 191	8 807	13 423
1 073	34	36	Other financial income		21	34	1 073
-161 586	-309 927	-351 914	Interest paid		-347 692	-293 932	-217 778
-618	-9 103	-8 700	Other financial expenses		-8 712	-9 161	-618
<b>-127 363</b>	<b>-180 200</b>	<b>-213 227</b>	<b>NET FINANCIAL ITEMS</b>		<b>-352 193</b>	<b>-294 252</b>	<b>-203 901</b>
<b>181 784</b>	<b>236 910</b>	<b>135 436</b>	<b>PROFIT BEFORE TAX</b>		<b>187 108</b>	<b>25 936</b>	<b>-17 823</b>
51 535	66 467	38 230	Tax on profit	9	53 229	7 504	-4 523
<b>130 249</b>	<b>170 443</b>	<b>97 206</b>	<b>PROFIT (LOSS) FOR THE YEAR</b>		<b>133 879</b>	<b>18 433</b>	<b>-13 299</b>
<b>Appropriations:</b>							
-	250 000	120 000	Dividends		120 000	250 000	-
163 704	-79 557	-22 794	Other reserves		13 879	-231 567	-13 299



Assets as of 31 December (all figures in NOK 1000)

ENTRA EIENDOM AS			NOTE	ENTRA EIENDOM GROUP			
2002	2003	2004		2004	2003	2002	
<b>FIXED ASSETS</b>							
<b>Intangible assets</b>							
20 814	-	-	Deferred tax assets	9	-	-	15 945
-	-	-	Goodwill		-	-	261
20 814	-	-	<b>TOTAL INTANGIBLE ASSETS</b>		-	-	<b>16 206</b>
<b>Tangible assets</b>							
3 909 139	4 636 120	4 815 020	Sites, buildings and other real property	2	7 391 179	7 270 963	5 171 124
8 682	14 136	15 145	Plant and machinery	2	18 893	18 672	12 872
522 138	299 866	636 709	Projects under development	2	886 086	324 129	924 276
4 439 958	4 950 122	5 466 874	<b>TOTAL TANGIBLE ASSETS</b>		<b>8 296 158</b>	<b>7 613 764</b>	<b>6 108 273</b>
<b>Financial assets</b>							
475 520	640 891	685 066	Investments in subsidiaries	3	-	-	-
-	12 197	128 163	Investments in associated companies	3	128 148	-37	-
1 539	239	2 604	Investments in shares and units		2 604	12 436	239
672 830	2 349 186	2 365 435	Loans to Group companies	5	-	-	-
8 778	9 482	174 901	Other long-term receivables	4	175 658	9 474	8 778
1 158 666	3 011 995	3 356 168	<b>TOTAL FINANCIAL ASSETS</b>		<b>306 410</b>	<b>21 873</b>	<b>9 017</b>
5 619 439	7 962 117	8 823 042	<b>TOTAL FIXED ASSETS</b>		<b>8 602 568</b>	<b>7 635 637</b>	<b>6 133 495</b>
<b>CURRENT ASSETS</b>							
<b>Receivables</b>							
143 245	123 988	5 509	Trade debtors	5	8 681	180 396	145 109
65 848	215 901	121 462	Other short-term receivables		126 797	129 408	65 772
209 092	339 889	126 971	<b>TOTAL RECEIVABLES</b>		<b>135 478</b>	<b>309 804</b>	<b>210 881</b>
18 377	19 033	20 143	Bonds and certificates	12	20 143	19 033	18 377
154 753	147 155	5 873	Cash in hand and at bank	6	10 252	162 719	155 218
382 223	506 078	152 986	<b>TOTAL CURRENT ASSETS</b>		<b>165 872</b>	<b>491 556</b>	<b>384 477</b>
<b>6 001 662</b>	<b>8 468 195</b>	<b>8 976 029</b>	<b>TOTAL ASSETS</b>		<b>8 768 440</b>	<b>8 127 193</b>	<b>6 517 971</b>

Equity and liabilities as of 31 December (all figures in NOK 1000)

ENTRA EIENDOM AS			NOTE	ENTRA EIENDOM GROUP		
2002	2003	2004		2004	2003	2002
<b>EQUITY</b>						
			<b>Paid-in capital</b>	<b>60</b>		
142 194	142 194	142 194	Share capital	1, 7	142 194	142 194
1 271 984	1 271 984	1 271 984	Share premium reserve	1	1 271 984	1 271 984
<b>1 414 178</b>	<b>1 414 178</b>	<b>1 414 178</b>	<b>TOTAL PAID-IN EQUITY</b>		<b>1 414 178</b>	<b>1 414 178</b>
			<b>Retained earnings</b>			
265 433	185 876	163 035	Other reserves	1	-125 965	-140 093
<b>265 433</b>	<b>185 876</b>	<b>163 035</b>	<b>TOTAL RETAINED EARNINGS</b>		<b>-125 965</b>	<b>-140 093</b>
<b>1 679 611</b>	<b>1 600 054</b>	<b>1 577 213</b>	<b>TOTAL EQUITY</b>		<b>1 288 213</b>	<b>1 505 662</b>
<b>LIABILITIES</b>						
			<b>Provisions for commitments</b>			
-	-	1 308	Pension liabilities	8	1 502	-
-	6 491	36 151	Deferred tax	9	62 932	6 672
-	-	98 721	Other provisions for commitments		99 913	-
<b>-</b>	<b>6 491</b>	<b>136 179</b>	<b>TOTAL PROVISIONS FOR COMMITMENTS</b>		<b>164 347</b>	<b>6 672</b>
			<b>Other long-term liabilities</b>			
552 800	3 012 250	2 685 412	Liabilities to financial institutions	4	2 685 412	3 012 250
-	1 500 000	2 150 000	Bonds	4	2 150 000	1 500 000
985 000	1 710 000	2 000 000	Certificates	4	2 000 000	1 710 000
2 284 891	20 000	20 000	Other long-term liabilities	4	20 000	20 000
<b>3 822 691</b>	<b>6 242 250</b>	<b>6 855 412</b>	<b>TOTAL OTHER LONG-TERM LIABILITIES</b>		<b>6 855 412</b>	<b>6 242 250</b>
			<b>Short-term liabilities</b>			
-	-	15 516	Overdraft facility		15 516	-
51 079	11 660	77 523	Trade creditors	5	126 059	14 829
-	-	3 615	Debt to Group companies	5	-	-
-	13 716	21	Tax payable	9	2 121	13 716
1 393	3 827	4 801	Unpaid government taxes and duties		5 141	11 838
-	250 000	120 000	Dividends	1	120 000	250 000
446 889	340 197	185 749	Other short-term liabilities	13	191 631	313 803
<b>499 361</b>	<b>619 401</b>	<b>407 225</b>	<b>TOTAL SHORT-TERM LIABILITIES</b>		<b>460 468</b>	<b>604 186</b>
<b>4 322 051</b>	<b>6 868 141</b>	<b>7 398 816</b>	<b>TOTAL LIABILITIES</b>		<b>7 480 227</b>	<b>6 853 108</b>
<b>6 001 662</b>	<b>8 468 195</b>	<b>8 976 029</b>	<b>TOTAL EQUITY AND LIABILITIES</b>		<b>8 768 440</b>	<b>8 127 193</b>

**Cash flow statement** 1 January - 31 December (all figures in NOK 1000)

ENTRA EIENDOM AS			ENTRA EIENDOM GROUP			
2002	2003	2004		2004	2003	2002
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>						
181 784	236 910	135 436	Profit before tax	187 108	25 936	-17 822
-21 146	-68 786	-122 843	Profits on the sale of fixed assets	-136 325	-68 786	-19 851
-29 286	-	-15 874	Tax payable	-15 874	-55	-34 154
82 330	94 695	93 086	Ordinary depreciation	145 030	129 903	109 891
-90 935	-20 162	184 342	Change in stock, trade debtors and trade creditors	282 947	-74 714	-111 976
-591 855	-1 857 837	253 628	Change in other accruals	104 255	151 208	31 209
-469 108	-1 615 180	527 776	Net cash flow from operating activities	567 141	163 492	-42 703
<b>CASH FLOW FROM INVESTMENT ACTIVITIES</b>						
-1 097 420	-680 715	-771 640	Investments in fixed assets	-1 078 680	-1 841 941	-1 601 581
22 000	144 642	293 670	Sales of fixed assets (sales total)	394 910	144 642	22 150
14 650	-112 200	-329 034	Change in other investments	-285 646	-13 251	14 833
-1 060 770	-648 273	-807 004	Net cash flow from investment activities	-969 416	-1 710 550	-1 564 598
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>						
1 685 000	2 419 559	959 131	New debt (short-term and long-term)	955 516	3 819 450	1 685 000
-7 000	-	-480 311	Repayment of existing debt	-455 707	-2 264 891	-7 000
-37 496	-163 704	-90 874	Group contribution paid	-	-	-
-80 000	-	-250 000	Dividend paid	-250 000	-	-80 000
1 560 504	2 255 855	137 946	Net cash flow from financing activities	249 809	1 554 559	1 598 000
702 809	-7 598	-141 282	Net change in cash and cash equivalents for the year	-152 467	7 501	-9 302
124 127	154 753	147 155	Cash in hand and at bank as of 1 January	162 719	155 218	164 520
154 753	147 155	5 873	Cash in hand and at bank as of 31 December	10 252	162 719	155 218

# Accounting principles

The financial statements have been prepared in compliance with the Norwegian Accounting Act of 1998 and generally accepted accounting principles.

## Rental income

Rental income is taken to income (accrued) concurrently with the lease period.

Lease contracts that are terminated early 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. Such payments are accrued over the estimated vacancy period if the premises remain vacant.

## Consolidation principles

The consolidated accounts cover the parent company Entra Eiendom AS, and its subsidiaries Entra Service AS, Universitetsgaten 2 AS, Biskop Gunnerusgate 14 AS, Instituttveien 24 AS, Kristian Augustgate 23 AS, Nonnen Utbygging AS, Langkaia 1 AS, Krabugta 3 AS and Entra Kultur 1 AS. The consolidated accounts have been drawn up as if the Group were a single economic unit. Intergroup transactions and balances have been eliminated. The consolidated accounts have been prepared using uniform accounting principles.

In the consolidated accounts, subsidiaries are accounted for on the basis of the parent company's acquisition cost. The acquisition cost is allocated to identifiable assets and liabilities in the subsidiary, and entered in the consolidated accounts at the real value at the time of purchase. Any excess value over and above what can be allocated to identifiable assets and liabilities is added to the balance sheet as goodwill. Excess value in the consolidated accounts is amortised linearly over the anticipated remaining economic life of the assets acquired.

## Subsidiaries/associated companies

In the company accounts, subsidiaries are valued using the cost method. Investments in shares are valued at the acquisition cost unless write-downs have been necessary. Investments are written down to their actual value if a reduction in value is due to reasons not believed to be temporary, and the write-down seems necessary in accordance with generally accepted accounting principles. Write-downs are reversed if the reason for them no longer exists.

Dividends and other distributions are recognised as income in the

same year as the corresponding provisions are made in the subsidiaries. If dividends exceed the portion of retained earnings after the purchase, the excess represents repayment of invested capital, and the distributions are deducted from the value of the investment on the parent company's balance sheet.

Jointly owned companies and associated companies are accounted for using the equity method.

## Classification and valuation of balance sheet items

Current assets and short-term liabilities cover items that are due for payment within one year of the acquisition, as well as items relating to the business cycle. Other items are classified as fixed assets/long-term liabilities.

Current assets are valued as the lower of the acquisition cost and their actual value. Short-term liabilities are shown on the balance sheet at nominal value on the initial date.

Fixed assets are valued at their acquisition cost, but are written down to their actual value if a reduction in value occurs which is not believed to be temporary.

## Receivables

Trade debtors and other receivables are shown on the balance sheet at the nominal value after provision for anticipated bad debts. Provisions for bad debts are made on the basis of individual assessments of each debtor. In addition, a non-specific provision is made to cover anticipated bad debts on other trade debtors.

## Foreign currency

Financial items in foreign currency are valued 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 the average acquisition cost and actual value on the balance sheet date. Dividends and other distributions received from the companies are recognised as other financial income.

## Fixed assets

Fixed assets are recognised on the balance sheet and are depreciated over the anticipated economic life of the assets. Direct maintenance of fixed assets is expensed as an operating cost, whilst additions or improvements

are added to the asset's cost price and are depreciated at the same rate as the asset.

Rehabilitation costs were previously treated in the same way for tax and accounting purposes. As of 2004 the way they are treated in the accounts has changed slightly. Rehabilitation costs over and above necessary maintenance are recognised on the balance sheet for accounting purposes.

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. Up to and including 2003, all of these rehabilitation costs were recognised as expenses. As of 2004, the portion of the rehabilitation costs in these projects that increases the property's earnings potential is added to the balance sheet for accounting purposes (for which it is viewed as an addition), but not for tax purposes (for which it is viewed as maintenance). The portion of the rehabilitation costs that is still expensed for accounting purposes represents the maintenance work that would anyway have been necessary to prevent the property losing value as it is. The accounting implications of this are described in note 2. Additions/improvements are recognised as assets on the balance sheet both for tax and accounting purposes.

#### **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 funds, as well as actuarial calculations of mortality, voluntary early retirement, etc. Pension funds are valued at their actual value and are deducted from net pension liabilities on the balance sheet. Changes in liabilities due to changes in pension plans are allocated over the expected remaining contribution period. Changes in liabilities and pension funds due to changes and differences in calculation assumptions (estimate changes) are allocated over the expected average remaining contribution period if the difference at the start of the year exceeds 10 % of the greater of the gross pension liabilities and pension funds.

A linear accumulation model and anticipated final salary are used as the basis for recognising pensions in the accounts. Changes to pension plans are amortised over the anticipated remaining contribution period. The same applies to estimate changes if they exceed 10 % of the greater of the pension liabilities and pension funds (corridor).

#### **Tax**

The tax charge on the income statement covers both tax payable for the period and changes to deferred tax. Deferred tax is calculated at 28 % 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 the 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.

In so far as Group contributions have not been recognised as income, the tax effect of the contribution is booked directly against investments on the balance sheet.

#### **Long-term liabilities**

Premiums and discounts in connection with taking on long-term liabilities are accrued over the period of the loan. The same applies to arrangement fees in connection with the loans.

The company has 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.

#### **Uncertain commitments**

The company has a certain number of lease agreements where the company is the tenant. These contracts are included in the letting activities. Under Norwegian Accounting Standards on uncertain liabilities and contingent assets, provision must be made for losses in the event that such premises remain vacant or partially vacant. The company has made such an assessment 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 discounted 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.

#### **Reclassification of expenses**

The company has changed the classification of operating expenses. Operating expenses are now divided into maintenance, rehabilitation and other operating expenses and the figures for 2003 have been adjusted to make them conform.

# Notes

## Note 1 EQUITY (all figures in NOK 1000)

### ENTRA EIENDOM AS

	SHARE CAPITAL	SHARE PREMIUM RESERVE	OTHER EQUITY	TOTAL
Equity as of 31 December 2003	142 194	1 271 984	185 876	<b>1 600 054</b>
Adjusted tax for previous years' accounts	-	-	-47	<b>-47</b>
Profit for the year	-	-	97 206	<b>97 206</b>
Dividend appropriation	-	-	-120 000	<b>-120 000</b>
<b>EQUITY AS OF 31 DECEMBER 2004</b>	<b>142 194</b>	<b>1 271 984</b>	<b>163 035</b>	<b>1 577 213</b>

### ENTRA EIENDOM GROUP

	SHARE CAPITAL	SHARE PREMIUM RESERVE	OTHER EQUITY	TOTAL
Equity as of 31 December 2003	142 194	1 271 984	-140 093	<b>1 274 084</b>
Errors in previous years' accounts	-	-	249	<b>249</b>
Profit for the year	-	-	133 879	<b>133 879</b>
Dividend appropriation	-	-	-120 000	<b>-120 000</b>
<b>EQUITY AS OF 31 DECEMBER 2004</b>	<b>142 194</b>	<b>1 271 984</b>	<b>-125 965</b>	<b>1 288 213</b>

**Note 2 TANGIBLE ASSETS** (all figures in NOK 1000)

ENTRA EIENDOM AS						
	SITES *	BUILDINGS	MACHINERY	MOVEABLES	PROJECTS UNDER DEVELOPMENT*	TOTAL TANGIBLE ASSETS
<b>ASSETS</b>						
Acquisition cost as of 31 December 2003	527 571	4 364 322	108	34 219	299 866	<b>5 226 086</b>
Acquisitions	55 756	371 585	-	7 455	336 843	<b>771 640</b>
Disposals	-12 842	-163 160	-	-653	-	<b>-176 656</b>
Acquisition cost as of 31 December 2004	570 485	4 572 747	108	41 021	636 709	<b>5 821 070</b>
Accumulated depreciation as of 31 December 2003	-	255 773	56	20 135	-	<b>275 964</b>
Depreciation	-	86 869	27	6 191	-	<b>93 086</b>
Disposals	-	-14 430	-	-424	-	<b>-14 853</b>
Accumulated depreciation as of 31 December 2004	-	328 212	82	25 902	-	<b>354 197</b>
<b>BALANCE SHEET VALUE AS OF 31 DECEMBER 2004</b>	<b>570 485</b>	<b>4 244 534</b>	<b>26</b>	<b>15 119</b>	<b>636 709</b>	<b>5 466 874</b>

Anticipated economic life	50 years	4 years	3-5 years
Depreciation schedule	Linear	Linear	Linear

This year's interest on building loans charged to the balance sheet total NOK 25,156,060. Profits on the sale of fixed assets total NOK 125,703,671. Losses on the sale of fixed assets total NOK 2,860,585. In 2004 we sold 11 properties. This year's rehabilitation costs charged to the balance sheet total NOK 69,034,151.

ENTRA EIENDOM GROUP						
	SITES *	BUILDINGS	MACHINERY	MOVEABLES	PROJECTS UNDER DEVELOPMENT*	TOTAL TANGIBLE ASSETS
Acquisition cost as of 31 December 2003	786 688	6 844 912	108	40 710	324 129	<b>7 996 547</b>
Acquisitions	59 756	448 832	-	8 135	561 957	<b>1 078 680</b>
Disposals	-12 842	-259 121	-	-653	-	<b>-272 616</b>
Acquisition cost as of 31 December 2004	833 602	7 034 623	108	48 192	886 086	<b>8 802 611</b>
Accumulated depreciation as of 31 December 2003	-	362 495	56	22 090	-	<b>384 641</b>
Depreciation	-	137 345	27	7 658	-	<b>145 030</b>
Disposals	-	-22 794	-	-424	-	<b>-23 218</b>
Accumulated depreciation as of 31 December 2004	-	477 046	82	29 324	-	<b>506 452</b>
<b>BALANCE SHEET VALUE AS OF 31 DECEMBER 2004</b>	<b>833 602</b>	<b>6 557 577</b>	<b>26</b>	<b>18 868</b>	<b>886 086</b>	<b>8 296 158</b>

Anticipated economic life	50 years	4 years	3-5 years
Depreciation schedule	Linear	Linear	Linear

This year's interest on building loans charged to the Group balance sheet totals NOK 29,641,572. Profits on the sale of Group fixed assets total NOK 139,185,478. Losses on sales of Group fixed assets total NOK 2,860,585. In 2004 we sold 12 properties. This year's rehabilitation costs charged to the balance sheet total NOK 69,034,151.

\*) No depreciation is charged against sites and buildings under construction

**Note 3 SUBSIDIARIES, ASSOCIATED COMPANIES, ETC.** (all figures in NOK 1000)

Investments in subsidiaries are recognised using the cost method.

	ACQUISITION DATE	BUSINESS OFFICE	SHAREHOLDING AND SHARE OF VOTES	BALANCE SHEET VALUE
<b>Subsidiary:</b>				
Entra Service AS	20.09.2000	Oslo	100 %	3 418
Universitetsgaten 2 AS	03.09.2001	Oslo	100 %	242 093
Biskop Gunnerusgate 14 AS	26.03.2001	Oslo	100 %	241 682
Instituttveien 24 AS	17.12.2001	Oslo	100 %	72 250
Entra Kultur 1 AS	28.02.2002	Oslo	100 %	1 275
Kristian Augustsgate 23 AS	01.02.2003	Oslo	100 %	68 963
Langkaia 1 AS	21.11.2003	Oslo	100 %	20 060
Nonnen Utbygging AS	10.02.2003	Oslo	100 %	7 711
Krambugata 3 AS	31.12.2003	Oslo	100 %	27 615
<b>Jointly owned business:</b>				
UP Entra AS	31.12.2003	Hamar	50 %	12 197
<b>Associated company:</b>				
Oslo S. Utvikling AS	01.07.2004	Oslo	33,3 %	112 268
Kunnskapsbyen Eiendom AS	31.12.2004	Oslo	33,75 %	3 699

Investments in associated companies and jointly owned businesses are recognised using the equity method.

	ACQUISITION DATE	BUSINESS OFFICE	SHAREHOLDING	SHARE OF VOTES
<b>Company</b>				
UP Entra AS	31.12.2003	Hamar	50 %	50 %
Oslo S. Utvikling AS	01.07.2004	Oslo	33,3 %	33,3 %
<b>Excess value analysis</b>			<b>UP ENTRA AS</b>	<b>OSLO S. UTVIKLING AS</b>
Equity on balance sheet on acquisition date (100 %)			11 211	72 987
Attributable excess value			986	-
<b>ACQUISITION COST</b>			<b>12 197</b>	<b>72 987</b>
<b>Calculation of the share of profit (loss) for the year</b>				
Share of profit (loss) for the year			1 872	-1 888
Depreciation of attributable excess value			-20	-
<b>SHARE OF PROFIT (LOSS) FOR THE YEAR</b>			<b>1 853</b>	<b>-1 888</b>
<b>Calculation of balance sheet value as of 31 December</b>				
Balance sheet value as of 1 January			12 197	-
Acquisitions/disposals in the period			-	112 268
Share of profit for the year			1 872	-1 888
<b>BALANCE SHEET VALUE AS OF 31 DECEMBER.</b>			<b>14 069</b>	<b>110 380</b>



**Note 4 RECEIVABLES, LIABILITIES AND FINANCIAL INSTRUMENTS** (all figures in NOK 1000)

	ENTRA EIENDOM AS		ENTRA EIENDOM GROUP	
	2004	2003	2004	2003
Proportion of receivables which fall due after more than one year				
Loans to Group companies	2 365 435	2 349 186	-	-
Other long-term receivables	174 901	1 401	175 658	1 401
<b>TOTAL</b>	<b>2 540 336</b>	<b>2 350 587</b>	<b>175 658</b>	<b>1 401</b>

The stamp duty and registration fees of NOK 66,244,158 as described in note 13 are temporarily recognised as a long-term receivable whilst awaiting the outcome of the ongoing case at ESA.

No liabilities fall due later than 5 years.

MATURITY STRUCTURE OF LONG-TERM LIABILITIES	2005	2006	2007	2008	2009	Sum
Loan value (NOK million)	1 600	2 478	1 300	257	1 200	<b>6 835</b>

Special terms and conditions in the company's loan agreements:

All Group financing is at a corporate overall level, and is based on a structure of negative pledge.

**INTEREST-RATE HEDGING AND FINANCIAL INSTRUMENTS**

Management of interest rate risk is based on the company's view on expected development in interest rates, and is expressed through a «Norm Portfolio».

The purpose of this portfolio is to achieve the relevant interest cost for the company, according to the «Financial Plan». The ideal portfolio defines the following;

1. Duration: The weighted duration of the portfolio according to the Norm Portfolio is 4 years. The duration may vary in the interval 3-6 years. The duration was 3.8 years as at 31.12.2004.
2. Maximum expiry within different time intervals.
3. Interest hedging shall be adjusted partly to support the company's general business, and partly anticipated future events or changes in the interest levels, measured towards the actual interest rate exposure.

Our portfolio of interest-rate hedging agreements have the following maturity structure.

Up to one year	25 %	1 725 412
1-2 years	6 %	400 000
2-4 years	19 %	1 310 000
4-6 years	7 %	500 000
6-8 years	20 %	1 400 000
Over 8 years	22 %	1 500 000
	100 %	6 835 412

The average interest rate on the company's portfolio of loans and interest-rate hedging instruments was 5.2 % as of 31 December 2004.

**Terminated swap agreements - treatment for accounting purposes**

On 20 March 2002 the company reversed 2 no. interest rate swaps with a total nominal value of NOK 750 million, the original maturity date of which was 2 April 2012. The swaps were reversed with effect from 2 April 2002. This reversal produced a profit of NOK 27,533,440, which was paid on 20 March 2002. For accounting purposes, the profit has been accrued over the remaining term to maturity of the two swaps.

**Note 5 INTERGROUP BALANCES** (all figures in NOK 1000)

ENTRA EIENDOM AS		
RECEIVABLES	2004	2003
Trade debtors	266	123 988
Loans to Group companies	2 365 435	2 349 186
Other receivables	-	215 901
<b>TOTAL</b>	<b>2 365 701</b>	<b>2 689 075</b>
LIABILITIES	2004	2003
Trade creditors	972	-
Debt to Group companies	3 615	-
<b>TOTAL</b>	<b>4 587</b>	<b>-</b>

The company has established a Group account system. It is the net deposits at bank that are presented as Entra Eiendom AS's bank deposits. Receivables from subsidiaries are classified as other short-term receivables.

**Note 6 CASH AT BANK** (all figures in NOK 1000)

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

	ENTRA EIENDOM AS	ENTRA EIENDOM GROUP
Locked-up tax deductions total:	4 151	4 151

**Note 7 SHARE CAPITAL AND SHAREHOLDER INFORMATION**

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 8 PENSION** (all figures in NOK 1000)

The company has pension schemes that cover a total of 116 people. The schemes provides 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.

The company also receives payments from a contractual early-retirement scheme for the public sector (AFP) for employees over 62.

	ENTRA EIENDOM AS		ENTRA EIENDOM GROUP	
	2004	2003	2004	2003
Present value of pensions earned this year	5 605	2 843	6 510	2 843
Interest expenses on the pension liability	2 863	1 748	2 959	1 748
- Return on pension funds	-2 059	-1 728	-2 135	-1 728
Change in estimate charged to income	272	-	272	-
Administrative expenses of SPK (Norwegian Public Sector Pension Fund)	61	52	70	52
Employers' National Insurance Contributions	951	411	1 082	411
<b>NET PENSION EXPENSES</b>	<b>7 692</b>	<b>3 326</b>	<b>8 759</b>	<b>3 326</b>
	ENTRA EIENDOM AS		ENTRA EIENDOM GROUP	
	2004	2003	2004	2003
Estimated pension liabilities as of 31 December	54 605	30 750	56 441	30 750
Pension funds («imaginary fund») as of 31 December	-35 402	-29 871	-37 026	-29 871
Effect of estimate differences not charged to income	-17 896	-2 280	-17 913	-2 280
Total	1 308	-1 401	1 502	-1 401
Employers' National Insurance Contributions	184	-	212	-
<b>NET DEFICIT (SURPLUS) FINANCING</b>	<b>1 492</b>	<b>-1 401</b>	<b>1 714</b>	<b>-1 401</b>

**Financial assumptions:**

Discount rate	5,5 %
Anticipated salary increases	3,3 %
Anticipated pension increase/ adjustment of basic pension	3,3 %
Anticipated return on pension funds	6,5 %
Anticipated take-up percentage for early retirement scheme (AFP)	30,0 %

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

**Note 9 TAX** (all figures in NOK 1000)

	ENTRA EIENDOM AS		ENTRA EIENDOM GROUP	
	2004	2003	2004	2003
<b>Tax for the year breaks down as follows:</b>				
Tax payable	8 571	39 161	4 232	13 716
Insufficient provision in previous year	-	-	-	173
Correction of deferred tax for 2003	-	-	-63	-
Change in deferred tax	29 659	27 305	49 060	-6 386
<b>TOTAL TAX</b>	<b>38 230</b>	<b>66 467</b>	<b>53 229</b>	<b>7 504</b>
<b>Calculation of the tax base for the year:</b>				
Profit before tax	135 436	236 910	187 108	25 936
Permanent differences *)	1 100	471	7 338	244
Basis for tax for the year	136 536	237 381	194 446	26 181
Change in temporary differences	-105 925	-97 520	-196 349	17 603
Utilisation of loss carried forward	-	-	-	-
<b>TAX BASE FOR THE YEAR</b>	<b>30 611</b>	<b>139 862</b>	<b>-1 903</b>	<b>43 783</b>
<b>Overview of temporary differences:</b>				
Receivables	-500	-2 553	-470	-2 629
Fixed assets	76 258	-32 001	348 869	169 327
Provisions in accordance with generally accepted accounting principles	-98 721	-11 181	-99 913	-10 181
Pensions	-1 308	1 401	-1 502	1 425
Deferred profit and loss account	153 380	67 518	135 823	67 518
Net temporary differences	129 109	23 184	382 807	225 460
Loss carried forward	-	-	-158 051	-201 632
<b>BASIS FOR DEFERRED TAX ASSETS ON THE BALANCE SHEET</b>	<b>129 109</b>	<b>23 184</b>	<b>224 756</b>	<b>23 828</b>
28 % deferred tax	36 151	6 491	62 932	6 672
Of which not shown as deferred tax asset on the balance sheet	-	-	-	-
<b>Tax payable on the balance sheet:</b>				
Tax on the tax base for the year	8 571	39 160	4 232	13 716
Tax paid over and above provision in 2003	-2 110	-	-2 110	-
Tax on Group contribution	-6 440	-25 444	-	-
<b>TAX PAYABLE ON THE BALANCE SHEET</b>	<b>21</b>	<b>13 716</b>	<b>2 121</b>	<b>13 716</b>
<b>Explanation of why the tax for the year does not equal 28 % of the profit before tax:</b>				
28 % tax on profit before tax	37 922	66 335	52 390	7 262
Insufficient provision in previous year	-	-	-305	173
Correction of deferred tax	-	-	-911	-
Permanent differences (28%)	308	132	2 055	68
<b>CALCULATED TAX</b>	<b>38 230</b>	<b>66 467</b>	<b>53 229</b>	<b>7 504</b>
Nominal tax rate	28 %	28 %	28 %	28 %
*) Includes: non-tax-deductible costs such as entertainment				

**Note 10 RENTAL INCOME** (all figures in NOK 1000)

	ENTRA EIENDOM AS		ENTRA EIENDOM GROUP	
	2004	2003	2004	2003
<b>Geographical distribution</b>				
Eastern Norway	391 027	382 386	620 750	495 232
Southern Norway	103 175	96 143	103 175	96 143
Western Norway	99 404	99 211	99 404	99 211
Central and Northern Norway	53 157	63 602	58 698	63 602
<b>TOTAL</b>	<b>646 763</b>	<b>641 342</b>	<b>882 027</b>	<b>754 188</b>

**Note 11 PAYROLL EXPENSES, NUMBER OF EMPLOYEES, REMUNERATION, ETC.** (all figures in NOK 1000)

	ENTRA EIENDOM AS		ENTRA EIENDOM GROUP	
	2004	2003	2004	2003
<b>Payroll expenses</b>				
Salaries/wages, fees, etc.	35 899	34 840	44 855	42 063
Employers' National Insurance Contributions	7 723	6 720	8 861	7 992
Pension expenses	9 722	3 326	10 653	3 326
Other payments	2 276	1 995	2 574	2 359
<b>TOTAL</b>	<b>55 620</b>	<b>46 881</b>	<b>66 942</b>	<b>55 740</b>

On average we have had 134 employees over the course of the year.

Payments to leading employees	CHIEF EXECUTIVE OFFICER	OTHER SENIOR MANAGEMENT (8 people)	THE BOARD
Salaries	1 673	7 724	657
Pension expenses (collective arrangement through the National Insurance Scheme)	56	444	-
Pension expenses (annuity) *)	812	1 317	-
Other remuneration	54	851	-

The Chief Executive Officer shall receive a bonus that is determined on the basis of an assessment of achievement of objectives, and it is paid in the following year. The bonus for 2004 has not been set, but will be calculated and paid in 2005. Depending on the length of service, the general manager is entitled to pay after the termination of his contract for up to 24 months.

\*) Members of the annuity scheme are the members of the management team; The scheme has a retirement age of 62 and entitles the members to a pension and disability insurance payments at 66% of the salary above 12G.

Auditor (expensed)	ENTRA EIENDOM AS	ENTRA EIENDOM GROUP
Audit	715	1 101
Assistance with due diligence	345	345
Assistance with assessing IFRS	223	223
Technical accounting assistance and other services	1 035	1 039

**Note 12 BONDS AND CERTIFICATES** (all figures in NOK 1000)

ENTRA EIENDOM AS AND GROUP			
ISSUER	FOREIGN CURRENCY	ON BALANCE SHEET VALUE	ISSUER VALUE
Money market unit trust	NOK	20 143	20 149
Financial institution	NOK	-	-
<b>TOTAL BONDS/CERTIFICATES/UNITS</b>		<b>20 143</b>	<b>20 149</b>

Bonds/certificates/units are valued as the lower of the acquisition cost and actual value. The company follows the portfolio principle for valuation purposes. All investments as of 31 December are units in the money market unit trust Orkla Finans Likviditet.

**Note 13 OTHER SHORT-TERM LIABILITIES**

In line with the special law laid out by Stortinget and prior practice for property transfers related to government restructuring, stamp duty and registration fees were not paid for the property portfolio when Entra Eiendom AS was set up. ESA is now assessing whether this is in breach of the ban on state support, and a decision is expected on this matter in the course of 2005. In total the accounts for the year make a provision of NOK 71,874,985 under short-term liabilities on the balance sheet. Of this, NOK 5,630,827 is related to properties sold and is expensed in the income statement. The rest, however, is included as a long-term receivable on the balance sheet (cf. note 4).

The provisions will be re-allocated if ESA's resolution is in line with the original assumptions.

**Note 14 OTHER OPERATING EXPENSES** (all figures in NOK 1000)

	ENTRA EIENDOM AS		ENTRA EIENDOM GROUP	
	2004	2003	2004	2003
Management, operation and development of properties *)	177 730	67 355	194 987	92 167
Payroll and personnel costs	58 049	47 026	69 381	53 472
Other administrative costs	46 611	36 825	47 190	37 942
<b>TOTAL OTHER OPERATING EXPENSES</b>	<b>282 391</b>	<b>151 206</b>	<b>311 558</b>	<b>183 581</b>

\*) In 2004 NOK 62,978,984 of this is a provision for obligations relating to properties rented by the Entra Eiendom Group.

To the Annual Shareholders' Meeting of Entra Eiendom AS

**Auditor's report for 2004**

We have audited the annual financial statements of Entra Eiendom AS as of December 31, 2004, showing a profit of MNOK 97,2 for the parent company and a profit of MNOK 133,9 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, 2004, 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 17, 2005

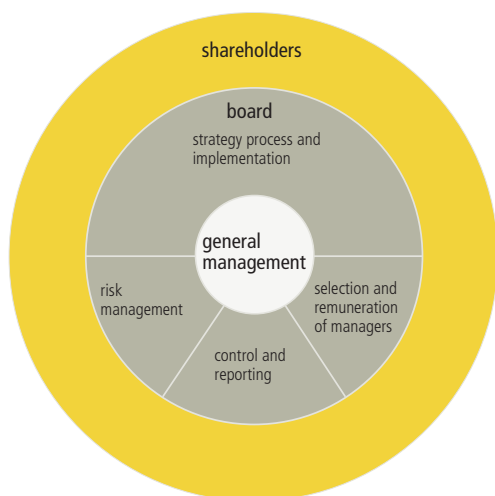
**PriceWaterhouseCoopers AS**

Ejnar Egil Johannessen  
State Authorised Public Accountant (Norway)

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

# Corporate governance

**Society is setting** ever higher standards for the openness, controls and strategic management of a company. This applies at all levels, from shareholders through the Board to the management. Corporate governance covers the principles and the practice that regulates the interaction between shareholders, Board and the management. Good corporate governance ensures control and the ability to manage all parts of the business. The following diagram illustrates the mutual interdependence and allocation of responsibilities:



At Entra Eiendom Corporate Governance is an ongoing process that is under constant development and improvement. The process covers all of the company's management and control systems that are designed to protect the interests of shareholders, employees and other stakeholders.

## Entra's objective for corporate governance

Using corporate governance, the company is seeking to achieve the following objectives in the long term:

- Increased predictability
- Confidence
- A basis for effective handling of specific challenges and critical decisions.

This will help Entra Eiendom to achieve increased value added over the long-term whilst controlling risk.

The defined values and ethical guidelines, which form a major part of the company's overall strategy document, are of primary importance to the company's basis for future development. The company has defined the following values and ethical guidelines:

Entra Eiendom shall:

- meet customers' requirements and expectations
- be respectful towards customers, employees and partners

Business ethics:

- act honestly and responsibly in all situations
- do not accept breaches of ethical or moral rules
- do not abuse power

Continuous work is being done to ensure that these values and guidelines are adhered to throughout the organisation.

## Interaction and allocation of responsibility

The interaction between the various parts of the business is of crucial importance, with a strong emphasis on mutual responsibility for good processes and respect for the allocation of responsibility that has been established. At Entra Eiendom roles are allocated in the following way:

### SHAREHOLDERS

- defined the objectives of the business and establish a framework for it
- set the required rate of return
- consider capital increases and dividends
- select the Board

The company is fully-owned by the Norwegian Government

As the Norwegian Government is the sole shareholder, the company has no election committee.

### THE BOARD

- establishes the required rate of return, financial strength and shareholder policy
- set the direction and objectives for the company's business development
- ensure that the company has an organisational structure and systems for management and control that are appropriate for the company's operations and development. An audit committee has been set up, which will have particular responsibility for the Board's monitoring of financial reporting.
- employs and evaluates the general manager

The Board of Entra Eiendom changed in 2004. Three new shareholder representatives and one new employee representative were elected and will serve from 1 September 2004 until the ordinary general meeting in 2006. The Board of Entra Eiendom consists of the following people:

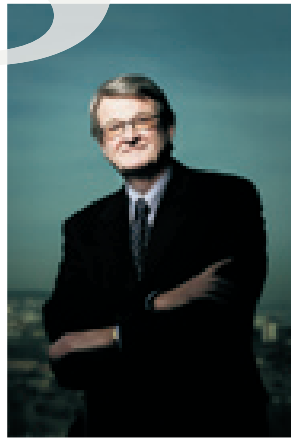




**STYRETS LEDER:**

Grace Reksten Skaugen 50 years old  
From Bergen, lives in Oslo  
Elected in 2004.

Ms. Skaugen is on the board of several Nordic companies, including Statoil ASA, Storebrand ASA, Tandberg ASA and Atlas Copco AB. She has a doctorate in laser physics from the Imperial College of Science and Technology at London University and an MBA from BI – The Norwegian School of Management. Until 2002 she worked as a Director for Corporate Finance at Orkla Enskilda Securities



**VICE-CHAIRMAN OF THE BOARD:**

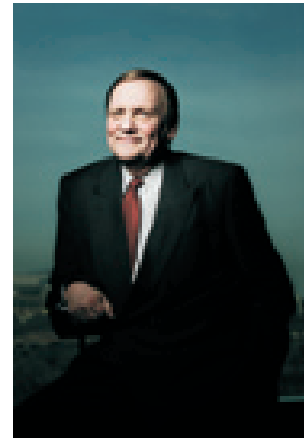
Trond R Reinertsen 58 years old  
From Meldal  
Elected in 2004.

Group Chief Executive of E.A. Smith AS in Trondheim. Mr. Reinertsen was the managing director of the Norwegian Bankers' Association from 1980 to 1997 with the exception of the period when he was a Junior Minister at the Ministry of Finance from October 1989 to November 1990. He has held a number of public and private positions and led the committee looking at state ownership in Norway, which presented its suggestions in March 2004.



Knut Grøholt 62 years old  
From Oslo

Member of the Board since 2000  
Managing Director of Vinmonopolet since 1996. Chairman of the Board of the employers' association NAVO. He graduated in business management in Switzerland in 1967, and has a doctorate in sociology from the University of Texas from 1974. He was appointed permanent secretary at the Ministry of Labour and Government Administration in 1990. He has been a member and leader of many public committees and working groups



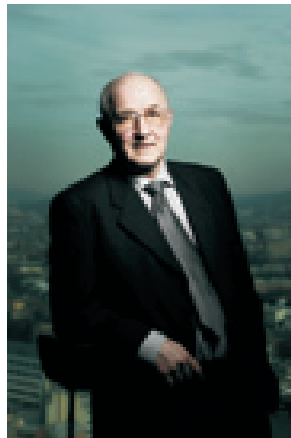
Finn Berg Jacobsen 64 years old  
From Oslo.

Elected in 2004.  
He is a director of Aker Kværner ASA. Mr. Berg Jacobsen is a business graduate and a government authorised auditor, and he has an MBA from the Harvard Business School. He worked for 33 years at Arthur Andersen & Co, including as the general manager of the Norwegian operations and as a member of the Worldwide Executive Committee. He has had a number of key positions in the Norwegian accounting and auditing industry.



Gerd Kjellaug Berge 61 years old  
On the Board since March 2000

From Sogndal, lives in Selje  
Owner and Director of Selje Hotel  
Previously Vice-president of the employers' association NHO (from 2000-2004)  
On several boards, including that of Helse Vest RHF (from 2001)



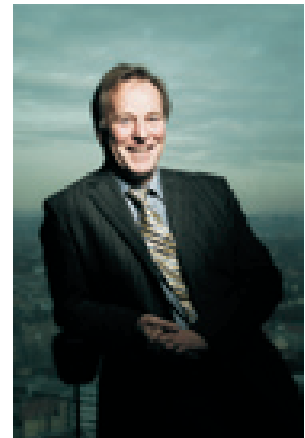
Bjørnar Sletten 63 years old  
(employee representative)  
From Trondheim

On the Board since 2000  
Responsible for operations



Kåre Greaker 62 years old  
(employee representative)  
From Oslo

On the Board since 2004  
Responsible for operations



**MANAGING DIRECTOR**  
Erik Løfsnes 55 years old  
From Oslo

He holds a bachelors degree in architecture from Waterloo, Canada and a bachelors degree on environmental studies from the same university. He also holds a Master of Management from the Norwegian School of Management (BI), Oslo. He has operated his own architect business, and has worked as CEO of NAF-gårdene AS, the real estate arm of the Norwegian Federation of Pharmacists, and NAF Medinvest AS.

As a whole the Board has the suitable qualifications for promoting value creation at the company.

#### General management

- active provider of premises for the Board
- implements the company's strategies for operations and development
- implements internal processes linked to monitoring and follow-up, measurement and allocation of responsibility, as well as internal and external communications

The Chief Executive Officer of the company is Erik Løfsnes.

#### Focus areas at Entra Eiendom

Entra Eiendom is a company that is rapidly changing and growing. This makes demands in terms of declared objectives, shareholder relations and good control of the business. In practice corporate governance covers processes relating to openness and communication, measurement and assigning responsibility as well as control and follow-up.

#### Communication

Entra's internal and external communication shall be characterised by openness and reliability.

Entra Eiendom wishes to act and report to external stakeholders in the same way as a listed company. This applies to the content, frequency and contemporaneity of the company's external reporting. Reporting must fulfil all the statutory requirements and, at the same time, provide sufficient additional information to allow external stakeholders to form as accurate a picture of the business as possible. Openness in external communication is also important in connection with the company's financing.

There is also a strong focus on internal information. Entra Eiendom AS constantly strives to ensure that internal information is structured and sufficient to secure an understanding of the strategy and objectives as well as a good knowledge of the company's development amongst employees.

#### Measurement and assigning responsibility

The company's Board and management is concerned that there should be a common understanding of all areas of responsibility and roles in the business. This is reflected in the existing authority structure and company organisation, and in ongoing communication and reporting between the management and the Board.

In order to ensure an understanding of and a commitment to implementing the company's strategy, specific targets are set at employee appraisals for all employees throughout the organisation. These targets are monitored on an ongoing basis throughout the year, and the achievement of targets forms part of the basis for the company's performance related bonus

scheme. Ongoing monitoring takes place using suitable support tools in line with the principles of the Balanced Scorecard.

#### Control and monitoring

To ensure that shareholders and other stakeholders receive accurate financial information, and to ensure that the company complies with laws and regulations, a review by an independent control body is required. The company's auditor, who is selected by the shareholders at the Annual General Meeting, takes on this task.

Internally, the individual business areas report to the company's management on a monthly basis. This reporting covers issues such as financial monitoring, marketing activities, the status of the property and contract portfolio and future measures. The main focus of the reporting is on future activities required to achieve objectives, rather than on the reporting of historic results. An important part of the internal reporting is management of risk exposure, including operational, strategic and financial risk.

The management of the company's risks is discussed separately under the business description in the annual report.



# Our business – strategic focus

Entra Eiendom AS is charged by its shareholders with achieving a good commercial return on invested capital. In open competition on the private property market, we shall be the best provider of office premises to the public sector.

## Vision

As a host for people, thoughts and ideas, we work with our customers to create tomorrow's solutions.

## Business concept

To offer customised premises and services to public and private businesses in Norway.

## Overall objectives

- to have satisfied customers
- provide shareholders with market rates of return
- be a leading player in the prioritised markets
- offer challenging and attractive employment opportunities

To achieve these objectives, Entra Eiendom has chosen the following strategies:

- Entra Eiendom shall perform functions throughout the value chain for the property business.

Our core competence is focused on six main areas:

- Property development
  - Being a builder in the realisation phase
  - Being a property owner
  - Managing our own portfolio
  - Operating and maintaining our own properties
  - Offering a range of services that go beyond management, operation and maintenance
- Entra Eiendom shall have its main focus on Oslo, Bergen, Trondheim, Stavanger, Kristiansand, Tromsø and Bodø.

We shall concentrate on these towns and cities as they are important regional centres by virtue of their size and geographic location. All of them are forecast to experience above-average population and employment growth. The development of the largest towns in terms of infrastructure and business structure provides a good basis for future growth.

- Entra Eiendom shall act as a host for key public sector customers throughout Norway, regardless of the general geographic strategy.

Key customers are customers with whom Entra has a long and established relationship, customers who have Entra as their preferred host and customers who provide long-term lease agreements. This strategy must be

viewed in the context of Entra Eiendom's main objective of covering the public sector's requirement for premises in the competitive market.

- Entra Eiendom shall have a presence in the selected towns, either through its own employees or by means strategic alliances.

Local players often know about projects at an early stage, have access to attractive sites and are familiar with the local bureaucracy. Entra Eiendom can contribute building expertise, financial strength and knowledge of central government bodies. Combining Entra Eiendom's resources with those of the local players provides synergies. Entra will seek to establish local alliances or to achieve the same effect by developing its own local presence.

- Entra shall be a service integrator for property-related services.

Entra shall only supply services that are related to the property business. This covers services that are in accordance with Entra's role as a host, and which do not involve themselves in the customer's business processes. Entra Eiendom's guiding principle shall be to not produce these services itself, but to integrate services from external suppliers.

Entra Eiendom AS focuses on its customers. The company sees long-term customer care as an important strategic process for retaining customers and gaining access to new projects.

## Customer focus

Good customer care is a prerequisite for operating in a long-term rental market. Satisfied and loyal customers are the best guarantee that we are doing a good job. At the very core of our customer relationships there must be an active dialogue in which customers encounter professionalism, responsiveness and a service-minded attitude. Entra Eiendom AS currently has a broad customer base, with the public sector and industry as the largest customers.

This places high demands on our own organisation, in terms of being able to satisfy the different customer requirements.

The company has built up a unique insight into the needs of public sector tenants, and views this as a competitive advantage.

In 2002 Entra specified its ambition to strengthen its position at the customer end of the value chain, by defining letting, operation and service as an important pillar in the company's activities.

Subsequently a new and more customer-focused organisation was created to react more quickly and more flexibly to the wishes and requirements of tenants. A separate department called «Property and Service» was established.

As part of our work on becoming even better hosts, we established Entra Service AS in 2003. In 2004 we have continued to develop this subsidiary.

Entra Service AS is Entra Eiendom's provider and facilitator of services and activities that go beyond management, operation and maintenance. The existence of Entra Service AS shall help Entra Eiendom AS to provide

both its new and old customers with efficient premises and support services.

Entra Service AS has the objective of increasing Entra Eiendom AS's competitive edge. Entra Eiendom AS can, together with Entra Service AS and partners, offer good and efficient office premises combined with a broad range of services that cover the needs of our customers, that also meet the new tenants' organisational restructuring requirements.

Various companies have been thoroughly assessed to find the right partners for us. There have been many evaluation criteria, but a crucial point has been to create a «Entra package», which improves our role as a host and strengthens the Entra brand in such a way that Entra Service both in the short and long term contributes to Entra Eiendom AS' achievement of its strategic objectives.

Entra Service AS has entered into alliances and collaboration agreements with large and well-known players within integrated FM services (support services), relocation, guard and security services, etc. The cooperation in these areas enables Entra Eiendom AS to contribute when our customers are undertaking large restructuring and relocation processes. Our partners have experience from restructuring processes at several large public and private businesses.

This business area is new and groundbreaking in Norway, and we anticipate an exciting process that will enhance Entra's position at the customer end of the value chain. This focus will make us an even better, more flexible, responsive and reliable host.

Regular customer satisfaction surveys and close dialogue with our customers provide us with the necessary feedback to implement improvements.

Entra's target is for 90 percent of customers to be so satisfied that they would consider a new lease with Entra. The company's customer survey in 2004 showed the level of customers satisfaction to be 90 percent. This is the result of intensive work in 2004 on improving service levels and enhancing our customers' sense of well-being.

## Operations

Over the course of this year the operations function has been given a uniform structure throughout the organisation, both in terms of how it is organised and the performed tasks. The implementation and use of tools, purchasing routines and training has become more efficient and simple.

The operations function is organised into teams that manage several properties.

In 2004 the documentation, supervision and control systems at all of the properties were assessed. A computer and internet based management and maintenance system has put in place the foundations to allow management and maintenance to be performed more efficiently, and to a higher standard.

The system covers the vast majority of properties. This results in uniform documentation and supervision routines, and facilitates the systematic follow-up of properties.

Our HSE systems have over the course of the year been considerably upgraded. Our internal control system has been changed from a manual check

form completed annually to an ongoing evaluation of nonconformities. The system is built around our computer based management and maintenance system and makes it easier to carry out checks on nonconformities and to follow them up. In addition, risk analyses have been carried out on all buildings at the same time as the work and routines for safety inspections were upgraded. In 2004 Entra has employed a specific HSE manager, who has contributed to an increased focus and quality in HSE.

Entra Eiendom AS has a strong focus on environmentally responsible management of its property portfolio.

In 2004 the company has carried out a pilot project on energy saving in Oslo, which receives government support from ENOVA. The aim is to reduce annual energy consumption in the office buildings. This work has provided positive experiences. It will form the basis for a broader assessment of, and investment in, energy saving measures throughout our properties from 2005. In addition to the benefits of this work to our tenants, it is also a way of actively preparing for the EU's energy directive, which will come into force from 2006.

In 2004 we also started work on coordinating waste removal from our property portfolio in the Oslo region. Our aim is to get a better overview of the waste, and to improve sorting at source. Office work generates large quantities of paper, and we are particularly keen on encouraging our tenants to sort cardboard and paper at source.

Customer surveys show that the indoor environment is an important issue for our tenants. All of the operations staff at Entra have therefore in 2004 been to courses to improve their understanding of the indoor environment.

The company is affiliated to the «Green Building Alliance», a group of the largest property companies in Norway, who are cooperating on environmental issues such as PCBs, environmental accounting, energy solutions, etc.

## Market conditions

The low interest rates in 2004 had a major impact on the market conditions for commercial property. During 2004 the Norwegian central bank cut its key interest rate by a further 0.5 percent, down to 1.75 percent. However, at the start of 2005, the economy suggests that interest rates will rise slightly over the course of the year.

After rising for a number of years, the number of vacant office premises in Oslo has now stabilised and stood at 11 percent in autumn 2004. However, there are clear signs of a fall in the vacancy rate for attractive premises in the city centre.

Overall, rental prices in Oslo have been falling. However, prices for the most attractive premises rose slightly towards the end of the year. This could be an indication of an impending turnaround in general rental price trends. As always, this manifests itself first in attractive, sought-after areas. For the other large Norwegian towns the trend has been relatively stable in 2004, both in terms of vacancies and rental prices.

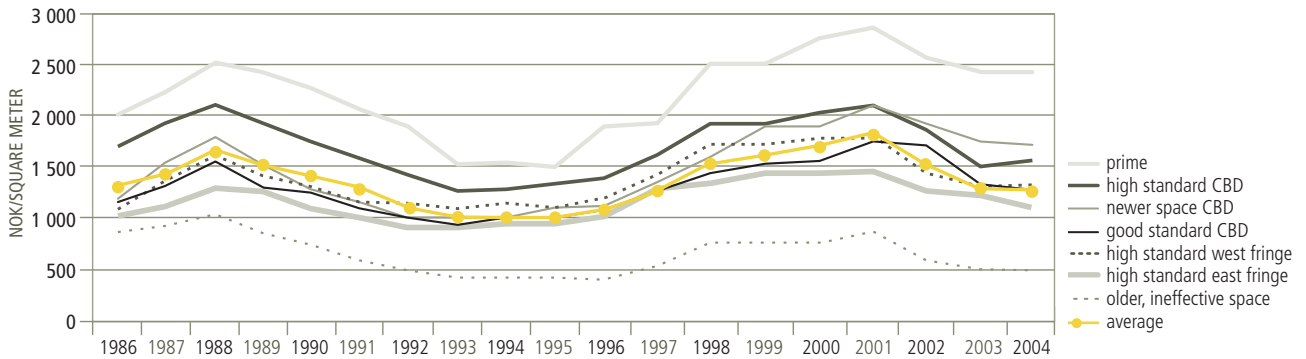
The low interest level towards the end of 2004 made itself felt in the market for purchasing and selling property. Many transactions were made at record-low yield levels.

## THE RENTAL MARKET

There were no major changes to the rental market in Norway as a whole in 2004. Unemployment fell slightly, but not sufficiently to have a big impact on rental prices. The anticipated recovery in the economy over the coming years, may create more jobs requiring office space. There are clear signs of improvement in the ICT and consultancy industries, for example. This may in due course lead to an improvement in the rental market.

The role of the large towns as regional centres will probably increase in the coming years. Norwegian society is experiencing centralisation in the shape of people moving from small municipalities to the large towns. Population growth is expected to continue in the large towns over the coming years. This may occur both through centralisation within the individual regions, and on account of government jobs being moved from Oslo to other towns. In the long term this may improve the rental market in the largest towns in Norway.

## OFFICE RENTS IN OSLO



Source: AKERSHUS EIENDOM AS

### Oslo

In 2004 the gap between attractive and less attractive properties increased. One reason is that high vacancy levels and generally low rental prices have given tenants a great freedom of choice. This development can be expected to continue in 2005. This is particularly true for Oslo, where people are flooding in towards the centre of the city. This has resulted in a slight increase in rental prices for the best offices in the city centre over recent months. As the best offices in the city centre are on the verge of being fully occupied, rental prices will probably continue to increase for this segment. Over time, this will result in increasing pressure on the next best premises as well, and so on down.

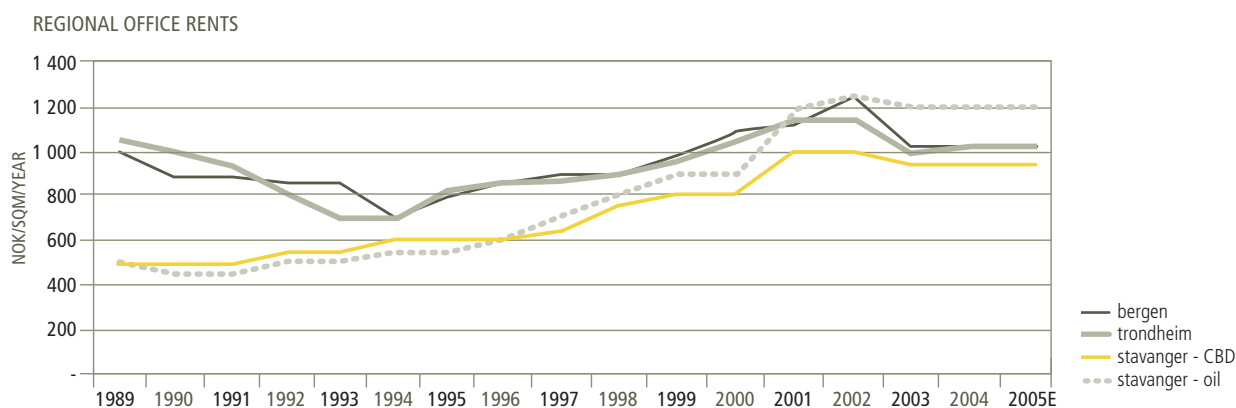
The prospects for less attractive properties outside the city centre seem poor, however. The Bryn/Helsfyr/Økern districts have very high vacancy levels without clear signs of improvement.

Many developments are planned in Oslo. In 2005, work will start on the development of Bjørvika and Tjuvholmen. The extent to which the many developments planned are actually realised will have a strong impact on the supply side of the market and thus on rental prices in Oslo.

### Rest of Norway

The market in the large towns outside Oslo was relatively stable. Rental prices in these areas are considerably lower than those in Oslo, and few premises command more than NOK 1200-1300/m<sup>2</sup>. Development projects in these areas are generally not profitable unless users are willing to pay more than the normal market price.

No major changes are expected to the rental markets in the large towns outside Oslo in the coming year, but individual areas may of course experience large fluctuations.



Source: AKERSHUS EIENDOM AS

#### PURCHASE AND SALE OF PROPERTY

In 2004 there were several price records for transactions involving commercial properties. This is partly due to the low interest rates, which have made yield levels under six percent possible. Properties with short remaining contracts were also easier to sell than previously.

Market experts expect interest rates to rise during 2005, which would result in an increased yield level and lower property values. However, the property transaction market is expected to be good in 2005, as many investors will see property as an attractive option in the climate of low bank rates and an uncertain stock market.

#### Risk management

Value creation at Entra Eiendom is linked to the ability to take controlled risks. We are working on developing a good understanding of risk throughout the organisation, specifying clear risk objectives and routines for risk management and control, as well as establishing uncertainty assessment as an important part of the Group's culture. Risk is subdivided into four groups: strategic, operational, financial and external.

#### STRATEGIC RISK

##### Market risk

The market risk is primarily connected to trends in rent levels and demand. Entra Eiendom's lease agreements have an average duration of 11.3 years. Entra Eiendom considers it important to have a contract portfolio with as even a maturity structure as possible, in order to reduce the effect of negative market trends, and this is used actively when renegotiating and entering into new lease agreements.

Our regional focus contributes by spreading our risk across several markets. Oslo is, however, our dominant market, and represents 68 percent of the company's total values.

##### Customer risk

Entra Eiendom has a high proportion of public sector tenants, who have a

lower risk profile than private tenants. At the same time, a large proportion of our income is concentrated amongst a few tenants. The largest tenants pay 34 percent of our rental income. Customer satisfaction is measured annually and results in continuous follow-up of individual customers. In 2004 the customer satisfaction level was 90 percent.

#### OPERATIONAL RISK

##### Project risk

Implementing building projects naturally involves a high degree of risk. This includes risks related to project selection and risks involved in the implementation itself (the risk that the project exceeds its budget and deadline, and that the building delivered is of low quality). There is also risk connected with planning, income (rent) and damage/ accidents.

The Group focuses strongly on this area of risk through regular uncertainty assessments, the development of project management methods and routines, internal control and HSE supported by the project management system, as well as a thorough assessment of insurance requirements. The assessed risk profile of a project is a decisive factor when choosing the type of contract. Risk is limited on the income side, as the Group only occasionally starts projects without having entered into lease agreements.

##### Management risk/property risk

The risk of fire, accidents, burglary, damage and terrorism are always a reality for property, and the Group focuses strongly on internal control, HSE routines and monitoring. In addition, ongoing assessments are made of the insurance requirements for the whole property portfolio. Over the course of 2004, new routines and procedures for risk analysis have been developed. The HSE manager has, in cooperation with the head safety representative and all of the operations teams, carried out a risk analysis of every single property in Entra's portfolio. All nonconformities have been entered into our management, operation and maintenance system, and responsibility has been allocated and deadlines have been set for dealing with them. This year's risk assessments did not uncover any serious nonconformities.

On the operations side we have continued to organise our employees into teams, which improves our tenants' confidence that services will be carried out in the event of one of our operational employees being ill.

#### Administrative risk

Entra Eiendom works proactively at raising skill levels and sharing tasks in order to minimise the risk connected with inadequate expertise and skills throughout the organisation. We are also continuously assessing and developing routines and procedures, to ensure that they support a developing business.

A risk manager has a dedicated responsibility for follow-up of the Group's overall risk management and for improving the risk culture.

In IT services the Group has selected an ASP solution with good technical capacity to ensure that the risk of downtime and inadequate data security is minimised.

#### FINANCIAL RISK

The company's finance policy forms a framework for the financial management of Entra Eiendom. The company's finance policy defines aims, responsibilities and authorities for the handling of financial activities and financial risk. This is described in greater detail in the chapter on key figures and financial information in the annual report.

#### EXTERNAL RISK

Entra Eiendom has adopted media guidelines with the aim of controlling media contact; this is to ensure that the reputation of Entra Eiendom generated through the media in so far as it is possible reflects the company's organisation, market position, actual developments at the company, our responsibility and the values we believe in. The document is an internal guideline and covers:

- Principles for handling the media
- Market position and business principles
- Responsibilities
- Guidelines for contact with journalists

#### POLITICAL RISK

On account of the composition of our customers, we are exposed to the ongoing public sector restructuring. We have thus far not been affected by this to a significant extent, and rather view it as an opportunity to provide premises where the public operations move to.

#### Project development

Developing new and existing properties is an important part of Entra's activities. Developing the properties is the first link in the value chain. This is the foundation for the company's value creation, which shall ensure a market return to our shareholders. One of our defined goals is that 15 percent of the company's portfolio at any given time shall consist of development projects. At the close of 2004 Entra had a portfolio of around 900,000 m<sup>2</sup>, of which 122,600 m<sup>2</sup> was being developed.

Entra works systematically on the development of solutions that use space efficiently, and where the customers' requirements for change and adaptation are decisive. The efficient use of space saves money for our customers, and also significantly helps to reduce energy consumption and the environmental impact. Developing new office solutions is an ongoing task, including for groups that hitherto have only used traditional solutions.

As a large player in the property market, Entra puts its mark on society. This is a role that Entra is very conscious of. Positive cooperation with society and influencing society positively are important criteria for success in all of our projects. Through several large projects, Entra influences the landscape and how we experience the surroundings of our properties. Open and good cooperation with the authorities is a way of putting our properties in a social perspective. Throughout the period we have cooperated very well with the authorities. Entra is involved in projects that are PPPs (Public Private Partnerships) and owns shares in limited companies jointly owned with municipalities.

The investigation of Entra's property portfolio with regard to valuable cultural heritage has been sent to the Directorate for Cultural Heritage for assessment and discussion.

The discussions will aim to ascertain which properties are likely to be formally protected through being given listed status.

On the basis of this, an overview will sort the properties into listed buildings, other buildings with valuable cultural heritage and properties without valuable cultural heritage. The overview will then form the basis for drawing up management, operation and maintenance routines that emphasise the particular qualities of the individual properties.

Entra aims to have a wide range of expertise, and this has been crucial in the selection of the people employed to the project department in 2004. The department is made up of people with experience from other developers, contractors, finance, the purchase and sale of properties and public bodies.

Entra has chosen to use selected strategic partners. In innovation, architecture, project management and financial analysis Entra has built up relationships with some of the best and most dynamic specialist teams in the country.

In an ever increasing number of projects, Entra has used joint contracts, which in many situations are more suitable than other types of contract. The joint contracts are built up on the basis of a turnkey contract, but any savings or cost overruns are shared. The factors governing sharing are determined for each individual job in such a way that they shall encourage Entra and the contractor to cooperate as much as possible in reaching good solutions.

The occupancy rate for Entra's properties excluding the development projects is 95 percent.

Entra's project development department has participated in a number of competitions during 2004.

#### GRENLAND POLICE STATION

In June 2004 Telemark Police Authority announced a competitive tender



for a new police station in Grenland. The police station shall house the merged Telemark Police Authority and will be situated in Skien Municipality. Entra Eiendom has submitted a tender in cooperation with Profier AS and Byggholt AS. The tender will hopefully meet the police's requirements and wishes, and also fulfil Skien Municipality's desire for regeneration of the town centre. The architects are Narud Stokke Wiig Sivilarkitekter MNAL. The competition is being run by Statsbygg (The Directorate of Public Construction and Property), and the winning project will be selected in February 2005.

#### THE CENTRE FOR REGIONAL TAX AUTHORITIES IN SANDVIKA

The Asker and Bærum tax assessment offices and chief municipal treasurers' offices are to be moved to one location. The purpose of establishing joint premises is to provide a unified and improved service to taxpayers and businesses in the two municipalities. The county tax office announced a competitive tender and considered various locations in Asker and Bærum. In September they selected Entra Eiendom's project, the Centre for Regional Tax Authorities, in the centre of Sandvika. The new building will be completed by October 2006. The architects are Kristin Jarmund Arkitekter AS.

The Centre for Regional Tax Authorities is the first stage of an ambition to gather all the important public service functions in a public sector centre that will balance the commercial centre of gravity in the western part of Sandvika. In practical terms, the development will involve the regeneration of all of Entra's properties in the centre of Sandvika, so that the area will be given a boost both in terms of its function and aesthetics.

#### VØYENENGA SCHOOL

Entra Eiendom AS participated in and won the competition for the project to design, build and manage both the lower secondary school and the sports hall at Vøyenenga in Bærum.

The competition is the first PPP (Public Private Partnership) for a school building that Bærum Municipality has announced, and the first one that Entra Eiendom has won. Entra will manage the school for a minimum of 20 years. The combination of Entra's expertise in design, operation and service was decisive for winning the contract, and our project was considered the best option for the municipality in terms of total cost. The architects behind the winning design were ØKAW Arkitekter AS.

#### THE NORWEGIAN POST AND TELECOMMUNICATION AUTHORITY IN LILLESAND

The Norwegian Post and Telecommunication Authority is moving its operations to Lillesand in 2006. In April the authority announced a competitive tender for the lease contract for offices in the municipality. Entra Eiendom submitted a tender for a central option. In September the Norwegian Post and Telecommunications Authority decided to choose Lillesand Næringsbygg AS, who are planning on building on the coastal strip slightly outside the town centre.

#### THE NORWEGIAN MARITIME DIRECTORATE IN HAUGESUND

The Norwegian Maritime Directorate is to move from Oslo to Haugesund, and Entra submitted a tender for the new head office on an isolated site by the sea. The tender was submitted in collaboration with a local group.

Four different property companies participated in the competition and Stein Lande of Math. Lande AS grabbed victory with a centrally located project.

#### Management

Entra Eiendom uses the Balanced Scorecard as a way of achieving its objective of good corporate governance. This measurement system is an important tool in the day-to-day management of the company that is rooted in the company's business plan. It helps all parts of the company to work towards common targets.

The Balanced Scorecard sets targets at the company, department and individual level. The individual targets are set at employee appraisals. The company has chosen to link performance related pay to the measurement system, based on individual targets achieved by employees, customer satisfaction achieved by the group and Economic Value Added achieved by the company. Performance related pay is a way of increasing the focus on Entra's strategy in day-to-day work. The system of the Balanced Scorecard and performance related pay allows Entra to reward employees who act and take decisions in line with our strategies, objectives and values. We believe that performance related pay acts as an incentive, both in terms of attracting expertise and in terms of retaining our core expertise.

To make our business even more professional, we have in 2004 engaged in team development processes throughout the organisation. The purpose of the processes has been to support the implementation of the chosen organisational structure, as well as to encourage a common understanding of targets tasks, communication and cooperation.

#### VALUES

In 2004 a great deal of work has been done to further develop and highlight Entra's values. The work has been organised as a project, and two conferences were held in spring 2004. The conferences, which were attended by 15 and 50 employees respectively, had the objective of clarifying and highlighting our values. The conference with 50 employees was held at Beitostølen during Ridderrennet. Entra is a partner of Ridderrennet (a week of winter sports for the disabled), and it was a perfect arena for our discussion of values.

On the basis of the discussions at the conferences, we resolved to focus particularly on the following values:

- We are innovative – we are willing to change and focus on future-oriented solutions
- We are open – we communicate directly and openly, and work well as a team
- We are good hosts – we give you what you need, and a little bit more

During the summer conferences, which are held in all departments, these values were one of the main topics. Our employees care about our values, and they showed this by participating enthusiastically in the discussions about them.

#### MANAGEMENT REQUIREMENTS

In 2004 we have also specified the management requirements at Entra.

Managers at Entra shall:

- provide all employees with a clear idea of Entra's objectives and strategies
- set targets and clear requirements for employees, and ensure that they are followed up
- be business oriented, look for new opportunities and implement changes
- be good examples of how to adhere to Entra's values
- motivate their employees and make it possible for them to enjoy their work

#### OPEN AND ACCESSIBLE

Entra Eiendom is concerned that it should appear honest and responsible in all contexts, focusing on attitudes, values and ethics. We also require this of our partners and business contacts. In 2004 we have drawn up proposals for ethical guidelines for the company. In 2005 the guidelines will be discussed by the whole organisation. By doing this, we wish to further increase preparation for and awareness of ethical issues.

The company is actively engaged in developing a management style characterised by openness, where it is second nature to provide feedback and develop a culture based on improvement. We wish to further develop our core expertise and will enter into alliances with strong specialist groups where this makes sense. Using a systematic approach to skills development, we shall develop a future-orientated, customer-friendly organisation in which both the culture and the infrastructure encourages skills sharing. Market, customer and employee surveys are key sources of information in our development and improvement work.

Entra Eiendom has a structure with short paths between customers and decision-makers. Employees are given responsibility and authority. This contributes to effective decision-making procedures, increased cooperation and open communication.

#### Employees

Satisfied employees create a climate for good customer relations. Our ambition is for each and every employee to feel that his or her work contributes towards the achievement of Entra's objectives. It is also our ambition that employees should feel involved and committed to their work, and should take responsibility for the development of the company.

We carry out annual surveys of employee satisfaction and motivation. The results of the surveys are used proactively in our internal discussions. It is important to us that our employees are happy, and we believe that there is a link between high levels of employee satisfaction,

high levels of customer satisfaction and good financial results.

In 2004 the survey showed that 85.6 percent of employees were satisfied, which means that we reached our target of 85 percent employee satisfaction. This is an increase of two percent over the survey in 2003. Although satisfaction levels are high, there are areas for improvement. The results from the survey are being evaluated and action plans will be drawn up for the work on improving matters.

#### NUMBER OF EMPLOYEES

At the close of 2004, Entra had 133 employees in total. This was equivalent to 129.5 man-years. This is a moderate reduction compared with the close of 2003.

#### EQUAL OPPORTUNITY

21.8 percent of Entra's employees are women. This is an improvement in the proportion of women of 1.8 percent compared with 2003. Just over 60 percent of the jobs at Entra are connected with the management of the properties. These positions generally require technical training or experience, and female applicants are very rare. Three women work in operations, and it is proving very difficult to increase the number of women.

Entra has the same arrangements for working hours for both genders.

Six percent of the Entra's employees work part-time. Of these, 62.5 percent are women.

#### STAFF TURNOVER

Staff turnover in 2004 was 3.7 percent. If you ignore natural wastage (retirement), staff turnover was 0 percent. In other words no-one left Entra during 2004 to start working for another employer.

#### SICKNESS ABSENCE

Sickness absence at the company was 5.98 percent of total working hours. Compared with 2003 this is an increase of 0.45 percent. Compared with 2003 this is an increase of 0.47 percent. The sickness absence for 2004 is 1.48 percent higher than the defined target. Sickness absence fell in the 4th quarter of 2004, during which period it was 5 percent. Sickness absence at Entra Eiendom is lower than the Norwegian average, and is in line with absence figures for the industry (commercial services, property management). Measures are being taken to reduce sickness absence at the company.

Employee surveys show that employees are very happy with the working environment. They also reveal that relations are good between managers and workers.

There were no fatal accidents at Entra in 2004, nor were there any recorded accidents or incidents that caused serious personal injury.

#### COOPERATION

Cooperation with employee organisations has been good and constructive, and has made a positive contribution to the running of the company.

The company's management and union leaders meet regularly to

maintain a proactive and positive attitude toward the challenges that the company faces at any given time.

#### INCLUSIVE WORKING LIFE

Entra signed the agreement on inclusive working life in 2002.

The company defined the following operational targets for its work on inclusive working life in 2004:

- Reduce sickness absence to 4.5 percent
- Take measures to prevent the exclusion of employees at Entra
- Achieve an average retirement age at Entra of 65 or older

#### Sponsorship activities

Entra Eiendom's sponsorship activities shall bring values to the company that cannot be achieved through traditional advertising. Sponsorship shall create a sense of commitment, pride and motivation amongst our employees, create positive associations with Entra Eiendom, help to build networks and profile the company. We have chosen to concentrate our sponsorship activities in the fields of sport and culture.

We are the main sponsors of Ridderrennet, the annual skiing competition held at Beitostølen for disabled athletes. Being a part of Ridderrennet gives us associations of values such as happiness, boldness, openness, creativity and compassion – values that are important to us in our work. Our employees find it inspirational and meaningful to assist in various ways during the race.

Entra is the main sponsor for Vålerenga Ishockey.

The team is the living proof that team spirit and desire are an unbeatable combination. As the sponsor of one of the Norway's best and longest established ice hockey clubs, it is a pleasure for us to be able to follow the teams exploits in the rink. Like us, they know that you have to trust your own ability to develop and cooperate to compete at the highest level. Employees, partners and customers have greatly enjoyed watching many exciting matches at Jordal Amfi in 2004. The arena is also used for internal events at which humour and competitions are used to weld employees together.

We also sponsor the Norwegian Folk Museum, where we are helping to upgrade the Bygdøstueene. The rehabilitated building provides the museum with a longed for opportunity to offer visitors somewhere indoors to sit down after a guided tour of the museum area. It can also be used for internal and external courses and conferences. It is a pleasure for Entra to be able to contribute to this.

We have a cooperation agreement with the four curling players who become overnight heroes at the Salt Lake City Winter Olympics in 2002. The agreement includes several exciting activities that will be carried out by the parties. Entra uses the curling players as motivators and contributors to well-being in the company. In addition we use the curling arena for customer care and relationship building, with humour and informal competitions as important criteria for success. Formerly known as «Team Trulsen», they changed their name to «Team Entra» in 2004.

The sport of curling has the profile we are looking for, as it can be asso-

ciated with our own focus on top performance, ambitious targets, humour and team building.

In 2004 we extended our sporting involvement to cover Brann, Rosenborg and Vålerenga, which are football teams from Bergen, Trondheim and Oslo respectively. This is in line with the company's focus on the regional centres in Norway.

We have also entered into an agreement with the newly established «Trondheim Film Festival». We are using this to link exciting technological challenges straight into our projects. It also contributes to our proactive role in creating virtual workplaces.

We also support the environmental charity Bellona by providing a support advertisement on their website.

#### Aesthetics and artistic decoration

Architecture and the design of our surroundings is an important part of our culture. As a major builder, Entra is often directly involved in shaping our surroundings. We therefore have a particular responsibility for ensuring that our own buildings stand out as good examples of high-quality aesthetic design. Aesthetics touches our sensory experiences. The physical design plays an important role in our everyday life. Qualities in a person's surroundings set crucial terms for his or her quality of life.

Entra is conscious of this responsibility. By working with well-known architects' offices, we wish to help make our surroundings more attractive. Entra holds both open and closed architects' competitions for special and challenging commissions. We consider this to be a good and resource-saving activity, as it provides us with a broad analysis of complex challenges.

Entra sees the value in what has been created before us. In our portfolio we have several properties with historic or architectural values that are important to preserve. One of the best ways of preserving these values is to make it possible to continue using these buildings. Through open and constructive cooperation with the Directorate of Cultural Heritage, we fulfil current requirements for use whilst preserving historic and architectural values.


Investing in contemporary art to decorate our buildings is a way of transferring the symbolic values and associations that contemporary art represents: innovation, openness and creativity.

In 2004 Entra entered into collaboration agreements with several of our tenants on the artistic decoration of common areas.



IT'S GOOD TO BE TAKEN CARE OF.  
TO KNOW THAT SOMEONE HAS TAKEN  
THE TROUBLE TO FIND OUT WHAT YOU  
LIKE AND WHAT YOU DON'T LIKE.





WHEN IT COMES TO  
BIG DECISIONS IT'S GOOD  
TO KNOW THAT THE ONE  
WHO WILL HELP YOU IS  
CONFIDENT AND HAS  
THEIR FEET FIRMLY ON  
THE GROUND.







# A GOOD HOST

IT'S IMPORTANT THAT YOU FEEL AT HOME HERE WITH US. THAT YOU KNOW THAT THE DOOR IS ALWAYS OPEN. BECAUSE A GOOD HOST HAS ROOM FOR EVERYONE AND TIME FOR EACH PERSON.

# Property index

PROPERTY	MUNICIPALITY	GROUND AREA	GROSS AREA				
			TOTAL	OFFICES	EDUCATIONAL	DEVELOPMENT	OTHER
Kirkegaten 2 B	Arendal	1 360	6 228	6 228	-	-	-
Kystveien 2	Arendal	283	874	874	-	-	-
Allehelgensgate 6	Bergen	2 898	14 508	14 508	-	-	-
Kaigaten 9	Bergen	1 555	9 823	9 823	-	-	-
Kalfarveien 31	Bergen	17 961	8 069	8 069	-	-	-
Nonneseterkvartalet	Bergen	6 010	-	-	-	-	-
Spelhaugen 12	Bergen	26 331	8 938	8 938	-	-	-
Strømgaten 1/Marken 37	Bergen	4 822	6 027	-	6 027	-	-
Tollbodalmeningen 2a	Bergen	997	1 823	1 823	-	-	-
Valkendorfsgate 6	Bergen	1 963	13 366	13 366	-	-	-
Molovegen 10	Bodø	-	5 567	5 567	-	-	-
Tollbugata 2	Bodø	543	894	894	-	-	-
Grini næringspark 13	Bærum	5 414	3 423	3 423	-	-	-
Malmskriverveien 18-20	Bærum	3 880	5 869	-	-	5 869	-
Malmskriverveien 2-4	Bærum	4 895	17 065	17 065	-	-	-
Strandveien 35	Bærum	3 000	6 756	6 756	-	-	-
Øvre torvvei 1	Bærum	2 270	10 824	10 824	-	-	-
Konggata 51	Drammen	6 585	-	3 403	-	-	3 403
Nedre Storgate 18	Drammen	2 023	4 677	4 677	-	-	-
Brochsgate 3	Fredrikstad	1 478	4 092	4 092	-	-	-
Torbjørnsgate 25	Fredrikstad	1 582	4 500	-	-	-	4 500
Instituttveien 24	Kjeller	17 217	25 255	-	25 255	-	-
Gamle Kragerøvei 9	Kragerø	1 623	1 050	1 050	-	-	-
Løkkebakken 20	Kragerø	2 000	340	340	-	-	-
Fjellanlegg	Kristiansand	-	850	-	-	-	850
Kongsgård Allé 20	Kristiansand	18 050	19 674	-	19 674	-	-
Lømslandsvei 23	Kristiansand	1 009	1 340	1 340	-	-	-

PROPERTY	MUNICIPALITY	GROUND AREA	GROSS AREA				
			TOTAL	OFFICES	EDUCATIONAL	DEVELOPMENT	OTHER
Lømslandsvei 6	Kristiansand	2 307	1 205	1 205	-	-	-
Markensgate 19	Kristiansand	1 460	5 063	-	-	-	5 063
Sigvard Gundersensgate 2	Kristiansand	250	192	192	-	-	-
St. Hansgate 1	Kristiansand		434	434	-	-	-
Tordenskioldsgate 65	Kristiansand	17 377	25 370	25 370	-	-	-
Tordenskioldsgate 67	Kristiansand	650	490	-	-	-	490
Tordenskioldsgate 68	Kristiansand	1 400	1 500	-	1 500	-	-
Vestre Strandgate 21	Kristiansand	838	1 707	1 707	-	-	-
Storgata 19 A	Larvik	3 673	1 865	1 865	-	-	-
Jernbanegata 15	Levanger	590	2 557	2 557	-	-	-
Jonas Lies gate 20-28	Lillestrøm	13 001	7 940	7 940	-	-	-
Nittedalsgata 2b	Lillestrøm	1 254	3 004	3 004	-	-	-
Jeløgata 2	Moss	3 730	800	-	-	-	800
Kongensgate 44	Moss	1 215	3 021	3 021	-	-	-
Prins Chr. Augusts plass 3	Moss		4 650	4 650	-	-	-
Vogtsgate 17	Moss	7 079	9 426	9 426	-	-	-
Jernbanegaten 4	Mysen	5 884	603	603	-	-	-
Kongensgate 14	Narvik	-	3 297	3 297	-	-	-
Akersgaten 32	Oslo	486	2 150	2 150	-	-	-
Akersgaten 34	Oslo	490	2 370	2 370	-	-	-
Akersgaten 36	Oslo	233	1 128	1 128	-	-	-
Akersgaten 51/Apotekergaten 6	Oslo	4 778	16 503	-	-	16 503	-
Biskop Gunnerusgate 14	Oslo	2 520	51 423	51 423	-	-	-
Biskop Gunnerusgate 6	Oslo		9 140	9 140	-	-	-
Brynsengfare 2	Oslo	3 090		-	-	-	-
Brynsengfare 6	Oslo	26 020	36 356	36 356	-	-	-
Cort Adelers gate 30	Oslo	4 128	16 090	-	16 090	-	-

PROPERTY	MUNICIPALITY	GROUND AREA	GROSS AREA				
			TOTAL	OFFICES	EDUCATIONAL	DEVELOPMENT	OTHER
Drammensveien 42	Oslo	10 693	34 068	-	-	23 653	10 415
Dronningensgate 10-14	Oslo	695	4 381	4 381	-	-	-
Dronningensgate 16	Oslo	2 755	13 017	13 017	-	-	-
Fredrik Selmers vei 4	Oslo	13 415	32 606	-	-	32 606	-
Fritznersgate 12	Oslo	897	897	-	-	897	-
Grenseveien 92	Oslo	4 850	13 566	13 566	-	-	-
Hagegata 22	Oslo	-	11 376	11 376	-	-	-
Henrik Ibsensgate	Oslo	2 479	12 679	12 679	-	-	-
Kristian Augusts gate 15	Oslo	1 036	6 190	6 190	-	-	-
Kristian Augusts gate 21	Oslo	1 101	3 296	-	-	3 296	-
Kristian Augusts gate 23	Oslo	1 213	8 642	8 642	-	-	-
Langkaia 1, Havnelageret	Oslo	4 031	35 513	35 513	-	-	-
Middelthunsgate 29	Oslo	7 786	21 105	-	-	21 105	-
Munch-kvartalet	Oslo	7 555	42 250	31 530	-	10 720	-
Pilestredet 19-21	Oslo	412	6 097	6 097	-	-	-
Schweigaardsgate 15	Oslo	6 730	23 566	-	23 566	-	-
St. Olavsgate 4	Oslo	1 450	3 937	3 937	-	-	-
Strømsveien 96	Oslo	6 495	18 293	18 293	-	-	-
Tollbugata 1A	Oslo	7 150	8 659	8 659	-	-	-
Tordenskioldsgate 12	Oslo	1 590	13 028	13 028	-	-	-
Tvetenveien 22	Oslo	2 216	4 126	-	4 126	-	-
Wergelandsveien 27/29	Oslo	3 202	6 103	-	-	6 103	-
Youngskvartalet	Oslo	1 496	2 000	2 000	-	-	-
Øvre Slottsgate 2B	Oslo	983	4 855	4 855	-	-	-
Aasta Hansteens vei 10	Oslo	2 698	3 976	3 976	-	-	-
Storgata 162	Porsgrunn	432	1 056	1 056	-	-	-
Sverresgate 20	Porsgrunn	2 489	2 476	2 476	-	-	-

PROPERTY	MUNICIPALITY	GROUND AREA	GROSS AREA				
			TOTAL	OFFICES	EDUCATIONAL	DEVELOPMENT	OTHER
Strandgata 10	Risør	1 516	555	555	-	-	-
Sandarveien 1	Sandefjord	1 763	797	797	-	-	-
Tollbugata 1	Sandefjord	1 350	1 290	1 290	-	-	-
Holbergsgate 6	Skien	667	2 946	2 946	-	-	-
Langbrygga 1	Skien	477	1 250	1 250	-	-	-
Telemarksgaten 11	Skien	2 075	4 119	4 119	-	-	-
Lagårdsveien 78	Stavanger	-	2 124	2 124	-	-	-
Lerviksveien 32 og 36	Stavanger	9 633	9 048	9 048	-	-	-
Nytorget 1	Stavanger	2 340	3 407	3 407	-	-	-
Proff. Hanssensvei 10	Stavanger	45 691	24 152	24 152	-	-	-
Skansegaten 2	Stavanger	1 590	4 474	-	-	-	4 474
Grønnegata 126	Tromsø	221	178	178	-	-	-
Grønnegate 122	Tromsø	2 366	6 700	6 700	-	-	-
Strandgaten 41	Tromsø	2 518	5 749	5 749	-	-	-
Strandveien 13	Tromsø	-	10 187	-	-	-	10 187
Vestregata 65	Tromsø	161	133	133	-	-	-
Brattørkaia 13 B	Trondheim	3 803	6 502	-	-	6 502	-
Brattørkaia 15 A og B	Trondheim	-	11 250	-	-	11 250	-
Brattørkaia 16	Trondheim	-	4 000	-	-	4 000	-
Brattørkaia 17b	Trondheim	18 500	18 500	18 500	-	-	-
Dronningensgate 2	Trondheim	1 014	5 130	5 130	-	-	-
Erling Skakkesgate 25	Trondheim	3 547	3 547	3 547	-	-	-
Kongensgate 87	Trondheim	7 869	10 353	-	-	10 353	-
Krambugata 3	Trondheim	-	7 000	7 000	-	-	-
Tungasletta 2	Trondheim	19 999	14 358	14 358	-	-	-
Storgaten 51	Tønsberg	1 068	4 334	-	-	-	4 334
Other	-	7 500	462	-	-	-	462

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