

ANNUAL REPORT

06





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THEIR EVERYDAY WORKING LIVES

Entra Eiendom has 143 employees. Each day, these women and men help to ensure that we are good hosts to our tenants.

In total around 35,000 people work in our properties, and it is these people, as well as their guests and visitors, who are most important to us. As hosts, it is our role to make our customers' everyday lives more efficient and simple, whilst aiming to provide individual service and support to each and every one of them.

It is our talented employees who through their day-to-day work help us to achieve these goals. This makes them one of our most vital resources. Without their knowledge and commitment the company would be a shadow of what it is. In the 2006 annual report we would like present some of our employees through a series of pictures. We decided to invite the award-winning photographer Alf Børjesson to produce some glamorous, yet personal, portraits of a few members of staff, hoping at the same time to reveal something about life at Entra. The seven employees who were selected spent some enjoyable days in the studio. The studio pictures were supplemented by photos that each of them took with the cameras on their mobile phones. Their task was to capture four or five images that would document their working day at Entra Eiendom, and to write a few short captions to accompany the pictures. The results were very diverse, with the photos showing a mixture of colleagues, stopcocks, buildings, views from offices, buckets and building sites. Their everyday working lives. Their contributions towards Entra Eiendom achieving its goals.

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 987,854 m².

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 the 100 percent owned 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, Krabugt 3 AS and Kjørbo Parken AS.

The company also owns stakes in Kristiansand Kunnskaps-park Eiendom AS, Papirbredden Eiendom AS, UP Entra AS, Brattørkaia AS, Optimo AS, Oslo S Utvikling AS, Youngskvartalet Parkeringshus AS, Kunnskapsbyen Eiendom AS, Grensen S/E and Kongsvinger Kompetanse- og Næringscenter 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 4.4 billion to approx. NOK 18.4 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 four regions: Eastern Norway, Southern Norway, Western Norway and Central and Northern Norway. The regional offices are located in Oslo, Kristiansand, 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. Entra emphasises 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 a key, guiding element in the future development of the company.

Entra Eiendom sees long-term customer care as a strategic process for retaining customers and gaining access to new projects.

Since it was established in 2000, the company's stated aim has been to be a good host for its 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.

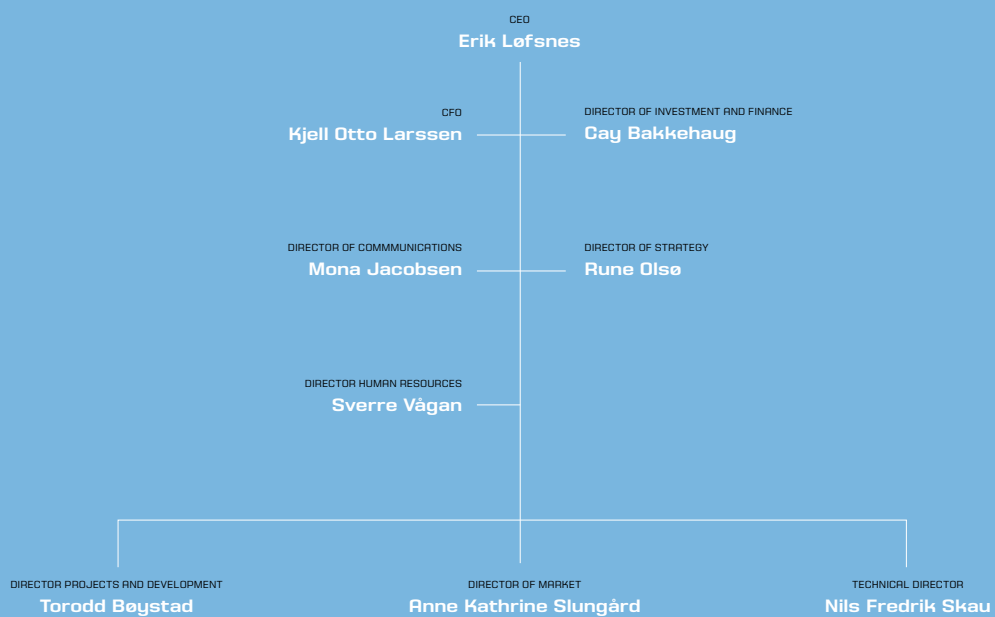
Entra Eiendom AS's main focus is on centrally located properties of a high standard. Prestigious premises shall make up a small proportion of our property portfolio. The company shall primarily operate and be a major player in the Oslo fjord region, Bergen, Trondheim, Stavanger, Kristiansand, Tromsø 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 a market rate of return
- be a leading player in its prioritised markets
- to offer challenging and attractive employment opportunities

AS AT 31.12.06, THE COMPANY WAS ORGANISED AS FOLLOWS



Talented employees - Good results

In line with the strong Norwegian economy, the property market improved significantly over the course of 2006.

Over the past two years the rental market has been growing, initially slowly, but more quickly in recent times. In 2005 the average rent rose approx. 5 percent, although this was spread unevenly between areas and segments. In 2006 the top segment, prestigious offices, rose by almost 30 percent.

Demand is continuing to increase, and in recent years a number of properties have been sold several times over the course of just a few years.. Several groups of investors have done well out of the upturn; it has not been uncommon to double your equity in syndicated projects. This development has followed international trends that have seen commercial property become an investment object.

Office premises are the most standard and popular properties, still making up majority of investments, and the prospects are that rents will continue to increase.

In line with the strong Norwegian economy, Entra Eiendom achieved good financial results in 2006. We have strengthened our market position and reduced our exposure to risk. The company's profits and asset appreciation have exceeded the shareholders' required rates of return, and the company's value-adjusted assets are growing strongly.

However, it is important for us to take a long-term view. Our ambition is to be a good host for our tenants, and our overall aim is to have satisfied customers.

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 currently has a broad customer base, with the public sector as its largest customers. Our customer base is the company's biggest asset. Each year we therefore carry out customer surveys. Our 2006 survey revealed that 90 percent of our customers were happy with us as their hosts. We believe that in the long-term satisfied customers are a prerequisite for achieving a market return on our capital.

This places high demands on our own organisation, in terms of being able to satisfy the different customer requirements. It is our employees, who are in daily contact with our tenants, who ensure high levels of customer satisfaction. This makes them one of our vital resources. Without their expertise and commitment, we would not have achieved the results that we

achieved in 2006. Through their enthusiasm, creativity and team spirit, and in partnership with our customers, we have come closer to fulfilling our vision of creating the spaces of the future in our role as hosts for people, concepts and ideas.

Entra Eiendom'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.

Where possible we aim to reuse building materials, and we also aim to use environmentally friendly resources. Water-borne heating, which enables the use of heat pumps and renewable energy sources, is also used. In 2006 we initiated two projects that aim to optimise energy use at most of the properties that Entra Eiendom owns and runs in the Eastern Norway and Western Norway regions. The projects are supported by Enova SE, which is the government body promoting energy efficiency.

As a major developer, Entra Eiendom is often directly involved in shaping our surroundings.

We therefore have a special responsibility for ensuring that our own buildings provide good examples of attractive designs.

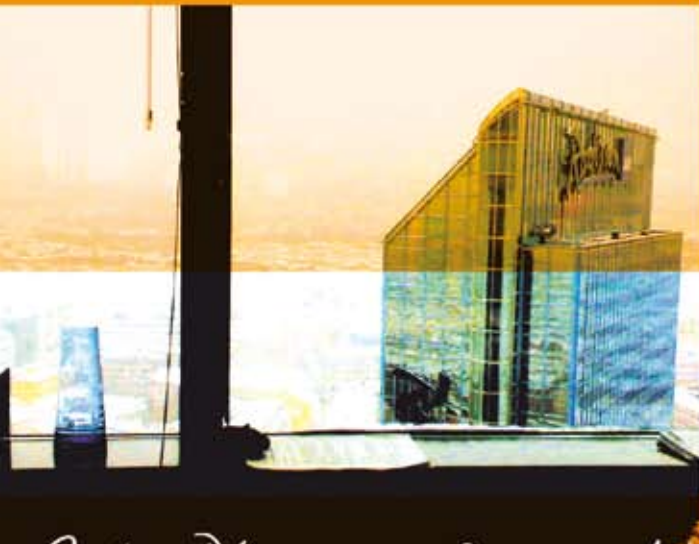
Entra Eiendom helps to shape our society, not only by constructing and furnishing the buildings themselves, but also by taken an interest in the appearance of the areas around the buildings.

The company has a direct and indirect influence on areas in which humans operate, on how quarters in which we live and work are created and change, how cities and urban spaces develop and how people live in and with the city. Helping to develop cities – urban development – is about developing a society. It is essential to create attractive urban environments. It is not just a question of architecture and cafés. Public services and cultural diversity are equally important. This means that Entra Eiendom – for the benefit of the society of which we are a part – must be both conservative and innovative. As I see it, Entra Eiendom has a responsibility to its shareholders, customers, employees and other stakeholders to look at the economic, environmental and social impacts of its activities. In 2006 we continued to be conscious of this responsibility.

Satisfied customers, highly skilled employees and a property market that is likely to throw up new possibilities in the coming year, mean that Entra Eiendom is in an excellent position to continue on its successful path.

ERIK LØFSNES

CHIEF EXECUTIVE OFFICER



Oslo Plaza from the office.

*Brattørkavå 17A is demolished
Here comes Trondheim's new waterfront!*



*Tordd Baystad and
Erik Strand discuss investment
analysis*



NAME: Bjørn Holm
POSITION: Project manager
AGE: 45
Has worked for Entra since 2004

The best part of my workday is the inspiration I get from being in an open-plan office with good colleagues at the «top» of Oslo and seeing the results of our work in the form of super buildings which can help others to enjoy their workday.

Highlights 2006

In the six years since it was established, Entra Eiendom has developed into a big, professional and high-profile property company.

Over the course of 2006, the company has continued to invest in developing its position outside Oslo. We completed some large development projects during the year, and we now are working on a number of new ones, still with the public sector in Norway as our primary customer group.

KJØRBO

Entra Eiendom has acquired the properties at Kjørbo, and will formally take over the properties in the summer of 2007. In connection with that, a new zoning plan is being developed for the area. Our ambition is to develop what has been purely an industrial estate into a mixed zone with a lively town park and businesses.

DRAMMEN SCIENCE PARK

Through their jointly owned company Papirbredden Eiendom AS, Drammen City Council and Entra Eiendom have developed a science park at Grønland in Drammen. Our aim has been to develop a growing scientific community in the Drammen region, and to strengthen Drammen as a student and research town. The building was completed and handed over to the tenants in December 2006.

KRISTIANSAND SCIENCE PARK

Kristiansand Kunnskapspark Eiendom AS is a joint venture between Entra Eiendom and the Municipality of Kristiansand, and is responsible for developing the Kristiansand Science Park. It will provide tailor-made premises to innovative enterprises in the knowledge economy close to Agder University College. Phase 1 of the project was started in the summer of 2006.

VØYENENGA SCHOOL

At Vøyenenga in Bærum, Entra has built a new secondary school for Bærum Municipality. It is a PPP project (public private partnership), and will involve Entra financing and building the school, and operating it for a period of 20 years. In addition to the school building, the project includes a multipurpose hall and a football pitch. The building was handed over to the tenant at the end of January 2007.

CENTRE FOR REGIONAL TAX AUTHORITIES IN SANDVIKA

The Centre for Regional Tax Authorities in Sandvika was completed in 2006, and was handed over to the tenants at the end of November/beginning of December. In addition to housing premises for the tax collection and tax assessment authorities in Asker and Bærum, there will also be space for businesses.

THE NONNESETER QUARTER IN BERGEN

In the Nonneseter quarter in Bergen, work is underway on a new building that will see the tax collection and tax assessment authorities move to shared premises. The tax authorities will occupy 12,500 m² out of 17,200 m² in total. Outline planning permission has been granted, and construction is expected to start early in 2007.

LANGKAIA I

The refurbishment of Havnelageret at Langkaia in Oslo went full steam ahead in 2006. The work comprises a complete internal refurbishment and new technical installations. The aim of the refurbishment is to make the most of the property's potential by creating modern offices in this unique building, which is one of the closest neighbours of the new opera and right at the heart of Bjørvika.



AKERSGATEN 51

The newspaper Aftenposten's former premises in Akersgaten 51 are being fully refurbished and refitted. The project is particularly challenging as it is right in the centre of Oslo, and involves significant work on the load-bearing structures of the building. Work started towards the end of 2006, and will be completed in the second quarter of 2008.

OPTIMO AS

In order to link project management and development expertise, Entra bought 51 percent of the shares in Optimo AS. This acquisition has increased our capacity and expertise both in the development and implementation phases.

SALG AV EIENDOM

Entra Eiendom sold the following properties over the course of the year:

Kongensgate 14, Narvik

Olav Tryggvasons gate 1, Trondheim

Drammensveien 60, Oslo

Dronningensgate 10-14, Oslo

Østre Strand gate 51, Kristiansand

RIKSREVISJONEN

In 2006 the Office of the Auditor General of Norway carried out a management audit of Entra. On 17 February the Storting's Standing Committee on Scrutiny and Constitutional Affairs held an open hearing on the facts behind the Auditor General's report. It is anticipated that the committee will submit its recommendations to the Storting at the end of February 2007.

FIGURES FOR THE ENTRA EIENDOM AS GROUP (IN MNOK IF NOT STATED OTHERWISE)	2006	2005	2004	2003	2002	2001
Income Statement						
Operating Income	1 136,6	1 071,6	1 072,2	855,9	673,8	637,3
Operating expenses excl. depreciation	339,4	329,1	387,9	406,1	377,8	211,4
EBITDA	797,3	742,0	684,3	449,8	296,0	425,9
Profit before tax	236,5	230,0	187,1	25,9	-17,8	139,1
Profit for the year	170,6	162,8	133,9	18,4	-13,3	99,7
Investments/Sales during the year						
New investments in fixed assets and shares in other companies	1 080,5	1 078,9	1 078,7	1 841,9	1 601,6	1 450,8
Sale of fixed assets and shares in other companies	193,5	205,1	394,9	144,6	22,2	6,5
Financial Strength						
Total assets (book value)	10 692,2	9 727,2	8 768,4	8 127,2	6 518,0	5 070,4
Equity (book value)	1 361,2	1 330,5	1 288,2	1 274,1	1 505,7	1 519,0
Equity ratio (book value)	13%	14%	15%	16%	23%	30%
Value adjusted total assets	18 430,0	15 567,0	13 388,0	11 566,8	9 615,6	7 479,5
Value adjusted equity	9 098,9	7 170,0	5 907,0	4 713,6	4 603,3	3 928,1
Value adjusted equity ratio	49%	46%	44%	41%	48%	53%
Liquidity						
Liquidity reserve (incl. committed, undrawn credit facilities)	5 773,8	1 210,9	1 930,4	2 403,8	805,1	232,2
Loan portfolio Entra Eiendom Group						
Long term interest bearing debt	8 474,5	7 722,2	6 835,4	6 222,3	4 667,7	2 989,7
Weighted average time to maturity (tied-up capital), years	6,8	5,6	2,3	2,1	1,3	2,4
Weighted average duration, fixed interest	4,1	4,2	3,8	4,6	4,7	4,3
Normalised interest cover ratio *)	2,1	2,0	2,2	2,0	2,2	2,3
Weighted average portfolio interest rate as at 31.12.	5,1 %	4,9 %	5,2 %	5,9 %	6,7 %	–
Property portfolio/rental contracts						
Property mass (m ²)	987 854	956 658	899 655	881 853	838 626	746 057
– of which projects under development	189 930	186 799	122 600	126 333	217 991	186 223
Occupancy rate excl. development	97%	96%	95%	95%	98%	97%
Occupancy rate development projects	60%	56%	60%	60%	93%	70%
Weighted average time to maturity, contracts (years)	11,1 år	11,5 år	11,3 år	11,6 år	11,4 år	7,9 år

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

$$\frac{\text{Operating profit} + \text{depreciation} + \text{refurbishment cost} + \text{financial income}}{\text{Interest expenses}}$$

DEVELOPMENTS IN THE FINANCIAL MARKETS

The world economy continued to grow strongly in 2006, as it had done in the two previous years. Globally the last three years have seen the fastest growth for 30 years.

This rapid growth resulted in significantly higher capacity utilisation, which in turn led many central banks in the developed world to raise interest rates during 2006. In the long term high capacity utilisation will restrict further growth, but many analysts claim that the strong fundamentals mean that the beginnings of a slowdown that we seen will only have a limited impact on growth.

Globalisation and a more open world economy are increasing international competition and helping to keep inflation low, both in Norway and overseas. Economists expect this to mean that rising interest rates will peak at a lower level than has previously often been the case.

The Norwegian economy is still growing strongly as we enter 2007. At a macroeconomic level, there is a very tight labour market with rising wage inflation. This supports the argument for Norges Bank to raise interest rates more quickly. There is reason to believe that highly qualified employees will receive increasingly big pay increases. Inflation is somewhat below target, but this is unlikely to prevent further periodic interest rate rises. In 2006 the Norwegian mainland economy grew by over four percent for the third year in a row. The recent strength of the NOK will probably not be enough to make Norges Bank change its interest rate strategy. Norges Bank's interest rate path suggests that by the end of 2007 the key rate will have been raised to 5 ¼ percent.

This implies that the short-term money market rates in Norway are expected to rise significantly over the course of 2007. Long-term interest rates are expected to rise less quickly, with the result being a much flatter yield curve, Fig. 1 page 13. Entra Eiendom is positioned in such a way that it has reduced its exposure through partial interest rate fixing, whilst maintaining some freedom of action in case events turn out unexpectedly. The company is, however, exposed to interest rate fluctuations through its short-term liabilities, but interest rate rises will not affect all of its borrowings.

FINANCIAL ACTIVITIES OVER THE COURSE OF THE YEAR

The company's financing strategy is assessed in relation to the other areas of the company's business model, and is supposed to support the company's business strategies. We are currently

working to develop a complete set of corporate governance documents that will provide a common framework for our investments and financing activities. Fig. 2 page 13.

The company's current finance strategy from 2003 is still the main basis on which it manages its financing activities. The most important focus of the strategy is to ensure that the company has access to sufficient capital to implement the company's current business strategies.

We are constantly trying to fit the company's finance strategy to the underlying level of investment activity in order to strengthen the overall finances of the company.

A key task is to use various bank and capital market instruments in such a way as to minimise the cost of financing the Group, and to create an optimal capital structure that contributes to the future development of the company.

The company's finance policy forms the overall framework for financial management at the Entra Eiendom Group, and 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 most relevant areas to the company are handled separately:

Refinancing risk

We consider the company's refinancing risk to be limited. The company aims to limit its refinancing risk by diversifying its sources of capital and by operating within the following framework:

- Maximum 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. A broad base of relationships within the banking and capital markets.
- Short-term financing through the certificate portfolio shall be hedged with back stop facilities covering the volume which falls due within the next six months

Interest rate risk

We consider that the company's strategy for interest rate positioning deals with the company's exposure to interest rate risk in a satisfactory manner. The company's risk tolerance in terms of financial activities is assessed on the basis of the overall

FIG. 1

DEVELOPMENT IN NORWEGIAN INTEREST RATES 2002-2006

NOK SWAP 10Y
NIBOR 3M

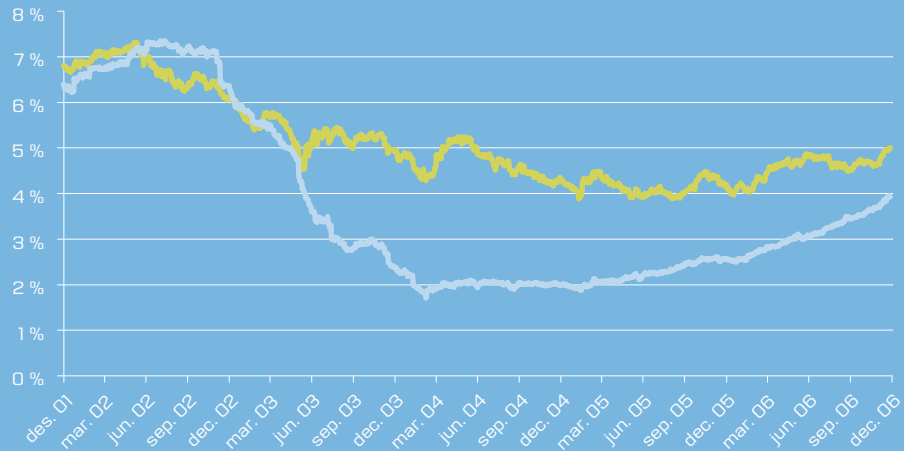


FIG. 2

FINANCIAL MODEL

ENTRA EIENDOM
Business concept and Vision
Overall objectives
Business plan

FINANCE STRATEGY

Secure sufficient access to capital at the lowest possible cost, subject to the defined risk tolerance level

FINANCE POLICY

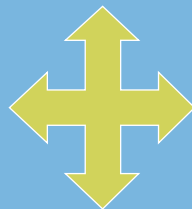
Funding and debt capital
Handling financial risk
Cost of capital

INVESTMENT STRATEGY

Focus areas
Growth targets
Financial capacity

INVESTMENT POLICY

Investment criteria
Risk profile
Risk adjusted return



PORTFOLIO MANAGEMENT

Continuous management of portfolio and capital structure to optimise returns within defined risk

business model and exposure, bearing in mind the strategy and structure of its individual investments. Along with the company's current view of interest rates, it forms the basis for adjustments to the company's interest rate structure within the framework of the standard portfolio. The standard portfolio specifies that the weighted term of the standard portfolio should be between 3 and 6 years, with an average value of 4 years, and that terms to maturity should be segmented.

Currency risk

Entra Eiendom's business is only based on and exposed to Norwegian kroner (NOK). The company shall therefore 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

By developing its property and lease contract portfolio, the company has built up significant assets since its establishment. The low level of interest rates has helped to further increase the valuations of the company's properties over the past two years. As we have managed to achieve long average lease contracts, we believe that the increases in value are fairly robust, although changes to interest rates may affect the values of the company's properties.

The two external, independent market valuations of the portfolio that were carried out at the close of the year, revealed that there were significant excess values on the Group's balance sheet.

The market value of the company's properties as of 31 December 2006 was NOK 18.2 billion, and NOK 17.8 billion adjusted for Entra's stakes in its subsidiaries. In addition our share of the market values of joint ventures was NOK 0.6 billion. Including this, Entra Eiendom AS's value-adjusted assets were NOK 18.4 billion as of 31 December 2006. Fig. 3 page 15 shows the rapid growth in our balance sheet from when the company was established through to 31 December 2006.

Entra Eiendom's financial strategy includes the aim of maintaining a strong financial position. Fig. 4 page 15 shows the historical figures for our equity and equity ratio. One of our strategic parameters is that our value-adjusted equity ratio shall be at least 35 percent.

By developing and enhancing the values of our portfolio of properties and lease contracts we have managed to safeguard the Group's financial strength over the long-term. Our value-adjusted equity was NOK 9.1 billion as of 31 December 2006, giving us an equity ratio of 49 percent, against 46 percent at the end of 2005. The book equity ratio was 13 percent as of 31 December 2006.

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 351 million in 2006.

Revenues are to a large extent based on long-term contracts with reliable tenants. The proportion of tenants in the public sector in Entra Eiendom AS's property portfolio was 88 percent as of 31 December 2006. This is an increase of 2 percent over 2005, which is due to the completion of some major projects aimed at Entra's core customers – the Norwegian public sector.

Interest cover ratio

The company had a normalised interest cover ratio of 2.1 at the close of 2006 (2.0 in 2005). The figure is based on the company's operating cash flow, ignoring investment-related and any extraordinary costs. This is in line with the company's internal aim of having an interest cover ratio of at least 2, i.e. a similar level to the industry as a whole. The interest cover ratio is an important key figure for various financial services companies when they assess the company.

FINANCING/BALANCE SHEET

Equity

Our owners, the Norwegian Government through the Ministry of Trade and Industry, measure their return on the basis of dividends and increases in value, and have set a target of achieving a market rate of return on value-adjusted equity. The company had a positive EVA for 2006. Accumulated EVA since the establishment of the company totals NOK 2.7 billion. This means that the company has created NOK 2.7 billion in excess value over and above the requirements of its owners and lenders.

Loan capital

Entra Eiendom AS's total debt at the close of 2006 was NOK 8,668 million, of which interest-bearing debt was NOK 8,094 million.

For the Group these figures were NOK 9,190 million and NOK 8,474 million respectively, and they include project financing for joint ventures and companies in which Entra Eiendom AS has a majority stake. The management of properties and financing

FIG. 3

DEVELOPMENT
IN TOTAL ASSETS

■ Book value
■ Market values

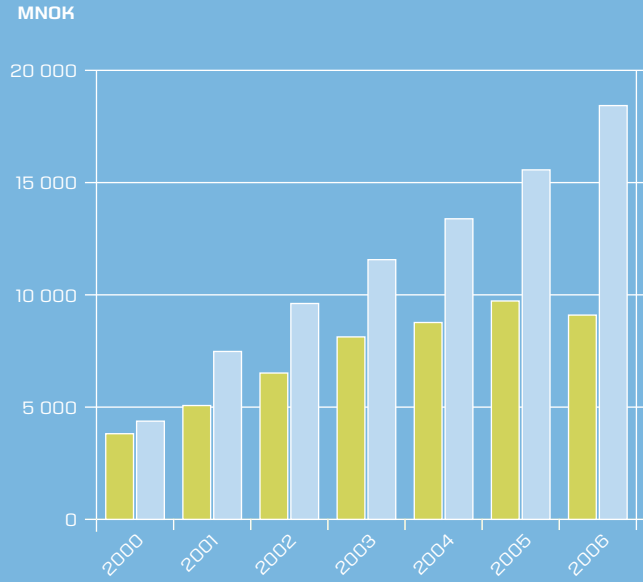
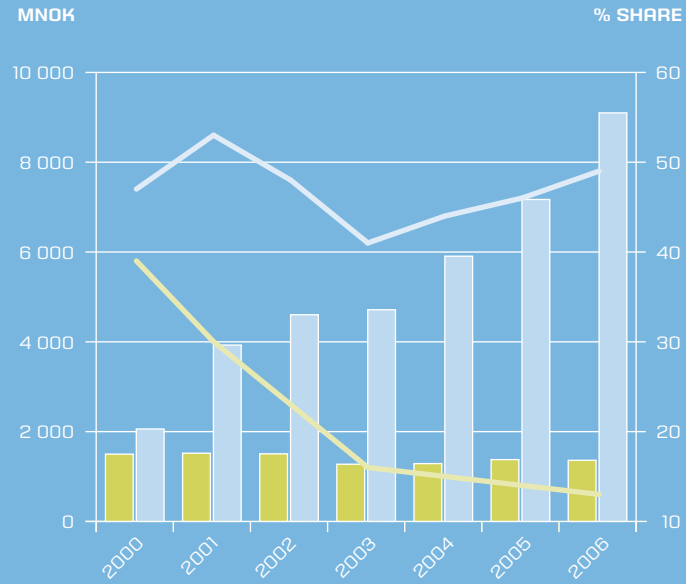


FIG. 4

DEVELOPMENT
IN EQUITY

■ Book value of equity
■ Value Adjusted Equity
— Equity ratio (book value)
— Value Adjusted Equity Ratio



of joint ventures is handled separately and is tailored to the underlying activities of the individual project/company.

The maturity structure of Entra Eiendom AS's long-term interest-bearing debt is illustrated in Fig. 5 page 17.

The average remaining term to maturity of the available credit facilities was 6.8 years at 31 December 2006 (2005: 5.6 years). The company extended and spread out its maturity structure in 2006, primarily by refinancing its bank debt and by establishing new, long-term credit facilities (incl. a back stop) totalling NOK 5.6 billion. Through the negotiations that have been carried out, the company has further enhanced its strong position in the bank and capital markets in Norway and overseas. The company's new facilities are linked to a carefully selected group of large, professional banks with complementary qualities, who will be able to contribute towards our future development.

Access to the optimal financing is a key area for the company, and we are focusing on developing the company's financing structure. One of our main tasks is to maintain adequate diversification, whilst adjusting the mix of instruments to the various characteristics of the company's property portfolio.

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 market. As of 31.12.06, 88 percent of the company's financing came from the money and capital markets. Fig. 6 page 17 shows the distribution between different types of borrowing as of 31 December 2006. This distribution will gradually change as we start to use our new credit facilities.

Entra Eiendom AS's financing has negative pledge as its main principle. Its lease agreements nevertheless make it possible to use other forms of loans for some of its portfolio. Entra Eiendom AS has one loan secured by a mortgage, which is a 25 year bond secured by the mortgage on the National Library in Oslo. Joint ventures are independently financed, and the loans are generally secured by mortgages.

As of 31 December 2006, the Group had, through its available credit facilities, committed undrawn facilities of NOK 5,600 million, with which to cover future refinancing and investment requirements, as well as to provide a back stop for the company's certificate portfolio.

With the current structure, we believe that the company's refinancing risk is very limited.

INTEREST RATE HEDGING

Naturally, 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 Group's interest rate exposure is managed actively through a

portfolio of interest rate instruments within the framework of the specified finance policy. The company uses the interest rate instruments that at any given time are most suited to cover the various risk elements.

As of 31.12.06 the weighted average duration was 4.1 (4.2 at the close of 2005). The average interest rate on loans in the portfolio was at the same point in time 5.1 percent (4.9 percent).

Fig. 7 page 17 shows the company's spread out maturity structure in terms of exposure to interest rate risk as of 31.12.06.

For much of 2006 the company maintained the duration of its portfolio, by gradually adjusting interest-rate hedging instruments, whilst also maintaining proportion of variable rate borrowings. We consider this to be an important way of maintaining the company's flexibility and ability to act in relation to changing requirements and market conditions.

FINANCIAL CALENDAR 2006

Preliminary annual report 2006	15 February 2007
Annual report 2006	April 2007
1st quarter 2007	4 May 2007
2nd quarter 2007	24 August 2007
3rd quarter 2007	1 November 2007

FIG. 5

**MATURITY STRUCTURE
INTEREST BEARING DEBT**

■ Drawn loans
■ Committed, undrawn facilities

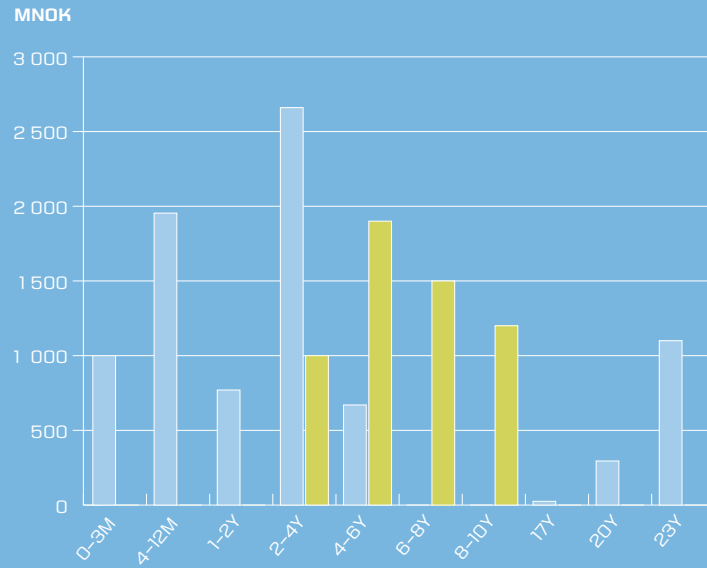


FIG. 6

**DISTRIBUTION OF
LOAN PORTFOLIO**

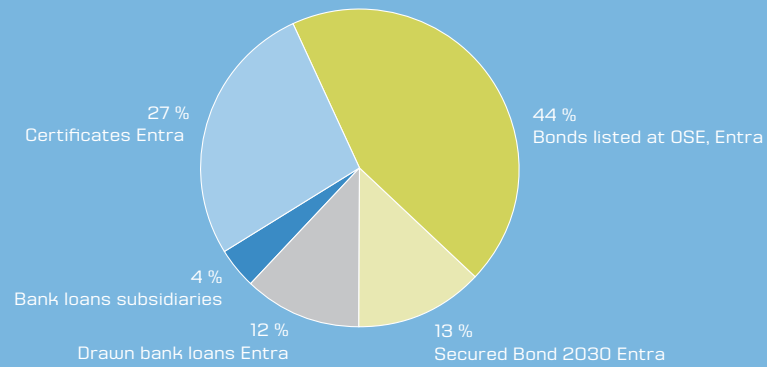
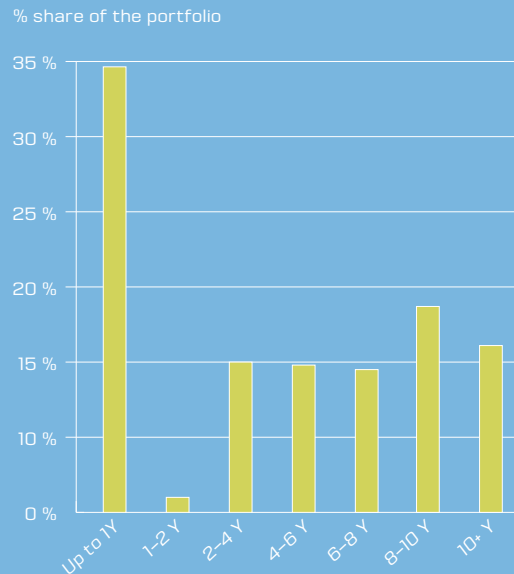


FIG. 7

**DISTRIBUTION
OF INTEREST
EXPOSURE**



Many, many folders...



Deadlines are an important part of every day



Deadlines

The number keys are those I use most.





NAME: Sigrun Steigen
POSITION: Accounting consultant
AGE: 32
Has worked for Entra since 2003

What I enjoy the most about my workday is that we have a lot of fun working together. I have an exciting and challenging job and enjoy working with many talented and friendly people.

The Property Portfolio

TABLE 1

	Gross Area				Total	Weighted remaining contract period	Annual rent passing as at 31.12.06 (NOK 1.000)	Share of total rental income (%)
	Offices	Educational	Other	Development				
Oslo:					617 829	12,1	779 624 258	70%
Oslo	380 169	25 898	150	87 062	493 278			
Akershus	41 788	27 135	-	27 149	96 072			
Østfold	28 479	-	-	-	28 479			
South:					124 242	11,2	108 731 232	10%
Kristiansand	30 575	12 253	6 177	6 821	55 826			
Oslofjord area and Agder	29 212	-	312	-	29 524			
Drammen	13 851	25 041	-	-	38 892			
West:					123 405	5,7	117 960 662	11%
Bergen	56 697	6 366	-	17 500	80 563			
Stavanger	41 120	-	1 722	-	42 842			
Central and Northern Norway:					122 378	9,5	102 203 872	9%
Trondheim	40 242	-	-	48 841	89 083			
Tromsø	23 967	-	310	-	24 277			
Bodø	6 461	-	-	-	6 461			
Rest of Central and Northern Norway	-	-	-	2 557	2 557			
TOTAL	692 561	96 693	8 671	189 930	987 854	11,1	1 108 520 024	100%

MARKET VALUE/CONCENTRATION

Two external, independent market valuations of our portfolio were carried out at the turn of the year. Based on the average of the two valuations, the Group's property portfolio as of 31 December 2006 was valued at NOK 18.2 billion. Adjusted for Entra's stakes in subsidiaries the portfolio was valued at NOK 17.8 billion. Including Entra's stakes in joint ventures, the portfolio's value was NOK 18.4 billion.

TABLE 2 page 21 shows the components of the changes in market value from 2005 to 2006. Taking into account stakes in subsidiaries, and adjusted for purchases, sales and investments,

there is an unrealised increase in value for the Group's properties of approx. NOK 2.3 billion. The unrealised increase in value for our stakes in joint ventures is NOK 110 million.

The company owns a total of 117 properties. The bulk of the properties by value (65 percent in total) are in Oslo (75 percent are in the Oslo area), and the distribution (based on value) is shown in Fig. 1 page 22.

TABLE 3 page 21 shows price changes for comparable properties in individual regions over the course of the year. The strongest growth was seen in Southern Norway Region – Drammen, where the completion of Grønland 40B, and the signing of long-term,

TABLE 2

MARKET VALUE		
MNOK	2006	2005
Opening balance market value	15 356	13 022
Investments ¹⁾	692	652
Purchase of property ²⁾	113	269
Sale of property ³⁾	-230	-68
Unrealised change in value – properties owned by less than 50%	110	349
Unrealised change in value – properties owned by more than 50%	2 322	1 133
CLOSING BALANCE MARKET VALUE	18 364	15 356

¹⁾ Investments, adjusted for Entra's share

²⁾ Cost of properties bought are defined as market value, adjusted for Entra's share

³⁾ Sales value is defined as market value last year

TABLE 3
DEVELOPMENT OF MARKET VALUES FOR COMPARABLE PROPERTIES

MNOK	MARKET VALUE		CHANGE		INVESTED	NET CHANGE
	2006	2005	AMOUNT	%	2006	%
Reg East – Oslo	11 521	9 944	1 577	16%	242	13%
Reg East – Akershus	1 347	972	375	39%	220	16%
Reg East – Østfold	446	400	46	12%	2	11%
Reg South – Kristiansand	704	618	85	14%	26	10%
Reg South – Oslofjord and Agder	312	270	42	15%	9	12%
Reg South – Drammen	507	283	224	79%	134	32%
Reg West – Bergen	898	711	187	26%	24	23%
Reg West – Stavanger	637	493	144	29%	0	29%
Reg Central/North – Trondheim	593	509	83	16%	2	16%
Reg Central/North – Tromsø	347	319	27	8%	(0)	9%
Reg Central/North – Bodø	96	84	12	14%	–	14%
Reg Central/North – Other	7	7	–	0%	–	0%
TOTAL	17 415	14 612	2 803	19%	659	15%

reliable lease agreements there, resulted in a net increase in value (adjusted for investments made) of 32% from 2005 to 2006. In the Western Norway Region, Bergen and Stavanger also saw big increases in value of 23% and 29% respectively.

A feature of our portfolio is that it contains many large, centrally located properties in the biggest cities in Norway. This means that there is a concentration of values, with the 10 most valuable properties being worth NOK 9.1 billion, or 51 percent of the market value of the Group's properties (adjusted for stakes in subsidiaries) as of 31 December 2006. Our 30 largest properties are together worth approx. 80 percent of the total value.

SEGMENTS

The company's main focus continues to be on the office segment, but over the years the company has gained experience of and expertise in other segments, and the educational segment has become bigger – increasing from 8 to 10 percent of the total portfolio.

Fig. 2 page 22 shows the distribution of the portfolio as of 31 December 2006. The overall portfolio has grown by approx. 68 percent over recent years, from slightly less than 600,000 m² in 2000 to 988,000 m² at the close of 2006.

The floor space of development properties increased by

FIG. 1

GEOGRAPHICAL DISTRIBUTION
PROPERTY VALUES

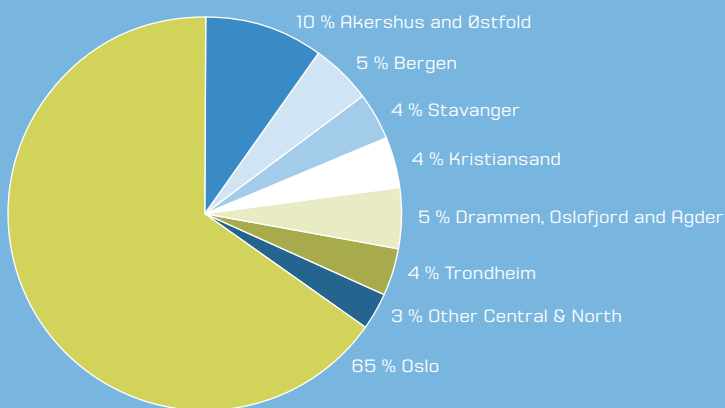
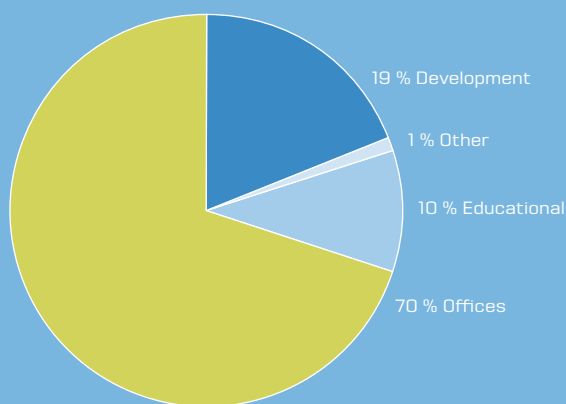


FIG. 2

DISTRIBUTION PROPERTY TYPES



approx. 3,000 m² over last year (percentage of overall portfolio only changed marginally). However, there were major changes to the project portfolio, with some projects being completed, and new projects being added, either through purchases or through existing properties changing status. The focus on development property is in line with our strategy, which states that a significant proportion of our activities shall be focused on development. Fig. 3 page 23 shows changes in the segmental distribution of the company's property portfolio over time.

RENTAL INCOME

The total contract volume for existing lease agreements was NOK 1,172 million at the turn of the year. Some of these contracts (NOK 64 million) run from the completion of projects that are being developed, which means that the annual rent for ongoing contracts was NOK 1,108 million as of 31 December 2006.

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 11.1 years. This is 0.4 years lower than in 2005, but new long-term contracts signed in 2006 helped to maintain the long remaining contract

FIG. 3

DEVELOPMENT IN PROPERTY PORTFOLIO

- Offices
- Educational
- Other
- Development

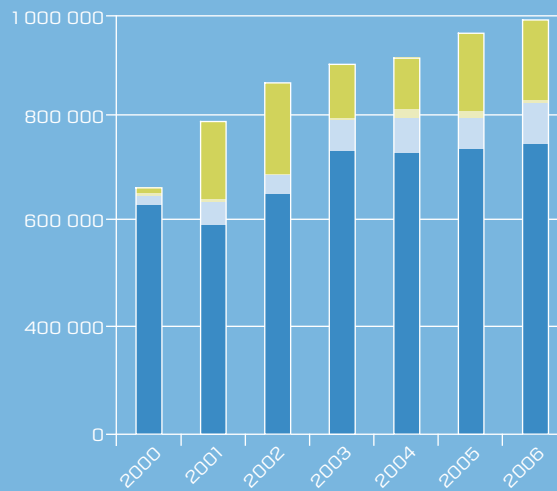
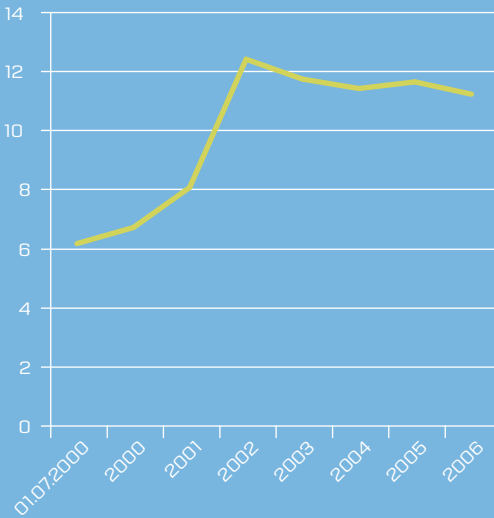


FIG. 4

WEIGHTED AVERAGE TIME TO MATURITY (YEARS)



duration, which is significantly higher than when the company was established. This is shown on Fig. 4 page 23.

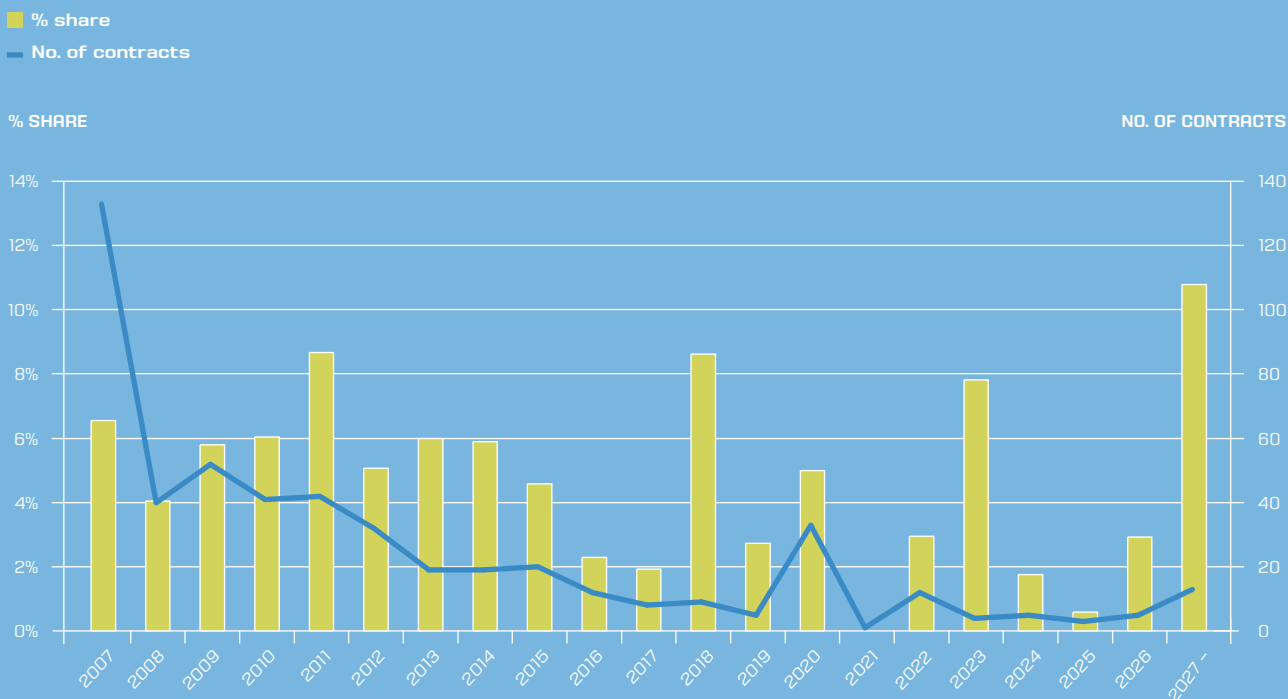
The even maturity structure of the contract portfolio protects the company against excessive exposure to the economic cycle and fluctuations in market rents. A maximum of 10 percent of Entra Eiendom’s contract portfolio, in value terms, matures in any given year. The profile has continuously improved since the company was founded in 2000. Fig. 5 page 24 shows the profile of the Group’s lease contracts as of 31 December 2006.

OCCUPANCY RATE

The occupancy rate at the close of 2006 was 96.5 percent for the company’s ongoing management portfolio. This is an improvement of 0.5 percent compared with the close of 2005. The company’s customer focus results in high levels of customer satisfaction, which means that we achieve a high rate of renewals when contracts run out. In addition, the strong market for office premises has resulted in high demand and high levels of activity in the rental market. At the same time, it is necessary to have a certain level of availability in the property portfolio in order to be active in the rental market. Such availability should probably

FIG. 5

MATURITY STRUCTURE PORTFOLIO OF RENTAL CONTRACTS



be around four to six percent.

Changes in the company’s occupancy rate over time are illustrated in Fig. 6 page 25.

At the turn of the year, Entra Eiendom had 189,930 m² of development properties/buildings under construction. This represents 20 percent of the Group’s total property portfolio. One important factor is that 60 percent of the development portfolio were pre-let. This proportion was marginally higher than at the end of 2005. However, major projects were completed in 2006, and therefore moved to the management portfolio, whilst new projects were added. The pre-let rate for the project portfolio

only includes lease contracts that have actually been signed, and not framework agreements or letters of intent, which exist for some of the projects. The development portfolio also includes major urban development projects, where work is being carried out on long-term plans, but where construction has yet to start and no major investments have been made. The real risk connected to projects is to a great extent limited by the fact that in general lease agreements or letters of intent have been signed before work starts.

It is this ongoing portfolio of development projects that has been the source of most of the company’s value creation

FIG. 6

DEVELOPMENT IN OCCUPANCY RATE

- Occupancy rate excl. Development projects
- Occupancy rate Development projects

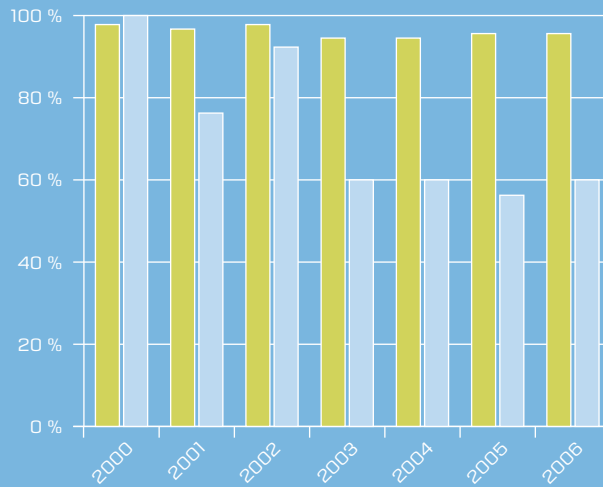
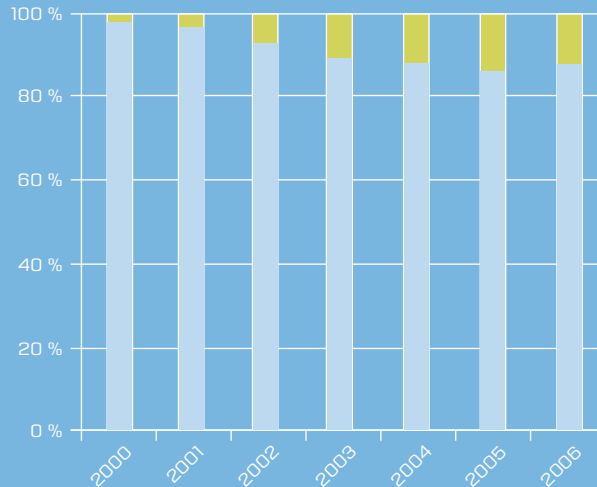


FIG. 7

TENANT STRUCTURE

- Private tenants
- Public tenants



throughout its history. In addition to adding value, it is of significant benefit to the company to increase its understanding of its core customers’ needs and preferences, so that these can be taken into consideration for new projects and thus benefit the customers. This helps to enhance Entra’s position and ability to satisfy its customers.

TENANT STRUCTURE

As of 31.12.06, office space rented to public sector tenants made up 88 percent of the total contract value. This was two percent more than the previous year, and was the result of a strong focus

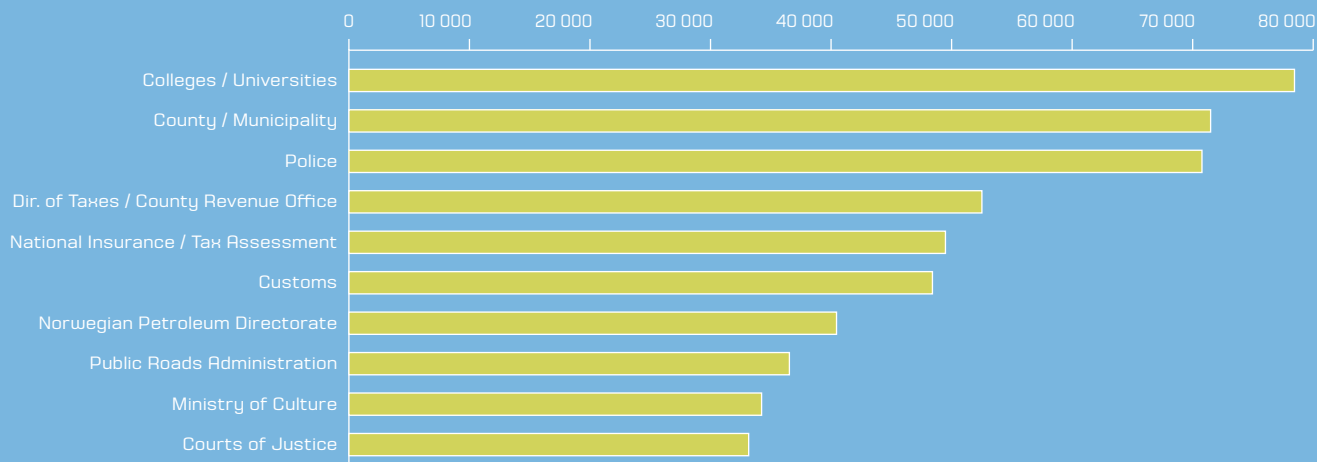
on the company’s core customers – the Norwegian public sector. The distribution of customers across the portfolio will always vary over time, as a result of managing it in a competitive market.

Changes in the company’s tenant structure over time are illustrated in Fig. 7 page 25. Although the proportion of private tenants has increased since the company was established, the total office space that Entra leases to the public sector has increased significantly over recent years. The company’s core customer group is – and will remain – the public sector.

As with the properties themselves, there is a relatively high concentration of rent income within certain customers

FIG. 8

LETTING, NUMBER OF SQUARE METRES



and customer groups. Fig. 8 page 26 illustrates the company's largest customer groups (measured in floor space) as of 31 December 2006.

In total the 10 largest customers lease just over 60 percent of the floor space in the management portfolio, whilst the 20 largest customers in total occupy more than 80 percent of the portfolio. All of these customer groups are in the public sector. The large proportion of public sector tenants means that the company is exposed to very little risk in terms of its tenants.

Through the completion of the Drammen Science Park, colleges have become the company's largest single customer group measured in floor space.

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 is one of the parameters in Entra's incentive scheme, and helps to ensure that all employees work towards the same goals. Rewards are based on the employee's efforts contributing towards the value added by the company. The performance related pay scheme applies to all of the company's employees. If a positive EVA is achieved, a month's salary is put into a performance related pay account. Each year 1/3 of the balance in the account is paid out.

EVA measures the added value that is generated by the business after both the owners and creditors have received their expected rate of return. In practice this means that a positive EVA implies that the owners' expected rate of return has been achieved. EVA can be used to assess the whole business, portfolios, individual properties, individual 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 equivalent to 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 accounting profit after tax in the following ways:

- Unrealised changes in value or the properties are included
- 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. A tax expense is also calculated for the unrealised changes to the value of the property portfolio.

CAPITAL COSTS

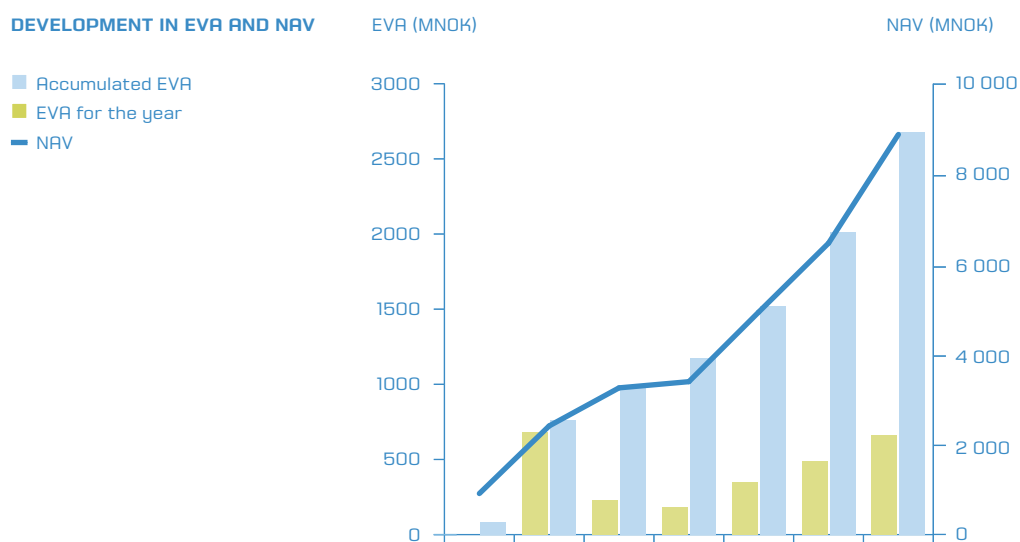
The capital costs consist of the weighted cost of equity and debt. The cost of equity is determined by the shareholders in terms of their required rate of return. The cost of debt is the net cost of new debt, with the tax advantage deducted.

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).

DEVELOPMENT IN EVA AND 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.

For property companies changes in the market values of property and development portfolios can make up a significant proportion of the increase in value. Because it includes these unrealised changes in the market value of the portfolio, EVA is an appropriate performance measure for a long-term player in the property market like Entra Eiendom. 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. All of our properties are valued once a year by two external, independent valuers (project and development projects are valued quarterly), which gives us an up-to-date assessment of the current market value.

EVA IN ENTRA EIENDOM

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

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.

The values that have been created are the result of several factors, including

- the purchase and development of new properties and the associated new and often long-term customer relationships
- a strong customer focus that results in appropriate solutions, contract renewals and the development of our existing contracts
- lower ownership costs as a result of a dedicated and long-term focus on cutting costs and the ongoing improvements to purchasing routines
- the strong Norwegian property market, partly supported by low interest rates and a strong Norwegian economy, as well as by expectations of future rent increases

In total the Group generated value added over and above the expectations of the shareholders and lenders of NOK 2.7 billion over the period.

ACCUMULATED EVA ACCOUNTS

All figures in MNOK

	2000	2001	2002	2003	2004	2005	2006	ACCUMULATED
Rental income and other income	261	657	673	792	935	1 040	1 124	5 482
– Management, operation and maintenance	100	210	378	406	387	329	339	2 149
= Net operating income	161	447	295	386	548	711	785	3 333
+ Profit from external contracts	0	0	0	0	0	0	0	0
+ Interest income	17	26	14	9	4	16	16	102
+/- Changes in market value	1 095	2 696	2 179	2 196	2 242	2 123	2 823	15 354
– Investments	875	1 346	1 337	1 552	1 574	1 227	1 133	9 044
+ Profit on sale of property	0	0	0	24	82	20	24	150
= Income after change in market value	398	1 823	1 151	1 064	1 302	1 643	2 515	9 895
– Tax	111	510	322	298	364	460	704	2 770
= Management income	287	1 313	829	766	937	1 183	1 811	7 125
– Capital charge (interest on capital employed)	205	633	602	580	592	692	1 146	4 450
= EVA	81	680	227	186	346	490	665	2 675

EVA BALANCE SHEET

All figures in MNOK

	2000	2001	2002	2003	2004	2005	2006
Total assets	3 815	5 010	6 551	8 494	8 768	9 727	10 692
– Interest free liabilities	0	0	0	89	164	414	803
+/- Surplus value, adjusted for deferred taxes	756	1 786	2 231	2 615	3 310	4 205	5 572
= Capital employed	4 571	6 796	8 782	11 020	11 914	13 517	15 462

The sprinkler centre for Bratterkara 17b
(NTNU Seahab)



Some hand-working people from an operations meeting



The entrance to the customs house



NAME: Stig Morten Hasselvold
POSITION: Operational coordinator for Mid and North Norway region
AGE: 41

Has worked for Entra since 2005
The best part of my work is dealing with so many pleasant tenants and ensuring that they are thriving with us. Entra's aim of making sure that we meet our customers' needs is also the goal of my daily work.

Annual Statement

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 Augustsgate 23 AS, Nonnen Utbygging AS, Langkaia 1 AS, Entra Kultur 1 AS and Krambugt 3 AS, Kjørbo Parken AS, Papirbredden Eiendom AS (60%), Kristiansand Kunnskapspark Eiendom AS (51%), Optimo AS (51%) including subsidiaries and Brattørkaia AS (52%) including subsidiaries.

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 (33.75%), Oslo S Utvikling AS (33.3%), Kongsvinger Kompetanse- og Næringscenter AS (20%) and Youngstorget Parkeringshus AS (21.28%).

Entra has its head office in Oslo, and four regional offices located in Oslo, Kristiansand, 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 public sector tenants. At the close of 2006, the Group managed 988,000 m² spread across 117 properties.

Over the course of 2006, the company has continued to invest in developing its operations outside Oslo. A number of large projects were completed during the year on time and within budget, and several new projects were started, with the Norwegian public sector as our main customer group.

The economic boom in Norway looks like it will be stronger and last longer than anticipated. In the rental market for offices in Oslo, 2006 was a year of increasing activity, falling vacancy rates and rising rents. This was particularly true of new, modern premises in the most sought-after areas.

The market is also getting stronger in cities such as Bergen, Trondheim, Stavanger and Kristiansand. Entra owns a considerable property portfolio in these cities. Vacancy rates have been falling, rents are increasing and sales prices are rising.

The rental market was very busy throughout the year, and Entra maintained a high occupancy level (96.5 percent). The company's strong customer focus will be critical to its success in continuing to develop its position in the Norwegian property market.

On account of its social responsibility and the obligations that it has as a major player in the property market, Entra continued its involvement in urban development projects. Examples of this include the Nonneseter quarter in Bergen and Brattøra in

Trondheim, where Entra is embarking on major development and construction projects.

Oslo will also be the subject of major urban development projects over the coming years. So far, our investment projects in Bjørvika through Oslo S Utvikling AS have been a great success, and the company has already leased and sold two properties. There is an ongoing debate about how best to continue the development of Bjørvika as a new district of Oslo. Through its involvement, Entra wishes to help ensure that the parties concerned develop the area to the benefit of Oslo as a whole.

Papirbredden Eiendom AS, Entra's joint venture with the Drammen City Council, handed over the new science park to the tenants in December. The largest tenant is Buskerud University College, which was previously leasing premises from Entra at Konggata in Drammen. The company is aiming to help develop the park into a centre for innovation, whilst also strengthening the city's cultural scene.

In 2006, Entra bought 51 percent of the shares in Optimo AS. This acquisition has enhanced our capacity and expertise in project management and development, both in terms of the planning and implementation phases.

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 2006, the Group's total operating income was NOK 1,136.6 million, which represents an increase of NOK 65.0 million on 2005. In 2006, rental income was NOK 1,091.1 million, which represents an increase of NOK 84.1 million on 2005.

The operating income includes total profits on disposals of NOK 12.4 million, compared with NOK 31.8 million in 2005.

The operating profit was NOK 618.1 million, compared with NOK 590.6 million in 2005. Total operating costs were NOK 518.5 million, compared with NOK 481.1 million in 2005. Ordinary depreciation was NOK 179.1 million, compared with NOK 151.9 million in 2005, with the increase being due to the completion of projects and their recognition as assets.

Net financial items were NOK -381.7 million, compared with NOK -360.6 million in 2005. The Group's interest-bearing debt

increased by NOK 752 million in 2006.

The Group's profit before tax was NOK 236.5 million, compared with NOK 230.0 million in 2005. The tax charge for the year totalled NOK 65.2 million (NOK 67.4 million).

The profit after taxation was NOK 171.3 million for the Entra Eiendom Group before minority interests, and NOK 170.6 million after minority interests. The profit after taxation for Entra Eiendom AS was NOK 137.8 million for 2006, compared with NOK 105.1 million for 2005.

The Group's net cash flow from operating activities totalled NOK 289.9 million, compared with NOK 263.5 million in 2005. Net cash flow from investment activities was NOK -887.0 million, compared with NOK -908.7 million in 2005. In 2006, net cash flow from financing activities was NOK 539.7 million, compared with NOK 825.2 million in 2005. The total net change in liquid assets for the year was NOK -57.4 million, compared with NOK 180.1 million in 2005.

Balance sheet and equity

The Group's book assets at the end of the year totalled NOK 10,692.2 million, which is a net increase of NOK 965.0 million since 2005. The book value of the Group's property and project portfolio has increased by NOK 888.7 million over the course of 2006, after accounting depreciation and property sales.

The Group's book equity ratio adjusted for minority interests was 12.7 percent as of 31 December 2006, compared with 13.7 percent the previous year. Based on the average of the two external, independent valuations, there are excess values of approx. NOK 7.7 billion in the Group over and above the book values. The company's value-adjusted equity ratio is therefore 49 percent. Based on this, the Group's financial strength is considered satisfactory.

Financing and liquidity – financial risk

The management of financing activities is regulated through agreed frameworks in the finance strategy and finance policy. The company constantly evaluates its financial frameworks in relation to its other activities. In the opinion of the Board of Directors, the company's financial exposure is appropriate for the company's risk profile and activities in general.

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

The company's interest rate risk is managed based on a defined finance policy, within 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 debt instruments was 5.1 percent per annum as of 31 December 2006 (4.9 percent).

Entra shall not take on currency risk, and at the close of the year the company had no such exposure.

The Board considers that the company's refinancing/liquidity risk is limited. There was a lot of liquidity in capital markets in 2006, and interest rate margins remained low.

New credit facilities have improved the maturity structure of the company's debt portfolio, both in terms of spread and term to maturity. The company has maintained a diversified debt portfolio that exploits the unique strengths of its property portfolio. The negotiations relating to these credit facilities have confirmed the company's strong position in relation to banks and the capital markets.

The Group's liquid assets, including liquid financial deposits as of 31 December 2006, totalled NOK 173.6 million (NOK 210.9 million). In addition, as of 31 December 2006 the company had available, undrawn credit facilities with Norwegian banks totalling NOK 5.6 billion (NOK 1.0 billion). Thus, the company has liquidity available to cover its defined needs.

Our high proportion of public sector tenants means that credit and counterparty risk is limited. Other customers are given a credit check, and any shortfall in financial strength is compensated for by satisfactory security being demanded.

The Group's total liabilities as of 31 December 2006 were NOK 9,190.2 million (NOK 8,350.4 million). The Group's total interest-bearing debt as of 31 December 2006 totalled NOK 8,474.5 million (NOK 7,722.2 million), equivalent to 79.3 percent (79.4 percent) of total book equity.

PROFIT FOR THE YEAR AND ALLOCATIONS

Styret foreslår følgende disponering av årsresultatet i Entra Eiendom AS:

Proposed dividend	NOK	140.0
Transferred from other reserves	NOK	-2.2
Total appropriations	NOK	137.8

The company's distributable reserves totalled NOK 145,921,014,- as of 31 December 2006.

SHAREHOLDER INFORMATION

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

CORPORATE GOVERNANCE

Entra Eiendom AS has a strong focus on Corporate Governance, and through an ongoing process it has continued to develop and improve the company's routines and management procedures. The company thereby aims to 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 the foundations for the company's overall strategy document, are of primary importance to the company's basis for future development. Entra has defined the following values and ethical guidelines:

Entra shall:

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

Our business ethics entail that we:

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

During 2006, Entra produced a new model for corporate governance called the Entra model. The Entra model integrates overall governance with procedures for support functions and core activities in the value chain. By using the Entra model, the company wishes to ensure that Entra achieves its strategic goals in a way that makes Entra a reliable and trustworthy partner. One of the important aims of the model is to make the company's values and principles transparent, for instance in relation to corporate social responsibility and ethical guidelines.

The model is the result of a wide-ranging internal consultation process, meaning that it has the support of the Board and of the employees, which will help ensure its successful implementation at the company.

In 2006 the Office of the Auditor General of Norway carried out a management audit of Entra. The Board and management have taken on board the criticisms that were made, and together with the company's shareholders they will monitor the Storting's investigation into the report.

THE TRANSITION TO IFRS

With effect from 1 January 2007, Entra Eiendom will prepare its Group accounts in accordance with the principles of IFRS (International Financial Reporting Standards). Its first report using IFRS will be for the 1st quarter of 2007. In connection with this, the Board has made the following decisions on the principles to be applied:

- Investment property is to be recorded at its fair value on the balance sheet
- For financial hedging the company will use the Fair Value Option

- Investments in shares, units and money market unit trusts will be recorded at fair value, with changes in value entered on the profit and loss account.

Valuations of the Group's property portfolio that have been carried out suggest that there will be excess values over and above the book values recorded in accordance with NRS. It is therefore expected that the company's value-adjusted equity in accordance with IFRS will be higher than the book equity shown in the accounts as of 31 December 2006.

WORKING ENVIRONMENT AND STAFF

At the close of 2006, the Group had 143 employees, or 140.3 full-time equivalents. That was 20 more employees than at the close of 2005. The increase was due to the acquisition of 51 percent of the shares in Optimo AS, which has 19 employees.

Staff turnover for 2006 was 7.7 percent, which is a reduction of 1.2 percent compared with 2005. If you ignore natural wastage (retirement), staff turnover was 4.2 percent. For 2006, we set a turnover target of between 4 and 12 percent.

Sickness absence at the company was 5.19 percent of total working hours. The total number of days lost was 1,438 out of a potential total of 27,737 days of work. Sickness absence in 2006 was 0.8 percent lower than in 2005. The sickness absence for 2006 was 0.7 percent higher than the defined target. During all of the quarters of 2006, the company had lower sickness absence than in 2005. During all of the first three quarters (4th quarter figures are not yet available), sickness absence at Entra Eiendom was lower than overall sickness absence in Norway, and lower than in industries that it is natural to compare ourselves against (commercial services, property management and the building and construction industry).

Employee surveys reveal that our employees are very happy to be working for Entra Eiendom, and the 2006 survey achieved the most positive response since these surveys started in 2001. The results of the survey show that staff relationships are good, and that there are also good relationships between managers and staff.

There were no fatal accidents at Entra Eiendom in 2006, 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.

The company aims to recruit more employees from ethnic minorities. This aim has been incorporated into the company's recruitment procedures, and emphasis has been put on ensuring that pay and working conditions are not discriminatory.

EQUAL OPPORTUNITY

In 2006, 25.1 percent of Entra Eiendom's employees were women. This is an improvement in the proportion of women of 1.5 percent compared with 2005. Approx. 60 percent of the jobs at Entra are connected with the management of the properties. These positions generally require technical training or experience, and it is very rare for the company to have female applicants to these positions. Three women work in operations, and it is proving very difficult to increase the number of women in these kinds of positions.

The proportion of women on the administrative staff was 42 percent. Two managers were recruited in 2006, one of whom was a woman.

Two of the Board's five shareholder representatives are women, equivalent to 40 percent. One of the two employee representatives on the Board is a woman.

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

It is our aim to increase the proportion of women working at the company. This aim has been incorporated into our recruitment procedures, and great emphasis has been placed on the fact that pay and working conditions shall not be discriminatory.

5.6 percent of the workforce at Entra works part-time, of whom 62 percent are women.

THE COMPANY'S IMPACT ON THE ENVIRONMENT

The company's fundamental principle is that all of its activities should be based on socially responsible development.

Entra's objective is for its properties to have as little impact on the environment as possible, and for the company to contribute to efficient utilisation of energy and other resources within its financial framework. 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. The company uses environmentally friendly materials and water-borne heating, which enables the 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. One ENOVA-backed project was initiated in 2006, comprising a total of 36 buildings with a heated floor space of approx. 400,000 m². New-builds and rehabilitation projects were also looked at in connection with this. The aim of the project is to reduce energy use in these

buildings by approx. 10 percent of current consumption. This will also lead to considerable cost-savings for the company's tenants in these buildings.

Efficient use of space is one of the most important factors in the efficient use of resources. Entra is playing a proactive role in introducing new ways of working and helping to ensure that space is used logically in all of the 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 regulations 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.

Entra's property portfolio has been reviewed with respect to cultural heritage features. The Directorate for Cultural Heritage has completed its assessment of Entra's plan for the protection of its buildings. The final result in terms of long-term protection through listing depends on the priorities of the Directorate for Cultural Heritage, but from Entra's point of view it now means that we know which buildings must be treated as if they were listed. The foundations have been put in place for developing MOM routines for the individual properties' cultural heritage features, and work on practical implementation

FUTURE DEVELOPMENT

Entra has over the course of 2006 further cemented its position as a leading industrial player in the property market.

For Entra it is essential to have the trust of its customers, owners, employees and of society as a whole. We are therefore working consciously at fulfilling the company's social responsibilities in a comprehensive manner. Our ambition is to integrate social responsibility into the everyday running and development of the company.

Market development

With the current tight Norwegian job market, with lots of competition for the best staff, it is important for companies to be able to offer attractive workplaces and working environments in central locations and close to public transport. In the rental market for offices in Oslo, 2006 was a year of increasing activity, falling vacancy rates and rising rents – particularly for new, modern premises in the most attractive areas. Lots of industries with a lot of office workers now need extra space, and businesses are planning for further expansion. However, this upturn is still concentrated on central areas and the best properties. There is a suggestion that this is beginning to have a knock-on effect on other areas.

This situation was also reflected in the very busy transaction market, with commercial properties achieving high prices.

Increasing demand for office premises is increasing pressure on the construction industry. It is struggling with a shortage of capacity, both in terms of staff and construction materials. Meanwhile, the increase in demand also means that local authorities are receiving more planning applications for construction projects, which means that they are taking longer to process. When the projects that are in the planning phase or in the early stages of construction are completed, this may affect prices in the rental and transaction markets.

Priority areas

88 percent of Entra's tenants are publicly owned enterprises, and the public sector is defined as the company's main target market. One of Entra's main aims is satisfied customers. By having become more professional in its approach towards market research, Entra is now in a position to cater to its customers and to their needs more effectively. Annual customer surveys are carried out, and in 2006 the measure of overall customer satisfaction showed that over 90 percent of our customers were satisfied.

For Entra it is important to offer modern, flexible and suitable premises. This frees up space, makes the government's use of office premises more efficient and provides the potential for further development within our existing property portfolio.

Entra operates 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.

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 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.

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 largest regional centres in the country.

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 988,000 m², 190,000 m² (or 19 percent) are development properties. This involves the rehabilitation or extension of existing properties, as well as developing and building on newly acquired properties and sites.

Entra provides buildings for the knowledge economy. This has been highlighted through projects such as the new Drammen Science Park, which was handed over to the tenants in December, and the ongoing project to build the Kristiansand Science Park. Along with a number of partners, Entra is also one of two prequalified bidders for the competition to relocate NTNU (The Norwegian University of Science and Technology) and Sør-Trøndelag University College to a shared site.

The company has an active investment policy, and its ambition is to continue growing within the chosen segments in the coming years.

Financial developments

Most macro-economists expect the strong economic growth that Norway has experienced in recent years to subside somewhat over the coming years.

A significant proportion of the company's debt is hedged against interest-rate rises. This helps to reduce the impact of the interest rate rises that occurred in 2006, and that are expected to occur in 2007. It is necessary to have a certain amount of variable rate debt in our portfolio, in order to maintain our ability to adapt to changing market conditions.

It is the view of the Board that Entra's strong cash-flow and balance sheet give it a sound financial platform. This provides the basis for further growth in line with the company's chosen strategy. The company's position in the financial markets is strong, and allows it to raise capital to implement planned investments. This enables 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 15. FEBRUAR 2007

Grace Reksten Skaugen

Chairman of the Board

Trond R. Reinertsen

Vice-Chairman of the Board

Gerd Kjellaug Berge

Board Member

Finn Berg Jacobsen

Board Member

Ottar Brage Guttelvik

Board Member

Bjørnar Sletten

Board Member

(employee representative)

Mari Fjærbu Åmdal

Board Member

(employee representative)

Erik Løfsnes

CEO

The Board



CHAIRMAN OF THE BOARD
Grace Reksten Skaugen
Elected in 2004



VICE-CHAIRMAN OF THE BOARD
Trond R. Reinertsen
Elected in 2004



BOARD MEMBER
Gerd Kjellaug Berge
Elected in 2000



BOARD MEMBER
Ottar Brage Guttelvik
Elected in 2006



BOARD MEMBER
Finn Berg Jacobsen
Elected in 2004



BOARD MEMBER
Mari Fjærbu Åmdal
(employee representative)
Elected in 2006



BOARD MEMBER
Bjørnar Sletten
(employee representative)
Elected in 2000



CEO
Erik Løfsnes
Joined in 2000

Ms. Kirsten Stien and Astrid Nærdal



The tax assessment authorities of Bergen



My stand for mops.



*The view from the cantina of
Valkendorfsgate 6.*



NAME: Elsa Farnes
POSITION: Cleaner for Vestlandet region
AGE: 65
Has worked for Entra since 2000

The best part of my work is that no days are exactly the same. I meet many pleasant people every single day and enjoy working for a company which looks after its employees as well as Entra does.

INCOME STATEMENT 1 JANUARY – 31 DECEMBER

All figures in NOK 1000

ENTRA EIENDOM AS				ENTRA EIENDOM GROUP			
2004	2005	2006	NOTE	2006	2005	2004	
OPERATING INCOME							
646 763	728 080	798 515	Rental income	11	1 091 060	1 006 939	882 027
122 843	16 351	30 617	Profits on the sale of property	3	12 356	31 758	136 325
24 179	19 117	22 416	Other operating income		33 202	32 924	53 857
793 785	763 548	851 549	Total operating income		1 136 618	1 071 621	1 072 209
OPERATING EXPENSES							
50 438	40 637	38 436	Maintenance costs		44 628	47 870	55 629
19 207	20 680	13 189	Rehabilitation costs		19 209	24 480	20 693
93 086	99 579	120 215	Ordinary depreciation	2,3	179 128	151 921	145 030
282 391	223 450	246 917	Other operating expenses	9,12,14	275 525	256 782	311 558
445 122	384 346	418 756	Total operating expenses		518 490	481 052	532 909
348 664	379 202	432 792	OPERATING PROFIT		618 128	590 569	539 300
FINANCIAL INCOME/EXPENSES							
–	4 709	15 900	Income from investments in subsidiaries		–	–	–
143 340	129 526	127 721	Interest received from Group companies		–	–	–
4 010	6 974	8 816	Interest income		9 760	7 301	4 191
36	8 517	4 186	Other financial income		6 121	8 517	21
-351 914	-364 057	-388 019	Interest expenses		-383 685	-358 742	-347 692
-8 700	-16 036	-11 641	Other financial expenses		-13 873	-17 682	-8 712
-213 227	-230 367	-243 036	Net financial items		-381 676	-360 605	-352 193
135 436	148 835	189 756	PROFIT BEFORE TAX		236 452	229 963	187 108
38 230	43 724	51 981	Tax on profit	10	65 179	67 417	53 229
97 206	105 112	137 775	PROFIT FOR THE YEAR BEFORE MINORITY INTERESTS		171 272	162 546	133 879
–	–	–	Minority share of profit for the year		631	-284	–
97 206	105 112	137 775	PROFIT FOR THE YEAR AFTER MINORITY INTERESTS		170 642	162 831	133 879
Appropriations:							
120 000	120 000	140 000	Dividends		140 000	120 000	120 000
-22 794	-14 888	-2 225	Other reserves		30 642	42 831	13 879

ASSETS AS OF 31 DECEMBER

All figures in NOK 1000

ENTRA EIENDOM AS			ENTRA EIENDOM GROUP			
2004	2005	2006	NOTE	2006	2005	2004
FIXED ASSETS						
Intangible assets						
-	13 459	-	Deferred tax assets	10	-	-
-	-	-	Goodwill	2	14 961	-
-	13 459	-	Total intangible assets		14 961	-
Tangible assets						
4 815 020	5 744 350	5 571 149	Sites, buildings and other real property	3	8 913 639	8 757 362
15 145	31 968	39 182	Plant and machinery	3	43 476	35 593
636 709	250 527	585 834	Projects under development	3	1 083 241	358 672
5 466 874	6 026 844	6 196 165	Total tangible assets		10 040 356	9 151 626
Financial assets						
685 066	852 295	976 243	Investments in subsidiaries	4	-	-
128 163	128 960	131 318	Investments in associated companies	4	128 152	127 304
2 604	4 065	4 065	Investments in shares and units		4 065	4 065
2 365 435	2 385 447	2 517 195	Loans to Group companies	5,6	-	-
174 901	154 680	109 531	Other long-term receivables	5	109 752	155 771
3 356 168	3 525 447	3 738 352	TOTAL FINANCIAL ASSETS		241 969	287 140
8 823 042	9 565 751	9 934 516	TOTAL FIXED ASSETS		10 297 287	9 438 766
CURRENT ASSETS						
Receivables						
5 509	20 622	17 590	Trade debtors	6	10 493	18 930
121 462	110 260	211 817	Other short-term receivables		210 694	58 564
126 971	130 882	229 407	Total receivables		221 188	77 494
20 143	20 612	20 637	Market based shares, bonds and certificates	13	40 810	20 612
5 873	179 346	43 868	Cash in hand and at bank	7	132 949	190 325
152 986	330 840	293 912	TOTAL CURRENT ASSETS		394 946	288 432
8 976 029	9 896 591	10 228 429	TOTAL ASSETS		10 692 233	9 727 198

EQUITY AND LIABILITIES AS OF 31 DECEMBER

All figures in NOK 1000

ENTRA EIENDOM AS				ENTRA EIENDOM GROUP		
2004	2005	2006	NOTE	2006	2005	2004
EQUITY						
Paid-in capital						
142 194	142 194	142 194	1,8	142 194	142 194	142 194
1 271 984	1 271 984	1 271 984	1	1 271 984	1 271 984	1 271 984
1 414 178	1 414 178	1 414 178		1 414 178	1 414 178	1 414 178
Retained earnings						
163 035	148 146	145 921	1	-52 993	-83 635	-125 965
163 035	148 146	145 921		-52 993	-83 635	-125 965
-	-	-	1	140 846	46 256	-
1 577 213	1 562 324	1 560 099	1,8	1 502 031	1 376 799	1 288 213
LIABILITIES						
Provisions for commitments						
1 308	4 007	9 591	9	9 591	4 613	1 502
36 151	-	46 026	10	136 613	37 339	62 932
62 979	61 507	48 277	15,16	49 277	62 507	62 979
100 437	65 514	103 895		195 481	104 459	127 413
Other long-term liabilities						
2 685 412	1 000 000	1 000 000	5	1 380 309	1 000 000	2 685 412
2 150 000	4 552 150	4 844 150	5	4 844 150	4 552 150	2 150 000
2 000 000	2 170 000	2 250 000	5	2 250 000	2 170 000	2 000 000
24 752	61 892	54 011	5	54 011	62 255	25 945
6 860 164	7 784 042	8 148 161		8 528 470	7 784 405	6 861 357
Short-term liabilities						
15 516	-	-		-	-	15 516
77 523	48 215	75 648	6	113 886	64 929	126 059
3 615	2 914	-	6	-	-	-
21	46 667	-	10	1 054	48 090	2 121
4 801	5 500	5 356		6 264	5 941	5 141
120 000	120 000	140 000		140 750	120 000	120 000
216 739	261 416	195 270	6	204 297	222 573	222 620
438 215	484 711	416 274		466 251	461 534	491 457
7 398 816	8 334 267	8 668 330		9 190 202	8 350 399	7 480 227
8 976 029	9 896 591	10 228 429		10 692 233	9 727 198	8 768 440

Oslo, 15 February 2007

Grace Reksten Skaugen
Chairman of the Board

Mari Fjærbu Åmdal
Employee representative
on the Board

Bjørnar Inge Sletten
Employee representative
on the Board

Ottar Brage Guttelvik
Board member

Gerd Kjellaug Berge
Board member

Trond R. Reinertsen
Board member

Finn Berg Jacobsen
Board member

Erik Løfsnes
Chief Executive Officer

CASH FLOW STATEMENT 1 JANUARY – 31 DECEMBER

All figures in NOK 1000

ENTRA EIENDOM AS			ENTRA EIENDOM GROUP			
2004	2005	2006		2006	2005	2004
			Cash flow from operating activities			
135 436	148 835	189 756	Profit before tax	236 452	229 963	187 108
-15 874	-46 687	-46 667	Tax paid for the period	-49 325	-47 041	-15 874
-122 843	-16 351	-30 617	Loss/profit on sale of fixed assets	-12 356	-31 758	-136 325
-	-	-4 176	Loss/profit on sale of shares	-4 176	-	-
93 086	99 579	120 215	Ordinary depreciation	179 128	151 921	145 030
118 479	-15 113	3 032	Changes in trade debtors	11 111	-10 249	171 716
65 863	-29 308	27 433	Changes in trade creditors	44 967	-61 130	111 231
253 628	-4 195	-141 690	Change in other accruals	-115 901	31 840	104 255
527 775	136 760	117 286	Net cash flow from operating activities	289 899	263 547	567 141
			Cash flow from investment activities			
293 670	85 040	288 919	Sales of fixed assets	131 064	205 148	394 910
-771 640	-724 358	-507 844	Purchases of fixed assets	-976 405	-1 178 897	-1 078 680
-	-	4 676	Sales of shares and stakes in other companies	16 326	46 256	-
-162 506	-169 487	-126 806	Purchases of shares and stakes in other companies	-103 849	-618	-118 353
-166 528	-20 012	-131 748	Purchases of other investments	-219	-	-167 294
-	19 751	45 125	Sales of other investments	46 077	19 418	-
-807 004	-809 066	-427 679	Net cash flow from investment activities	-887 007	-908 693	-969 416
			Cash flow from financing activities			
940 000	2 614 042	372 000	New long-term liabilities	692 309	2 614 405	940 000
3 615	76 366	-	New short-term liabilities	-	31 743	-
-326 838	-1 685 412	-7 881	Repayment of long-term liabilities	-8 244	-1 685 412	-326 838
-153 473	-701	-69 204	Repayment of short-term liabilities	-24 333	-	-128 869
15 516	-15 516	-	Net change in overdraft facility	-	-15 516	15 516
-250 000	-120 000	-120 000	Dividends paid	-120 000	-120 000	-250 000
-90 874	-23 000	-	Group contributions paid	-	-	-
137 946	845 779	174 915	Net cash flow from financing activities	539 731	825 220	249 809
-141 282	173 472	-135 477	NET CHANGE IN CASH AND CASH EQUIVALENTS	-57 377	180 073	-152 467
147 155	5 873	179 346	Cash and cash equivalents at start of year	190 325	10 252	162 719
5 873	179 346	43 868	Cash and cash equivalents at end of year	132 949	190 325	10 252

Accounting Principles

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

CONSOLIDATION PRINCIPLES

The consolidated accounts cover the parent company Entra Eiendom AS, and its subsidiaries Entra Service AS, Universitetsgaten 2 AS, Biskop Gunnerusgt. 14 AS, Instituttveien 24 AS, Kristian Augustsgate 23 AS, Nonnen Utbygging AS, Langkaia 1 AS, Krampungata 3 AS, Entra Kultur 1 AS, Papirbredden Eiendom AS, Kristiansand Kunnskapspark Eiendom AS, Kjørbo Parken AS, Brattørkaia AS (subsidiary group including its subsidiaries Brattørkaia 14 AS, Brattørkaia 15AB-16 AS, Brattørkaia 17A AS, Brattørkaia 17B AS), Optimo AS (subsidiary group including Optimo Prosjekt AS, Aslakveien Utvikling AS, Optimo Forvaltning AS, Optimo Eiendom AS, Brekkeveien 8 AS and Ringstabekk 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.

Joint ventures and associated companies are included in the consolidated accounts using the equity method.

SUBSIDIARIES/ASSOCIATED COMPANIES/ JOINT VENTURES

Subsidiaries, associated companies and joint ventures are included in the company accounts 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.

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.

FOREIGN CURRENCY

Financial items in foreign currency are valued at the exchange rate on the balance sheet date.

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 at market rates. Such payments are accrued over the estimated vacancy period if the premises remain vacant.

PENSIONS

Pension costs and pension liabilities are calculated using a linear accumulation model based on assumptions relating to discount rates, projected salaries, the level of benefits from the National Insurance Scheme and future returns on pension 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.

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

TAX

The tax charge on the income statement covers both tax payable for the period and changes 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.

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

TANGIBLE ASSETS, PLANT AND MACHINERY

Tangible assets are recognised on the balance sheet and are depreciated over the anticipated economic life of the assets. Direct maintenance of fixed assets is recognised as an operating expense on an arising basis, whilst additions or improvements are added to the asset's cost price and are depreciated at the same rate as the asset.

Maintenance costs for large rehabilitation projects are described as rehabilitation costs in the accounts. This is done to distinguish them from ongoing, ordinary maintenance of the general management portfolio. The portion of the rehabilitation costs for these projects that represents additions or improvements is recognised on the balance sheet, whilst the remainder is charged as an expense. The accounting implications of this are described in note 3.

Expenses related to construction projects are recognised on the balance sheet as "Projects under development" until the completion of the projects. The financing costs for capital linked to the development of fixed assets are recognised on the balance

sheet for accounting purposes, but are counted as an expense for tax purposes. Projects are recognised on the balance sheet and depreciated from the date of completion or from when the asset enters service.

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 the individual receivables.

SHORT-TERM INVESTMENTS

Short-term investments (bonds which are considered current assets) are valued as 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.

UNCERTAIN LIABILITIES

The company has a certain number of lease agreements where it is the tenant. These contracts are included in the letting activities. Under Norwegian Accounting Standards on 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.

LONG-TERM LIABILITIES

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

All of the company's debt is subject to variable rates (including fixed rate bonds, which are swapped to a variable rate). The company has then used interest-rate swaps to convert its debt to fix-rate loans with varying maturities. For information on maturities, please see note 5. The company accrues these interest-rate swaps in such a way that the fixed rate is expensed on the income statement. On the termination of interest-rate swap agreements, the profit or loss is accrued over the remaining term to maturity of the agreement in question.

Notes

NOTE 1 EQUITY

All figures in NOK 1000

ENTRA EIENDOM AS

	SHARE CAPITAL	SHARE PREMIUM RESERVE	OTHER EQUITY	TOTAL
Equity as of 31.12.05	142 194	1 271 984	148 146	1 562 324
Profit for the year			137 775	137 775
Dividend appropriation			-140 000	-140 000
EQUITY AS OF 31.12.06	142 194	1 271 984	145 921	1 560 099

ENTRA EIENDOM GROUP

	SHARE CAPITAL	SHARE PREMIUM RESERVE	OTHER EQUITY	MINORITY INTERESTS	TOTAL
Equity as of 31.12.2005	142 194	1 271 984	-83 635	46 256	1 376 799
Profit for the year			170 642		170 642
Dividend appropriation			-140 000		-140 000
Minority interests				94 590	94 590
EQUITY AS OF 31.12.06	142 194	1 271 984	-52 993	140 846	1 502 031

NOTE 2 INTANGIBLE ASSETS

All figures in NOK 1000

ENTRA EIENDOM GROUP

	GOODWILL
Acquisition cost as of 31.12.05	–
Acquisitions	15 749
Disposals	–
Acquisition cost as of 31.12.06	15 749
Accumulated depreciation as of 31.12.05	–
Depreciation	787
Disposals	–
Accumulated depreciation as of 31.12.06	787
BALANCE SHEET VALUE AS OF 31.12.06	14 961

Anticipated economic life	5 years
Depreciation schedule	Linear

All of the goodwill relates to the purchase of shares in Optimo AS.

NOTE 3 TANGIBLE ASSETS

All figures in NOK 1000

ENTRA EIENDOM AS

	SITES *)	BUILDINGS	MACHINERY	MOVEABLES	PROJECTS UNDER DEVELOPMENT *)	TOTAL TANGIBLE ASSETS
Acquisition cost as of 31.12.05	624 742	5 534 484	323	63 371	250 527	6 473 447
Acquisitions	13 397	141 758	–	17 383	439 445	611 983
Disposals	-7 498	-222 679	-54	-21 071	-104 139	-355 441
Acquisition cost as of 31.12.06	630 641	5 453 563	269	59 683	585 834	6 729 990
Accumulated depreciation as of 31.12.05	–	414 877	138	31 588	–	446 603
Depreciation **)	–	110 185	58	10 110	–	120 353
Disposals	–	-12 007	-54	-21 071	–	-33 132
Accumulated depreciation as of 31.12.06	–	513 055	142	20 627	–	533 824
BALANCE SHEET VALUE AS OF 31.12.06	630 641	4 940 508	127	39 056	585 834	6 196 165

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

Acquisitions of buildings includes NOK 15,573,974 of interest on building loans included on the balance sheet. Profits on the sale of fixed assets totalled NOK 31,746,650. Losses on the sale of fixed assets totalled NOK 1,129,506. The net profit totalled NOK 30,617,144. In 2006 there were sold 10 properties. This year's rehabilitation costs charged to the balance sheet total NOK 41,997,997.

ENTRA EIENDOM GROUP

	SITES *)	BUILDINGS	MACHINERY	MOVEABLES	PROJECTS UNDER DEVELOPMENT *)	TOTAL TANGIBLE ASSETS
Acquisition cost as of 31.12.05	968 097	8 398 692	412	72 050	358 672	9 797 922
Acquisitions	23 954	568 668	439	18 527	831 008	1 442 596
Disposals	-18 585	-251 316	-54	-23 066	-106 439	-399 460
Acquisition cost as of 31.12.06	973 465	8 716 044	797	67 511	1 083 241	10 841 059
Accumulated depreciation as of 31.12.05	–	620 560	157	36 553	–	657 269
Depreciation **)	–	167 916	84	10 611	–	178 611
Disposals	–	-12 606	-54	-22 518	–	-35 178
Accumulated depreciation as of 31.12.06	–	775 870	187	24 645	–	800 703
BALANCE SHEET VALUE AS OF 31.12.06	973 465	7 940 174	610	42 866	1 083 241	10 040 356

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

Acquisitions of buildings includes NOK 23,276,210 of interest on Group building loans included on the balance sheet. Profits on the sale of Group fixed assets totalled NOK 13,485,441. Losses on the sale of Group fixed assets totalled NOK 1,129,506. The net profit totalled NOK 12,355,935. In 2006 there were sold 12 properties. This year's rehabilitation costs charged to the balance sheet total NOK 64,456,235.

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

**) The difference between the year's depreciation as set out in the note and total depreciation in the income statement is NOK 138,513 for Entra Eiendom AS and NOK 270,980 for the Group. Moveables have been included on the balance sheet if the depreciation is charged to joint tenant expenses on the balance sheet.

NOTE 4 SUBSIDIARIES, ASSOCIATED COMPANIES, ETC.

All figures in NOK 1000

ENTRA EIENDOM AS

Investments in subsidiaries, associated companies and joint ventures are recognised using the cost method.

	ACQUISITION DATE	BUSINESS OFFICE	SHAREHOLDING AND VOTING RIGHTS	BALANCE SHEET VALUE
Subsidiary:				
Entra Service AS	20.09.2000	Oslo	100%	3 418
Universitetsgaten 2 AS	03.09.2001	Oslo	100%	215 096
Biskop Gunnerusgt. 14 AS	26.03.2001	Oslo	100%	262 919
Instituttveien 24 AS	17.12.2001	Oslo	100%	58 714
Entra Kultur 1 AS	28.02.2002	Oslo	100%	1 275
Kristian Augustsgate 23 AS	01.02.2003	Oslo	100%	68 963
Langkaia 1 AS	21.11.2003	Oslo	100%	20 060
Nonnen Utbygging AS	10.02.2003	Oslo	100%	7 601
Krambugata 3 AS	31.12.2003	Oslo	100%	27 615
Kjørbo Parken AS	21.12.2005	Oslo	100%	130 014
Papirbredden Eiendom AS	10.01.2005	Oslo	60%	60 446
Kristiansand Kunnskapspark Eiendom AS	04.07.2005	Oslo	51%	6 879
Brattørkaia AS	31.01.2006	Oslo	52%	12 753
Optimo AS	02.10.2006	Oslo	51%	100 491
				976 243
Jointly owned business:				
UP Entra AS	31.12.2003	Hamar	50%	14 297
Associated company:				
Oslo S. Utvikling AS	01.07.2004	Oslo	33,3 %	111 621
Kongsvinger Kompetanse- og Næringscenter AS	06.07.2006	Kongsvinger	20,0 %	1 404
Kunnskapsbyen Eiendom AS	31.12.2004	Oslo	33,75%	3 746
Youngstorget Parkeringshus AS	16.11.2005	Oslo	21,28%	250
				131 318

ENTRA EIENDOM GROUP

Investments in subsidiaries are recognised using the cost method.

	TOTAL	MAJORITY 51%	MINORITY 49%
Value-added analysis Optimo AS:			
Equity on balance sheet on acquisition date	79 266	40 426	38 840
Attributable excess value for buildings	120 689	61 551	59 138
Deferred tax	-33 793	-17 234	-16 559
Total	166 162	84 743	81 419
Goodwill		15 749	
Acquisition cost		100 491	

Investments in associated companies and joint ventures are recognised using the equity method.

	OSLO S. UTVIKLING AS	UP-ENTRA AS	OTHERS	TOTAL
Excess value analysis				
Equity on balance sheet on acquisition date	24 329	13 311	5 634	43 274
Attributable excess value	87 293	986	266	88 544
ACQUISITION COST	111 622	14 297	5 900	131 818
Calculation of the share of profit for the year				
Share of profit for the year	-5 571	3 673	-92	-1 990
Depreciation of attributable excess value	-	-20	-	-20
SHARE OF PROFIT FOR THE YEAR	-5 571	3 653	-92	-2 010
Calculation of balance sheet value as of 31.12.2006				
Balance sheet value as of 1 January 2006	107 462	15 583	4 258	127 304
Tilgang/avgang i perioden	-646	2 100	1 404	2 858
Share of profit for the year	-5 571	3 653	-92	-2 010
BALANCE SHEET VALUE AS OF 31.12.06	101 244	21 337	5 571	128 152
Undepreciated attributable excess value 31.12.2006	87 293	946	266	88 505
Depreciation rate for attributable excess value *)	0%	2%	0%	

*) Any excess value of sites is not depreciated.

NOTE 5 RECEIVABLES, LIABILITIES AND FINANCIAL INSTRUMENTS

All figures in NOK 1000

	ENTRA EIENDOM AS		ENTRA EIENDOM GROUP	
	2006	2005	2006	2005
Proportion of receivables which fall due after more than one year				
Loans to Group companies	2 517 195	2 385 447	-	-
Other long-term receivables *)	109 531	154 680	109 752	155 771
TOTAL	2 626 726	2 540 127	109 752	155 771

*) NOK 79 million relates to long-term loans to associated companies and joint ventures.

	2006		2005	
	2006	2005	2006	2005
Proportion of long-term liabilities with a term to maturity of more than 5 years				
Bonds	1 770 000	1 570 000	1 770 000	1 570 000
Other long-term liabilities	28 038	23 000	348 060	23 000
TOTAL	1 798 038	1 593 000	2 118 060	1 593 000
Liabilities secured with mortgages				
	2006	2005	2006	2005
Liabilities secured with mortgages	1 100 000	1 100 000	1 480 309	1 100 000
Mortgaged assets:				
Buildings and sites	737 275	751 519	1 243 050	751 519
Cars	-	-	441	-
TOTAL	737 275	751 519	1 243 491	751 519

All figures in MNOK

	ENTRA EIENDOM AS		ENTRA EIENDOM GROUP		
	2006	2005	2006	2005	
Maturity structure of long term liabilities	YEAR	LOAN VALUE	LOAN VALUE	LOAN VALUE	LOAN VALUE
	2006	–	2 215	–	2 215
	2007	2 958	714	2 959	714
	2008	778	656	778	656
	2009	1 028	1 003	1 058	1 003
	2010	1 604	1 603	1 634	1 603
	2011	4	–	4	–
	More than 5 years	1 774	1 593	2 094	1 593
	TOTALT	8 148	7 784	8 528	7 784

Undrawn credit facilities

On 22 December 2006 the company arranged new credit facilities that significantly improve the maturity structure of the company's liabilities. The new credit facilities will partly be used to refinance existing liabilities, partly to finance future investments and partly act as a back stop for the company's certificate portfolio. As of 31 December 2006, the maturity structure of the company's new undrawn credit facilities is as follows:

All figures in MNOK

	ENTRA EIENDOM AS		ENTRA EIENDOM GROUP
	2006	2005	2006
Maturity structure of committed, undrawn credit facilities	YEAR	LOAN VALUE	LOAN VALUE
Back stop	2010	1 000	1 000
Revolving credit facility/back stop	2011	1 900	1 900
Long-term loan	2014	1 500	1 500
Long-term loan	2016	1 200	1 200
Project loan to subsidiary	2023	–	85
Project loan to subsidiary	2026	–	185
	TOTAL	5 600	5 870

Of Entra Eiendom AS's new credit facilities, NOK 1,000 million was drawn on 10 January 2007 as a long-term loan due in 2016, in order to refinance bank loans due in 2009.

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

In general the Group's financing is based on negative pledge clauses. There are certain exceptions to this rule, and our long-term bond of NOK 1,100,000,000 is secured against the National Library and associated buildings, located at Henrik Ibsens gate 110 (previously Drammensveien 42) in Oslo. The lender also has a mortgage on the rental income from the property. Subsidiaries that are not wholly owned by Entra Eiendom AS are also financed separately.

Interest-rate hedging and financial instruments

Our interest-rate position should support the company's strategic development, and should reflect the company's risk profil and anticipated future market interest rates based on the company's interest rate view. The framework for handling interest rate risk is expressed as a preferred interest rate structure (standard portfolio). The aim of the standard portfolio is to ensure that the company's interest expenses do not exceed those on which our financing plan is based. The standard portfolio specifies

- Weighted duration in the range 3–6 years, with a standard duration of 4. Duration as of 31 December 2006 was 4.0 years.
- Segmentation of interest-rate fixing between different maturity dates.

		ENTRA EIENDOM AS	ENTRA EIENDOM GROUP
Our portfolio of interest-rate hedging agreements have the following maturity structure.			
	YEAR	LOAN VALUE	LOAN VALUE
	Up to one year	35%	2 794 150
	1–2 years	1%	100 000
	2–4 years	12%	1 000 000
	4–6 years	12%	950 000
	6–8 years	12%	950 000
	over 8 years	28%	2 300 000
TOTAL		100%	8 094 150
			8 474 459

As of 31 December 2006, the average interest rate on Entra Eiendom AS's portfolio of loans and interest-rate hedging instruments was 5.14%.

NOTE 6 INTERGROUP BALANCES

All figures in NOK 1000

ENTRA EIENDOM AS

	2006	2005
Receivables		
Trade debtors	5 283	1 039
Other short-term receivables	11 844	–
Loans to Group companies	2 517 195	2 385 447
TOTAL	2 534 321	2 386 486

2 534 321

2 386 486

	2006	2005
Liabilities		
Trade creditors	4 064	1 085
Other short-term liabilities	54	–
Debt to Group companies	–	2 914
TOTAL	4 118	3 999

4 118

3 999

The company has established a Group account system. It is the net bank deposits that are presented as Entra Eiendom AS's cash at bank. Receivables from subsidiaries are classified as financial assets.

NOTE 7 LOCKED UP FUNDS

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	5 096	5 623
Other locked-up deposits	–	1 272

NOTE 8 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 9 PENSIONS

All figures in NOK 1000

The company has pension schemes that cover a total of 126 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. Commitments are covered through the Norwegian Public Service Pension Fund.

In addition to the company pension scheme, key employees have had a joint annuity policy that was covered through an insurance company. In line with the Board's decision of 18 December 2006, the scheme was discontinued on 31 December 2006. As of 31 December 2006, there are no liabilities linked to the joint annuity policy recorded in the accounts. The total liabilities in the below table refer in its entirety to liabilities associated with the standard pension scheme through the Norwegian Public Service Pension Fund. Negotiations on compensation for the discontinuation of the joint annuity policy have not yet been carried out, and no allowance has therefore been made for them in the accounts.

The company and the Group also have a contractual early-retirement scheme for the public sector (AFP) linked to the Norwegian Public Service Pension Fund.

	ENTRA EIENDOM AS		ENTRA EIENDOM GROUP	
	2006	2005	2006	2005
Present value of pensions earned this year	11 376	8 603	11 376	9 875
Interest expenses on the pension liability	4 068	3 207	4 068	3 345
– Return on pension funds	-2 800	-2 333	-2 800	-2 445
Change in estimate charged to income	3 022	1 377	3 022	1 429
Administrative expenses of SPK (Norwegian Public Service Pension Fund)	186	117	186	137
Employers' National Insurance Contributions	2 383	1 547	2 383	1 740
NET PENSION EXPENSES	18 236	12 518	18 236	14 081

	ENTRA EIENDOM AS		ENTRA EIENDOM GROUP	
	31.12.06	31.12.05	31.12.06	31.12.05
Estimated pension liabilities as of 31 December	96 843	75 252	96 843	79 434
Pension funds as of 31 December	-50 427	-48 796	-50 427	-51 419
Effect of estimate differences not charged to income	-36 825	-22 450	-36 825	-23 401
Net pension liabilities on balance sheet before				
Employers' National Insurance Contributions	9 591	4 007	9 591	4 613
Employers' National Insurance Contributions	1 352	565	1 352	650
NET PENSION LIABILITIES AFTER EMPLOYERS' NIC'S	10 944	4 571	10 944	5 264

Assumptions:

Discount rate	4,35%
Anticipated salary increases	4,50%
Anticipated pension increase/ adjustment of basic pension	4,20%
Anticipated return on pension funds	5,40%
Anticipated take-up percentage for early retirement scheme (AFP)	30,00%

The actuarial assumptions are based on generally accepted assumptions in the insurance industry with regard to demographic factors. Employers' National Insurance Contributions are charged as an expense during the period that they are paid.

Optimo AS has a company pension scheme with Vital Forsikring. The scheme is a defined contributions arrangement equivalent to 4% of salary between 1G and 12G.

An annuity was originally supposed to be payable to members of the scheme on reaching the age of 62. In accordance with changes carried out in the national budget for 2007, the age at which the annuity becomes payable has been changed to 67, but with the payment period reduced from 15 to 10 years. A disability pension insurance scheme has also been set up which pays out 66% of salary, including exemption from payment of contributions and premiums in the event of disability.

NOTE 10 TAX

All figures in NOK 1000

	ENTRA EIENDOM AS		ENTRA EIENDOM GROUP	
	2006	2005	2006	2005
Tax for the year breaks down as follows:				
Tax payable	-	46 667	149	48 090
Insufficient provision in previous year	-	46 667	-	44 951
Correction of deferred tax for last year	-	-	-	-31
Impact of Group acquisitions	-	-	-34 244	-
Tax impact of Group contributions entered as investments	-7 504	-	-	-
Change in deferred tax	59 485	-49 610	99 274	-25 593
TOTAL TAX	51 981	43 724	65 179	67 417
Calculation of the tax base for the year:				
Profit before tax	189 756	148 835	236 452	229 963
Group contributions received entered as investments	26 800	-	-	-
Permanent differences *)	-2 779	7 321	-10 822	7 521
Basis for tax for the year	213 777	156 156	225 630	237 485
Correction of correction income for 2004	-	-166 667	-	-157 136
Correction of deferred tax for 2005	-1 329	-	-1 258	-
Change in differences included in calculation of deferred tax	-212 448	177 177	-220 606	91 403
TAX BASE FOR THE YEAR	0	166 667	3 766	171 752
Overview of temporary differences:				
Receivables	-280	-853	-280	-1 789
Fixed assets	284 990	249 860	760 181	585 028
Provisions in accordance with generally accepted accounting principles	-61 674	-80 561	-62 760	-82 166
Pensions	-9 591	-4 007	-9 591	-4 613
Income statement	152 940	135 969	151 970	134 249
Net temporary differences	366 385	300 410	839 520	630 709
Correction income carried forward	-185 532	-333 333	-185 532	-333 333
Loss carried forward	-16 474	-15 145	-166 086	-164 023
BASIS FOR DEFERRED TAX ON THE BALANCE SHEET	164 379	-48 068	487 902	133 353
28 % deferred tax	46 026	-13 459	136 613	37 339
Of which not shown as deferred tax asset on the balance sheet	-	-	-	-

	ENTRA EIENDOM AS		ENTRA EIENDOM GROUP	
	2006	2005	2006	2005
Tax payable on the balance sheet:				
Tax on the tax base for the year	–	46 667	1 054	48 090
Tax payable on the balance sheet:	–	46 667	1 054	48 090
Explanation of why the tax for the year does not equal 28 % of the profit before tax:				
28% tax on profit before tax	53 132	41 674	66 206	64 390
Correction of deferred tax	-372	–	2 002	921
Permanent differences (28%)*	-778	2 050	-3 030	2 106
CALCULATED TAX	51 981	43 724	65 179	67 417
Nominal tax rate	28%	28%	28%	28%

*) Includes: non-deductible expenses, such as entertainment and profits on the sale of shares.

NOTE 11 RENTAL INCOME

All figures in NOK 1000

	ENTRA EIENDOM AS		ENTRA EIENDOM GROUP	
	2006	2005	2006	2005
Geographical distribution				
Eastern Norway	507 753	425 391	793 838	703 227
Southern Norway	82 881	108 339	85 561	108 339
Western Norway	108 422	104 080	108 422	104 080
Central and Northern Norway	99 458	90 270	103 238	91 293
TOTAL	798 515	728 080	1 091 060	1 006 939

NOTE 12 PAYROLL EXPENSES, NUMBER OF EMPLOYEES, REMUNERATION, ETC.

All figures in NOK 1000

	ENTRA EIENDOM AS		ENTRA EIENDOM GROUP	
	2006	2005	2006	2005
Payroll and personnel costs				
Salaries/wages, fees, etc.	39 598	37 057	43 801	44 987
Employers' National Insurance Contributions	6 513	8 182	7 207	9 317
Pension expenses	8 376	11 290	8 333	12 660
Other payments	337	489	411	815
Other personnel costs	4 248	7 373	4 287	8 032
TOTAL	59 072	64 390	64 039	75 810

Over the course of the financial year, Entra Eiendom AS had an average of 121 employees, whilst the Group had an average of 140 employees.

	SALARIES	PERFORMANCE-BASED SALARY	BASIC BENEFITS	PENSION PUBL.SERV PENSION*)	PENSION ANNUITY**)	TOTAL REMUNERATION
Payments to leading employees						
Key employees						
Erik Løfsnes, CEO	1 856	625	142	121	914	3 658
Torodd Bøystad, Deputy CEO	1 413	148	131	121	857	2 669
Anne Kathrine Slungård, Director of Marketing	1 111	15	69	121	–	1 316
Nils Fredrik Skau, Technical Director	784	80	112	121	–	1 097
Kjell Otto Larssen, CFO	1 253	126	134	121	135	1 769
Ole Sæthre, Director of Financing and investment, has left company	725	132	77	80	46	1 060
Rune Olsø, Director of Strategy	1 006	10	66	121	–	1 203
Sverre Vågan, Director of Human Resources	850	88	129	121	10	1 198
Mona Jacobsen, Director of Communications	850	88	118	121	33	1 210
TOTAL	9 847	1 312	979	1 047	1 994	15 180

*) Norwegian Public Service Pension Fund: Company scheme through the Norwegian Public Service Pension Fund.

**) Joint annuity scheme through Storebrand Livsforsikring for members of the management group. The scheme has a retirement age of 62 and entitles members to a retirement pension and disability pension worth 66% of their salary above 12G. The size of the pension is not limited by a ceiling on the pensionable salary or a required qualifying period. In line with the Board's decision of 18 December 2006, the scheme was discontinued on 31 December 2006.

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

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. Any bonus for 2006 is determined by the Board in 2007. Depending on the length of service, the general manager is entitled to pay after the termination of his contract for up to 24 months.

Remuneration of the Board and the Board's subsidiary committees

Directors' fees for 2005 were paid in 2006, with NOK 300,000 being paid to the Chairman of the Board and NOK 150,000 to each of the other six members of the Board, which in total amounted to NOK 1,200,000. In accordance with the resolution adopted by the Annual General Meeting on 19 June 2006, the following fees will be payable to Board members and members of the Board's subsidiary committees, effective from the date of the resolution:

- Chairman of the Board, NOK 320,000
- the six other members of the Board, NOK 160,000
- Chairman of the Audit Committee, NOK 50,000
- member of the Audit Committee, NOK 35,000
- Chairman of the Remuneration Committee, NOK 35,000
- member of the Remuneration Committee, NOK 20,000

The Audit Committee and Compensation Committee each consists of two members of the Board.

Auditor's fee	ENTRA EIENDOM AS	ENTRA EIENDOM GROUP
Legally required audit	1 833	2 358
Other auditing services	–	98
Tax advice	80	163
Other services not related to auditing	197	197
Due diligence	616	616
Advice on accounting issues related to the transition to IFRS	270	270
TOTAL REMUNERATION OF AUDITOR	2 996	3 701

NOTE 13 MARKET BASED SHARES, BONDS AND CERTIFICATES

All figures in NOK 1000

ENTRA EIENDOM AS	CURRENCY	2006	2006	2005	2005
		ON BALANCE SHEET VALUE	ISSUER VALUE	ON BALANCE SHEET VALUE	ISSUER VALUE
Money market unit trust, Orkla Finans Likviditett	NOK	20 637	21 212	20 612	20 612
TOTAL IN MONEY MARKET UNIT TRUSTS		20 637	21 212	20 612	20 612

Money market unit trusts are valued as the lower of the acquisition cost and actual value.

ENTRA EIENDOM GROUP	CURRENCY	2006	2006	2005	2005
		ON BALANCE SHEET VALUE	ISSUER VALUE	ON BALANCE SHEET VALUE	ISSUER VALUE
Money market unit trust	NOK	22 037	22 612	20 612	20 612
Shares in listed companies	NOK	14 807	14 807	–	–
Other shares	NOK	3 966	3 966	–	–
TOTAL MARKET BASED SHARES, BONDS AND CERTIFICATES		40 810	41 385	20 612	20 612

All shares classified as current assets are owned by Optimo AS.

NOTE 14 OTHER OPERATING EXPENSES

All figures in NOK 1000

	ENTRA EIENDOM AS		ENTRA EIENDOM GROUP	
	2006	2005	2006	2005
Management, operation and development of properties	127 118	110 898	146 541	127 357
Payroll and personnel costs	59 072	64 390	64 039	75 810
Other administrative costs	60 728	48 162	64 945	53 614
TOTAL OTHER OPERATING EXPENSES	246 917	223 450	275 525	256 782

NOTE 15 OTHER PROVISIONS FOR COMMITMENTS

All figures in NOK 1000

	ENTRA EIENDOM AS		ENTRA EIENDOM GROUP	
	2006	2005	2006	2005
Provision for guarantee	–	–	1 000	1 000
Provision for rent payments	48 277	61 507	48 277	61 507
TOTAL OTHER PROVISIONS FOR COMMITMENTS	48 277	61 507	49 277	62 507

NOTE 16 GUARANTEES AND SURETIES

The Optimo Group has provided guarantees to credit institutions for bank guarantees provided totalling NOK 7,2 million. No other sureties or guarantees have been given to third parties.

To the Annual Shareholders' Meeting of Entra Eiendom AS

Auditor's report for 2006

We have audited the annual financial statements of Entra Eiendom AS as of December 31, 2006, showing a profit of MNOK 137,8 for the parent company and a profit of MNOK 170,6 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 annual financial statements comprise the balance sheet, the statements of income and cash flows, the accompanying notes and the group accounts. The regulations of the Norwegian accounting act and accounting standards, principles and practices generally accepted in Norway have been applied in the preparation of the financial statements. 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 laws, regulations and auditing standards and practices generally accepted in Norway, including standards on auditing adopted by The Norwegian Institute of Public Accountants. These auditing standards 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 give a true and fair view of the financial position of the company and of the group and as of December 31, 2006, 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 in accordance with the law and good bookkeeping practice 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 15, 2007

PricewaterhouseCoopers AS

Bjørn Egil Johannessen
State Authorised Public Accountant (Norway)

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



Fredrikstad police station



Fire inspection at the police station

The entrance to Fredrikstad district court.



Time for new light tubes



NAME: Berit Helene Signebøen
POSITION: Operations manager for Østlandet region
AGE: 54
Has worked for Entra since 2000

What I particularly enjoy about my work is all the challenges, the daily contact with pleasant, positive tenants, camaraderie with my immediate co-workers and not least all the super Entra employees.

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 regulate the interaction between shareholders, the Board and the management, seen in a long-term and value adding perspective. Good corporate governance gives you control and the ability to manage all parts of a business, through a responsible and efficient interaction between the Board and the management, respect for other stakeholders and open communications with the rest of the world. The following diagram illustrates the mutual interdependence and allocation of responsibilities.

At Entra, 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. On account of the new organisational model that was implemented in 2005, which was designed to better support the value chain and to lay the foundations for the continued development of the company, the company in 2006 introduced a new corporate governance model called the Entra model. The model is based on the company's strategy and overall aims, and the focus is on establishing and quality assuring good work processes as part of our ongoing risk prevention work. The Entra model has been developed by the company itself in consultation with the management, the Board, the audit committee and employee organisations, and with extensive employee involvement. The model integrates overall governance with procedures for support functions and core activities in the value chain. Please also see the more detailed description of the Entra model under "Our business – strategic focus".

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

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

This will help Entra Eiendom to achieve increased value added over time, whilst further improving risk management.

NORWEGIAN RECOMMENDATION

The Norwegian Corporate Governance Committee (NUES) has drawn up the Norwegian recommendation for corporate governance, and the purpose of the recommendation is:

"The purpose of the recommendation is to encourage listed companies to have a corporate governance system that clearly sets out the various roles of the shareholders, board and management over and above what follows from the relevant legislation.

The recommendation is intended to increase confidence in companies, and to help maximise the creation of added value over time, to the benefit of shareholders, employees and other stakeholders.

Listed companies manage a significant proportion of the capital in society and are responsible for a large part of the value that is added. It is therefore in the interests of society that these companies are run and managed in a responsible manner. There is international competition for the capital of Norwegian and foreign investors. Norwegian companies and the Norwegian stock exchange must therefore also be attractive in areas such as corporate governance.

The recommendation shall help to build trust in the companies amongst shareholders, in capital markets and amongst other stakeholders. Good relationships with society and stakeholders affected by companies' activities also benefit the companies themselves, and individual companies should therefore also consider implementing their own guidelines in these areas."

The Norwegian Government, through the Ministry of Trade and Industry, owns all of the shares in Entra Eiendom, which is not a listed company. However, the majority of the items in the recommendation appear to be relevant to all large companies regardless of their ownership structure. In so far as it is possible, Entra Eiendom wishes to run its business like a listed company. The description of Entra Eiendom's corporate governance system below is therefore structured in accordance with the Norwegian recommendation.

The description is based on NUES's recommendations on corporate governance of 28 November 2006, which is a revised version of the Norwegian recommendation of 8 December 2005. The description is based on the comply or explain principle. On account of the company's ownership structure, and the fact that the company is not listed on the Oslo Stock Exchange, there are several aspects of the recommendations that are not relevant to the company. In line with the company or explain principle these items are also commented on.

In addition to the issues covered by the Norwegian recommendation, Section 16 includes a short description of the Group and of the Group's management.

1. CORPORATE GOVERNANCE STATEMENT

The company has established a set of values and ethical guidelines that underpin its operations. There is a defined strategy with overall aims that clearly sets out choices and long-term goals. In order to support this strategy, and to ensure that it becomes part of our operations, we have drawn up policies, guidelines, routines and authorisation structures that are under constant review.

Entra Eiendom has drawn up the following values and ethical guidelines:

Basic values:

- Ensure the safety of our customers, guests and employees
- Meet customers' requirements and expectations
- Be respectful towards customers, employees, partners and our common environment

Business ethics:

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

Management philosophy:

- Managers at Entra Eiendom shall provide supportive, proactive and open leadership

Work is continuously being done to ensure that these values and guidelines are adhered to throughout the organisation. These are disseminated within the organisation through the Entra model, which also supplements them by providing procedures and guidelines for individual business areas.

You can find further information about how the Norwegian Government exercises its ownership in the Ministry of Trade and Industry's White Paper no. 1 (2005–2006), Section 2.5 on Public ownership.

In its white paper no. 22 (2001–2002) titled "A smaller and better public ownership", the Ministry of Trade and Industry set out 10 principles for good corporate governance at public companies:

1. Shareholders shall receive equal treatment
2. There shall be transparency relating to the government's shareholding in the company
3. Shareholders shall make decisions and resolutions at the AGM.
4. The government shall set out the aims of the company, whilst the Board shall be responsible for realising those goals.
5. The capital structure of the company shall be appropriate to the ownership structure and the company's situation.
6. The composition of the Board shall aim to achieve

expertise, ability and diversity on the basis of the individual company's requirements.

7. Pay and incentive schemes should be designed in such a way that they encourage the creation of added value at the company, and are seen to be reasonable.
8. The Board shall independently monitor the company's management on behalf of the owners.
9. The Board should have a plan for its own work, and for developing its own expertise. The performance of the Board shall be evaluated.
10. The company shall be aware of its social responsibilities.

The way in which public ownership is to be exercised is described in greater detail in the government's new proposals on the matter: White Paper no. 13 (2006–2007) "Active and long-term ownership", presented on 8 December 2006. It includes the following statement:

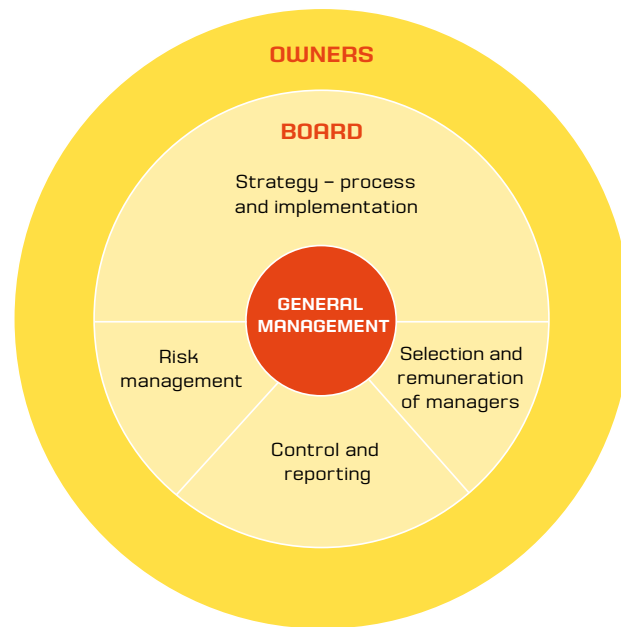
"The government believes that the state should be an active, long-term and predictable owner of important Norwegian companies. Through its ownership the state wishes to promote the good and stable development of the Norwegian economy. This White Paper deals with companies that are wholly or partly owned directly by Norwegian ministries. It sets out the government's aims for its ownership of the individual companies. This will provide a better basis for active ownership. It will also facilitate the strategic work of the boards, by clarifying the expectations and aims of the government in its capacity as an owner.

Through its ownership the government shall help promote the companies' long-term growth and development. This requires an active ownership policy that sets out expectations that the boards be highly ambitious. The government will specify required rates of return and dividend levels that support the long-term aims of the companies. The ownership shall be exercised within the framework of generally accepting corporate governance principles.

The government has long-term goals for public ownership. This means that environmental issues, restructuring, diversity, ethics, research and development must be taken into consideration in the boards' decision-making procedures in order to promote long-term development.

The government will focus hard on evaluating the work of boards properly and systematically, in order to create competent boards that can safeguard the aims of the shareholders."

There are more details of the government's recommendations on how to exercise ownership at companies that are wholly or partly publicly owned in Chapters 3 and 7 of the White Paper. The White Paper also discusses the companies in question, and



divides them up into the following categories (based on the categories recommended by the public ownership committee):

1. Companies with commercial aims
2. Companies with commercial aims and where the goal is also to keep the headquarters in Norway
3. Companies with commercial aims and other specifically defined aims
4. Companies with industrial policy aims

In the White Paper, it is proposed that Entra Eiendom belongs in category 1 Companies with commercial aims. Also see Section 8.1.4 of the White Paper for a more detailed discussion of the company.

2. ACTIVITIES

The company's activities are defined in the mission statement in the articles of association (§3), which states that "The company's main aim is to meet government requirements for premises.

The company can own, buy, sell, operate and manage real property, and carry out other activities that are connected with this. The company can also own shares or stakes in, and participate in, other companies that perform the activities described in the previous article. The company shall be run on commercial principles."

The Group's strategy and overall aims are discussed in the chapter of the annual report called OUR BUSINESS – STRATEGIC FOCUS page 72. §9 of the company's articles of association include special requirements regarding the safeguarding of

cultural heritage in the Group's property portfolio;

"The features of historic value in the company's buildings shall be properly safeguarded in line with current laws and regulations. When disposing of properties comprising buildings constructed before 1950, the company shall follow the regulations 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.

The company complies with these requirements whenever it sells properties.

3. COMPANY ASSETS AND DIVIDENDS

Company assets and equity

The Group's book assets totalled NOK 10,692.2 million as of 31.12.06. The Group's book equity excluding minority interests totalled NOK 1,361.2 million (12.7 %) as of 31 December 2006. Based on the average of the two external, independent valuations, there are excess values of approx. NOK 7.7 billion in the Group over and above the book values. The company's value-adjusted equity ratio is therefore 49 percent. Based on this, the Group's financial strength is considered satisfactory. The Group's financial strength is constantly reviewed in terms of its aims, strategy and risk profile.

Dividends

In connection with the Norwegian budget for 2006, the Ministry of Trade and Industry defined a dividend policy for

Entra Eiendom for the period 2005-2007 in White Paper no. 1 (2005–2006):

“For Entra Eiendom AS, the government has assumed that the dividend for the financial years 2005, 2006 and 2007 shall be set at 50 percent of the Group’s annual profit, subject to the minimum dividend for each year corresponding to 2 percent of value-adjusted equity, provided that this is not in contravention of the stipulations of the Norwegian Companies Act. If during this period there are large accounting fluctuations in the annual profit, it may be possible to assess the dividends for the individual years on the basis of 2 percent of the value-adjusted equity as a whole over the relevant three year period.”

The AGM determines the dividend on the basis of the Board’s proposal. In accordance with the 4th paragraph of Section 20-4 of the Norwegian Companies Act, the AGMs of state-owned companies are not bound by the proposals of the Board or the corporate assembly regarding the allocation of dividends, and they are therefore free to set a dividend that is higher than the Board’s proposal.

In the financial year 2005 a dividend of NOK 120 million was paid out, which constituted 73 percent of the Group’s profit for the year after tax. In accordance with the principles described above, the Board proposes a dividend of NOK 140 million of the 2006 financial year. This represents 82 percent of the Group’s annual profit after taxation.

Capital increases and share buybacks

The Board is not authorised to raise new capital or to buy back company shares.

4. EQUAL TREATMENT OF SHAREHOLDERS AND TRANSACTIONS WITH CLOSELY RELATED PARTIES

Shareholders and share transactions

All of the company’s shares are owned by the Norwegian Government through the Ministry of Trade and Industry, and there is only one class of shares. There were no share transactions during the course of 2006.

Transactions with closely related parties

The “Provisional Norwegian Accounting Standard on Information about closely related parties” defines closely related parties as being the owners, members of the Board and management, as well as their spouses and cohabiting partners.

During the course of 2006 there were no transactions that could be considered significant between the company and shareholders, members of the Board, senior management or closely related parties of any of these.

5. FREE NEGOTIABILITY

The company’s shares are not freely negotiable. The Ministry of Trade and Industry cannot sell shares in the company without special authorisation from the Storting.

§ 5 of the articles of association states that the company’s shares shall not be registered in the Norwegian Registry of Securities.

6. ANNUAL GENERAL MEETING

Section 20-5 of the Norwegian Companies Act regulates the AGM of state-owned companies.

In wholly state-owned companies, the Ministry that owns the company shall send out notices for ordinary and extraordinary general meetings, and it shall also decide how such notice is given.

Notice, agenda and relevant documents

The Annual General Meeting is normally held before 30 June of each year.

In accordance with Section 5-10 of the Norwegian Companies Act, notice of the meeting shall be sent no later than one week prior to the meeting being held, unless shorter notice is absolutely essential in special circumstances. This is one week shorter than the notice period in the Norwegian recommendation. We are striving to satisfy the recommendation’s requirements.

§ 8 of the articles of association states that the following items shall be raised at and resolved by the AGM:

- Approval of the annual accounts and annual statement, including the allocation of dividends
- Other matters that legally fall within the remit of the AGM.

The Ministry that owns the company determines when the Annual General Meeting shall be held. On behalf of and in consultation with the Ministry that owns Entra Eiendom, the management of the company prepares the agenda and the relevant documentation, and sends out notice of the meeting along with the those documents. The documentation contains all the information that is necessary for the shareholder to assess the items under consideration. Notice is sent to the shareholder, members of the Board, the company’s auditor and the Office of the Auditor General of Norway. The registration deadline is to be set as close as practically possible to the meeting, usually two working days prior to the meeting. Registration can be done in writing or orally.

Attendance

The Minister or the Director General/Deputy Director General (subject to authorisation) represents the shareholder at general

meetings. 1-2 advisers from the department of the Ministry that owns Entra also attend.

Normally the whole Board attends the general meeting, but the minimum requirement is for the Chairman to attend. The company's auditor shall be present. The Office of the Auditor General of Norway is entitled to attend. The administration of the company should at least be represented by the Chief Executive Officer and Chief Financial Officer.

The meeting

In accordance with the 1st paragraph of Section 5-12 of the Norwegian Companies Act, the AGM is opened by the Chairman of the Board. The first item on the agenda is the election of a chairman for the meeting. This is usually the Chairman of the Board. The meeting is held in accordance with the agenda. Minutes are written immediately after the meeting, and are signed by the chairman of the meeting and one other representative, usually the shareholder's representative.

7. ELECTION COMMITTEE

Entra Eiendom does not have an election committee. Please also see the procedures for electing the Board under Section 8 below.

8. CORPORATE ASSEMBLY AND BOARD, COMPOSITION AND INDEPENDENCE

Entra Eiendom does not have a corporate assembly (the Group has less than 200 employees).

The Board consists of seven members, two of whom are employee representatives. § 5 of the company's articles of association state that the Board shall have between 5 and 7 members.

Election of the Board

In accordance with the 1st paragraph of Section 20-4 of the Norwegian Companies Act, the AGM elects the five shareholder representatives on the Board. The shareholder (the Ministry of Trade and Industry) himself nominates these representatives ahead of the AGM, and the shareholder determines the composition of the Board at the AGM. In addition, 2 Board members are elected from and by the employees. The Board members are elected for two years at a time, and can be re-elected.

Composition of the Board

The shareholder puts a great deal of emphasis on the fact that the Board as a whole should have good experience of working on boards and of the company's areas of activities. The Ministry of Trade and Industry's budget proposal for 2005 (White Paper no. 1 (2004-2005)) expressed the following with regard to Entra Eiendom's Board:

“The Ministry of Trade and Industry has for some time been working on a strategy for its ownership and for the overall framework for the company's activities. This has been done in dialogue with the Board of the company. In August 2004 a significant change was made to the composition of the Board of Entra Eiendom AS. The new Board has been tasked with carrying out an assessment of the company's overall business strategy, focusing partly on how the company can be developed within the framework that was set out when the company was established, and partly on risk management and control linked to the company's development.”

Currently the Board consists of five external shareholder representatives and two employee representatives. Two of the shareholder representatives are women, which is in line with the requirements of the 1st paragraph of Section 20-6 of the Norwegian Companies Act that both genders must be represented on the boards of state-owned companies. The 2nd paragraph of the same section states that if two or more employee representatives are elected, both genders shall be represented. One of the two employee representatives on the company's Board is a woman. Each of the two employee representatives has two deputies.

The current composition of the Board is considered satisfactory in terms of helping to add value at the company, whilst safeguarding shareholders' interests, and fulfilling the company's need for expertise, capacity and diversity. This view is also supported by the assessments made by the members of the Board and the Group management on an individual basis in the annual self-evaluations.

No representatives of the Group's management are Board members. The AGM elects the Chairman of the Board. No Board members own shares in the company.

Please see the more detailed description of the individual Board members on page 37.

Independence of the Board

The Board considers itself to be independent of the Group's administrative management and of the Group's shareholder. For individual issues where there may be a conflict of interest or where one or more of the Board members may be disqualified, the issue is subsequently dealt with and resolved without this (these) Board member(s) attending.

9. THE WORK OF THE BOARD

The tasks of the Board

The Board has overall responsibility for the administration of the company, and for monitoring the management and the company's activities; cf. Section 6-12 of the Norwegian Companies Act. The main tasks of the Board include helping to formulate the

Group's strategy and overall aims and adopting them, ensuring that the business is run in a responsible manner, setting the company's plans and budgets, staying informed about its financial position, advising the operational management, reviewing and assessing existing authorisations, considering and adopting major investments and decisions of principle, and carrying out the necessary audit functions.

An annual calendar has been drawn up for the work of the Board, detailing the topics that should be the main areas of focus at the various Board meetings.

The Board is also responsible for employing the Chief Executive Officer, and shall be consulted on other management recruitment decisions at the Group.

Guidelines for the Board

In 2001 the Board prepared and adopted guidelines that govern its tasks, its relation to the general management, rules on notice for and the implementation of Board meetings, documentation requirements, the validity of resolutions, formal requirements for minutes and how they shall be presented and distributed, and how questions of disqualification shall be handled. The guidelines also set out requirements on how Board members shall perform their duties. The guidelines were reassessed in 2006, and the revised guidelines were adopted at the Board meeting on 24 August 2006. The revisions did not involve any significant alterations to the contents of the guidelines, but some minor adjustments and clarifications were made.

Guidelines for the general management

The guidelines for the Board also include guidelines for the general management governing the general manager's tasks and the relationship between the Board and the general manager. § 7 of the guidelines for the Board deals with the main difference between the responsibilities of the Board and of the general manager:

“The general manager is responsible for running the company's operations. The Board can give the general manager guidelines and instructions on how he should exercise his authority. The Board should wherever possible avoid getting involved in individual issues.”

§ 8 clarifies that “General management does not cover issues that are unusual for the company or of great importance”. The operational authority of the Chief Executive Office is regulated by the authorisation structure.

Financial reporting

The Group's annual accounts that are presented to the Board are reviewed by our internal finance department and by the company's auditor, in order to ensure that they have been prepared in

accordance with generally accepted accounting practice, and that all of the information corresponds to actual circumstances, and that no significant information has been left out.

The Board is given quarterly reports on the financial status of the company in relation to the budget and last year's figures, and quarterly forecasts are also made for the full-year figures. Monthly financial reports and reviews are also carried out by the Group's management and business areas.

Before the Board looks at the annual and interim accounts, they are assessed by the Board's audit committee.

Chairman

The Chairman of the Board is Grace Reksten Skaugen. She is in charge of the work and meetings of the Board. Prior to Board meetings, the Chief Executive Officer discusses a draft of the agenda with the Chairman, and the final agenda is determined. Trond R. Reinertsen is the Deputy Chairman of the Board.

Board meetings

There are 6 regular Board meetings annually, and each year a schedule is drawn up for when the meetings will be held. Additional Board meetings can also be held as required. In 2006 there were 7 Board meetings.

At all of the Board meetings, the Chairman gives a statement, and the Chief Executive Officer gives an account of the events of the past period, areas of risk and how they are being dealt with and of future challenges and tasks. The ordinary Board meetings cover the following main topics:

- at the 1st meeting (in February) the final Group accounts for the year are adopted, and the Board evaluates its own ways of working.
- at the 2nd meeting (April/May) the Group's 1st quarter results are reviewed, and the administration reports on the anticipated results for the year.
- at the 3rd meeting (June), the Board reviews the company strategy, and the administration reports on the impending budget process.
- at the 4th meeting (in August) there is a report on the preliminary budget, the Group's 1st half results are reviewed, and the administration reports on the updated anticipated results for the year.
- at the 5th meeting (October), the Board adopts the Group's final budget. In addition the Group's 3rd quarter results are reviewed, and the administration reports on the updated anticipated results for the year.
- at the 6th meeting (December), the administration reports on results and status in terms of human resources. In addition, it reports on the provisional/ anticipated annual report and accounts.

Board meetings also deal with other matters for the consideration of the Board (such as investments, purchases and sales), discussions and reports in accordance with the current authorisation structure and relevant topics/events.

In addition to the Board members, Board meetings are regularly attended by the Chief Executive Officer, the Chief Financial Officer and Director of Communications (reporter). Other members of the management team attend as required. The company's auditor attends when the annual report and accounts are being adopted, or on other occasions where the expertise of the auditor is relevant.

Executive committees

There are two executive committees: the audit committee and the remuneration committee.

Audit committee

The audit committee consists of the Board members Finn Berg Jacobsen (chairman) and Ottar Berge Guttelvik. They have been appointed for a period of two years. The Chief Financial Officer and committee secretary also attend regularly. The company auditor and other members of the company's management attend as required.

The audit committee's mandate is set out in a separate document prepared by the Board, which defines the purpose of the committee as follows:

“The Board's audit committee is a subsidiary committee of the Board of Entra Eiendom AS, and its purpose is to carry out more thorough assessments of questions relating to financial reporting, internal controls and risk management.

The Board's audit committee shall prepare issues for the Board, supporting the Board in exercising its responsibility for administration and supervision, and shall report to the Board. The Board's audit committee shall ensure that the Group is subjected to an independent and efficient external audit and satisfactory internal controls.

The Board's audit committee shall monitor that the Group has procedures and systems in place that result in good compliance, and that the Group's ethical rules are adhered to.”

The audit committee has a set calendar of meetings. At least five meetings are held annually, and there are defined topics/ areas that are discussed at the various meetings. The agenda and relevant documentation should be distributed no later than one week before each meeting. The minutes of each meeting are to be distributed to the committee members no later than one week after the meeting, and thereafter to other Board members. The head of the audit committee is to give a brief report on the work of the committee at the subsequent Board meeting.

Remuneration committee

The remuneration committee consists of the Chairman of the Board Grace Reksten Skaugen (chairman) and Board member Gerd Kjellaug Berge. The Director of Human Resources also attends on behalf of the administration.

The objectives of the remuneration committee are set out in separate guidelines prepared by the Board, which include the following definition of the committee's aims:

“The remuneration committee shall assist the Board in its work on all issues relating to terms of employment, pay and any redundancy packages for the Chief Executive Officer and those who report directly to the CEO. The committee shall keep up-to-date with and propose guidelines for setting the remuneration of key employees at the Group.”

The committee normally meets twice a year. The minutes of the committee's meetings are sent to the Board.

The Board's evaluation of its own work

At the 1st ordinary Board meeting (in February), the Board each year evaluates its own ways of working, and the composition of the Board in terms of expertise and teamwork. A continuous assessment is also made of this at the other Board meetings in connection with the review of individual issues.

Board portal

The Board of Entra Eiendom is kept up-to-date using the company's dedicated Board portal, which includes a news summary, links to competitors and a tool for analysing the company's financial results. An electronic version of the Board's agenda is also published on the portal when notice of Board meetings is sent out.

10. RISK MANAGEMENT AND INTERNAL CONTROLS

The responsibilities and objectives of the Board

Entra's overall strategy for risk management states that:

“The Group shall take a proactive approach to managing risk. For all decisions and actions potential risks shall be:

- identified*
- assessed*
- quantified*
- and dealt with”*

In practice risk management is exercised at each business area as an inherent part of the work processes.

The Board as a whole is to ensure that the established policies and guidelines are satisfactory in terms of risk management. The Entra model has been implemented in the organisation, integrating strategy, goals and overall principles with routines,

tools and documentation requirements for the administration and business areas in the value chain.

Bearing in mind Entra's activities and areas of focus, the Board and management are conscious of the need to take risks within the everyday running of the company in order to achieve the company's goals. The Board and management have established several systems for handling the consequent exposure to risk in the best possible way. These include thorough procedures for project development and implementation, guidelines on the purchase and sale of properties, a finance policy and guidelines for managing financial risk, as well as an HSE policy. Furthermore, a written report on the business is presented at each Board meeting, in which the management describes ongoing activities within all of the company's business areas, focusing on risk and defined parameters for quality control.

The Board's audit committee has a special responsibility for ensuring that risk management systems and satisfactory internal controls exist and are adhered to. The mission statement in the audit committee's mandate states that:

“The Board's audit committee is a subsidiary committee of the Board of Entra Eiendom AS, and its purpose is to carry out more thorough assessments of questions relating to financial reporting, internal controls and risk management.

The Board's audit committee shall prepare issues for the Board, supporting the Board in exercising its responsibility for administration and supervision, and shall report to the Board.

The Board's audit committee shall ensure that the Group is subjected to an independent and efficient external audit and satisfactory internal controls.

The Board's audit committee shall monitor that the Group has procedures and systems in place that result in good compliance, and that the Group's ethical rules are adhered to.”

The audit committee's tasks include examining the financial reports with a focus on changes to accounting principles and practices, major estimated items and compliance with laws, regulations and accounting standards. It also reviews and assesses the company's quarterly reports and annual report, focusing on the validity and comprehensiveness of the information provided about matters that are known to the Board, and on the information requirements imposed by laws and regulations. Furthermore, the audit committee shall review the Group's internal control systems, ensuring that the company has systems and procedures that provide satisfactory internal controls, and review the Group's guidelines for risk management and associated risk reporting. The committee is also to review procedures and systems for compliance activities and ethical guidelines.

Entra Eiendom does not have a separate internal audit function,

after the matter received consideration by the Board. The view was that financial controls are adequately maintained through the existing procedures/guidelines, requirements regarding division of labour and approval procedures.

Special authorities have been given and guidelines have been drawn up that govern the management's everyday implementation and follow-up of Board resolutions within the individual business areas. System support also helps to ensure proper implementation and documentation.

The Group Controller/Risk Manager has overall responsibility for establishing, following up and communicating all of the company's procedures and guidelines. Separate parameters have been established for measuring and reporting risk elements in the business areas. Please also see the description of the Entra model.

The Group's Investment and Financing unit is responsible for the day-to-day management of the Group's financial risk, and for ensuring that it is in line with the finance strategy adopted. Existing financial instruments are used actively to handle this risk exposure.

Other commercial and financial exposure to risk through agreements (lease contracts, design and build contracts, etc.) are handled by the relevant business area, if necessary in cooperation with the administrative staff.

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

Ethical guidelines have been drawn up which sets out how Entra is to treat all of its stakeholders and what conduct is expected of employees. The guidelines are intended to advise and support the company and its employees in terms of decision-making and problem solving. The ethical guidelines include a description of how employees can communicate issues relating to illegal or unethical conduct by the company. The guidelines encourage employees to inform of any breaches of the company's ethical guidelines or current legislation. There is an internal ombudsman who can be contacted in the event of issues that employees do not wish to report through their line management. Special guidelines have been drawn up for the ombudsman, as well as tools to help employees when they are faced with ethical dilemmas.

The Board's annual review

The Board has not specified an annual review of the company's most important risk areas and internal controls as a separate item. The Board will look at this matter in 2007. However, assessments and reviews are carried out as and when issues arise through the periodic Board meetings and audit committee meetings.

A written report on the business is presented at each Board meeting, in which the management describes ongoing activities within all of the company's business areas, focusing on risk and defined parameters for quality control.

At each Board meeting an action list is drawn up setting out issues that the Board has uncovered that need resolving. The list is reviewed at Board meetings.

The audit committee and Board carry out an annual review of the external auditor's management letter, and also review and discuss the auditor's findings and assessments after the interim and main audits.

During 2006 the Board and audit committee particularly focused on establishing and implementing the Entra model as a corporate governance tool. The Entra model is considered an appropriate tool, which will help to improve risk management at the company, amongst other things.

11. REMUNERATION OF THE BOARD

The remuneration of the Board is set annually by the AGM. The current remuneration is NOK 320,000 for the Chairman and NOK 160,000 for other Board members. Deputies are paid NOK 5,200 for each meeting they attend. None of the members of the Board have performed other work for the company. The Board members do not receive share options or any other performance-related pay from the company.

In addition, members of the Board's subsidiary committees receive the following remuneration:

- Chairman of the audit committee: NOK 50,000.
The other member of the audit committee: NOK 35,000.
- The chairman of the remuneration committee: NOK 35,000.
- The other member of the remuneration committee: NOK 20,000.

12. REMUNERATION OF KEY EMPLOYEES

Determining salaries and remuneration

The Board determines the Chief Executive Officer's salary and other remuneration. Please also see the comments under the section on the remuneration committee.

In general terms, the aim is for the company's total remuneration of the Chief Executive Office and of other members of the management group to be competitive, but not market-leading. This is in line with the "Guidelines on terms of employment for managers at wholly owned public enterprises" of 13 July 2004, and Section 7.4 on "Management pay and incentive schemes" in the government's new proposals on ownership, White Paper no. 13 (2006–2007) "Active and long-term ownership".

Performance-related pay

The Chief Executive Office and the rest of the management group are covered by the same performance-related pay scheme as the rest of the Group's employees. The performance-related pay scheme is based on realised value added to the Group, based on EVA (Economic Value Added – see more

detailed description on page 27), and on set targets in terms of customer satisfaction and defined individual targets. In order to ensure that the performance-related pay scheme encourages long-term performance, a bonus bank is used for the value added (EVA) portion, with 1/3 of the current balance being paid out each year. The total performance-related pay earned in any given year can reach a maximum of approx. 12 percent of the annual salary.

The principles governing the performance-related pay scheme are described in greater detail in a separate document. The Board is aiming to improve the company's performance-related pay scheme, partly to ensure that performance-related pay better reflects issues that the company and individual employees can influence.

There are no share option schemes for key employees.

Remuneration in 2006

Please see note 12 in the Group accounts for a more detailed description of the remuneration of key employees.

13. INFORMATION AND COMMUNICATION

Financial reporting and communication

The Group's annual and interim accounts are published within the deadlines specified by the Oslo Stock Exchange and by our lenders.

The preliminary annual accounts are made public via the Oslo Stock Exchange immediately after they have been reviewed by the Board in the second half of February. The complete annual report is sent to the shareholder and to other stakeholders, and is also published on our website in March/April.

Interim reports are made public via the Oslo Stock Exchange and on our website immediately after they have been reviewed by the Board. A financial calendar setting out when our annual and interim reports will be published has been sent to the Oslo Stock Exchange and is available on our website.

Meetings and presentations are also arranged with financial institutions and other stakeholders as required.

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.

Other communication

We have drawn up media guidelines for the Group, governing who should speak on behalf of the company on different matters.

Dialogue with shareholders

Separate meetings must be held with representatives of the shareholder and company at which the annual and interim accounts are presented. The Chief Executive Officer and Chief Financial Officer always represent the company, along with other members of the management group as required.

In addition to the above and the AGM, meetings between representatives of the shareholder, the Chairman and the Chief Executive Officer are held as required.

14. ACQUISITION

The company is wholly owned by the Norwegian Government through the Ministry of Trade and Industry. The Ministry of Trade and Industry cannot sell shares in the company without special authorisation from the Storting. The Board has not implemented, and has no intention of implementing, measures that could limit the possibility of other people buying shares in the company if the Storting decides that the Norwegian Government is going to reduce its shareholding.

If in the future the Storting (Norwegian parliament) were to decide to sell some of the shares in the company, the Board would inform the shareholder of its assessments and recommendations in terms of selling the shares. This is on account of Board's expertise and understanding of the company, which we believe would be valuable to the shareholder in any such process.

15. AUDITOR

Plan for the auditor's work

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

Auditor's relationship to the Board

The auditor always attends Board meetings, and attends the audit committee when the annual accounts are being adopted. The auditor also attends meetings of the Board and audit committee when interim audit reports and other matters for which the auditor's expertise is relevant are being discussed. In practice this means a minimum of 3–4 times each year. At all times, the Board is entitled to have separate meetings with the auditor, without representatives of the company management being present.

Auditor's relationship to the administration

The Board has drawn up separate guidelines on the use of the external auditor, governing what work the auditor can do for the company in view of the requirement for independence. If the administration wants the auditor to perform any major work for the company that is not part of the legally required audit, it will need the prior approval of the audit committee. The auditor

shall also report annually to the audit committee on the work that he has done.

In addition to ordinary audit functions, the auditor has in 2006 provided consultancy on accounting and tax issues, as well as assistance with due diligence in relation to share purchases and with the transition to IFRS reporting. Please see the more detailed explanation in note 12.

Annual General Meeting

The auditor attends the AGM in connection with the discussion of the annual accounts. Here the distribution of the auditor's fee between auditing and other services is explained, and the total fee is approved.

16. FURTHER DETAILS ABOUT THE GROUP

Group structure

The parent company is Entra Eiendom AS. The parent company owns 10 wholly owned and 4 part-owned subsidiaries. These include 12 companies that are involved in the ownership/development/management and operation of individual properties. There is also a separate company charged with the task of offering additional services to tenants in our properties (Entra Service AS). In 2006 the activities of this company were transferred to Entra Eiendom AS. On 1 October 2006 Entra Eiendom acquired 51% of the shares in the property development company Optimo AS. In addition Entra Eiendom has shareholdings in 5 further companies. Please see note 4 for a summary of subsidiaries, jointly owned businesses and associated companies.

The subsidiaries have their own internal boards, and the members of these boards are the internal managers and employees. The Chief Executive Officer of Entra Eiendom is the chairman of the subsidiaries' boards. All of the company's internal boards have a gender distribution that complies with the 40 % rule. Members of internal boards are not remunerated for their work.

As of 31 December 2006 the Group had 143 employees, working 140.3 man years. Except for one employee at the subsidiary Papirbredden Eiendom AS and 19 employees at Optimo AS, all of the employees at the Group are employed at the parent company.

Group management

The Group's management group consists of 9 people. The Chief Executive Officer is Erik Løfsnes. In addition to him, the management group consists of the heads of the 3 main business areas (Projects/Development, Market and Technical Services), the Chief Financial Officer, the Director of Investment and Finance, the Director of Human Resources, the Director of Communications and the Director of Strategy. The management group has regular weekly meetings.



Grensen 92 (G.92) in Oslo



How the Tax Inspectorate (of the Internal Revenue) rounded approx. 7000 liters of alcohol to improve the organization of the computer hall.



Pump basin 5 is checked.



The curling team in Entra. Bjorn Nordstrom, Pål Hermansen, Ståle Ottesen and Teje Orstoye



NAME: Pål Hermansen
POSITION: Operations manager for Østlandet region
AGE: 42
Has worked for Entra since 2003

What I particularly enjoy about my workday is the camaraderie with great co-workers and the various challenges my work as operations manager entails. There are no monotonous routines here. It is inspiring to make sure our customers are sa-

Our Business - Strategic Focus

Entra Eiendom AS is charged by its shareholders with achieving a good market 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 a market rate 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.

The company 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 seeks 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.

ONGOING STRATEGIC REVIEW

Entra's overall strategy, as set out in the Business Plan, is reviewed every three years. One of these reviews was carried out during the spring and summer of 2006, as part of our ongoing strategic review.

The strategy should set out Entra's overall objectives in general terms, and provide a framework that allows the company to be as successful as possible. Entra has so far provided a good rate of return, whilst also fulfilling the company's ambitions in terms of corporate social responsibility in areas such as working conditions, the environment, energy, culture and architecture. These issues have been at the heart of the company's main aims for a long time, and Entra constantly tries to improve its performance in these areas.

The goals of the strategic review are to:

- Formulate a commercial interpretation and clarification of the company's operating framework
- Lay the foundations that will allow the company's

property portfolio, financial resources and human capital to be managed in an appropriate manner

- Define Entra's business concept
- Review our current values, vision and overall objectives. Ensure that the company meets its social obligations throughout the organisation
- Develop main strategies that match the motivations and expertise of the human capital with the company's ambitions and priorities
- Develop practical strategies and plans of action for Entra, with a focus on the fields of property management, marketing, finance and human capital
- Find an appropriate organisational structure for Entra, and review it regularly

Entra Eiendom's activities are based a corporate governance model that ensures the compatibility of its strategic choices and operational activities. The successful implementation of the company's strategies is secured through a management model with procedures and tools for auditing and follow-up.

Entra has a framework for formulating goals for employees and evaluating their performance, in line with its chosen strategies. The company's aims and strategies are broken down into individual goals for the operational units, see Fig. 1 page 74.

Entra's business plan is the Board's most important corporate governance document, and the Board has overall responsibility for the company's strategic direction and development. The business plan sets out the company's vision, business concept and overall objectives. The key elements to Entra's business are being a good host, playing an active role throughout the value chain of the property industry and fulfilling the company's social obligations.

FIG. 1

IMPLEMENTATION OF STRATEGIES

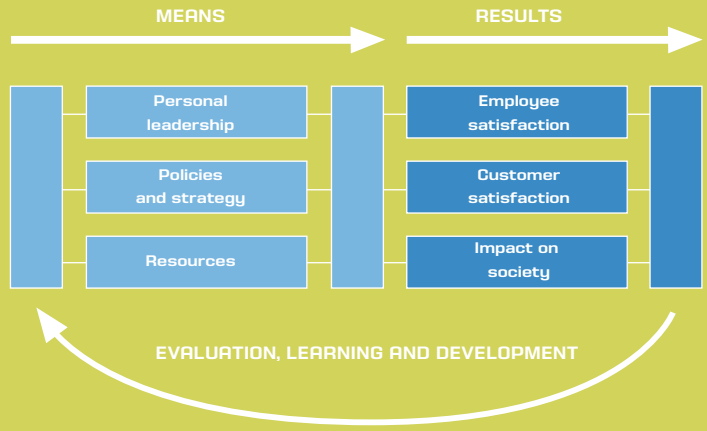
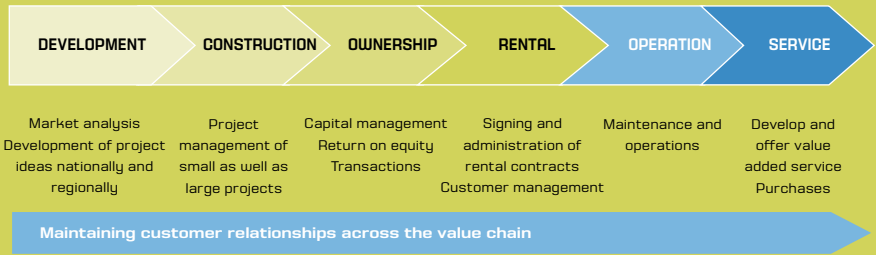


FIG. 2

VALUE CHAIN

Entra Eiendom carries out all functions within the value chain.



The most important strategic change over the past year was the reorganisation of the company's services department. The separate subsidiary that had provided property management services was closed down, and these activities were integrated into the parent company's main operations. We want our customers to realise that Entra is a service-oriented company, which takes its role as a host seriously, day in, day out. For the company as a whole, this strategic choice means that we will continue to focus on our core activities.

THE ENTRA MODEL

During 2006, Entra produced a new model for corporate governance called the Entra model. The reason for developing it was that in 2005 we implemented a new organisational model to provide better support to the value chain, and to lay the foundations for the continued development of the company. Establishing and quality assuring good work processes has been part of our ongoing efforts to minimise risk. The company's aim of improving the way in which it meets its obligations to society is an integrated part of the model. The Entra model was developed with a large amount of employee input. It was done in consultation with the management, and with the support of the Board, the Audit Committee and the employee organisations. The Entra model has been quality assured by Det Norske Veritas (DNV). DNV has verified that the Entra model provides a good basis for ensuring effective and focused corporate governance at Entra Eiendom. The Entra model integrates overall governance with procedures for support functions and core activities in the value chain.

Its stipulations provide the necessary guidelines to the value chain and support functions. They shall also help to ensure that Entra achieves its strategic goals in a way that makes Entra a reliable and trustworthy partner. One of the important aspects of the model is that it sets out the values and principles that form Entra's view of corporate social responsibility through policies in areas such as the external environment, HSE, quality, ethics, socially responsible purchasing and good working environment.

The support functions shall help to ensure that our core activities can be carried out effectively and to a high standard. The support functions make it possible to manage the properties in a professional manner and allow good purchasing routines.

The value chain, Fig. 2 page 74 includes all processes that are necessary in order to perform Entra's role as a good host. These core processes shall add value for our customers and have a clear interface with them. Our procedures within the value chain shall, with the help of practical tools, turn our strategy and principles for corporate social responsibility into work processes.

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 as its 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.

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 leasing from us again. The company's customer survey in 2006 showed the level of customer satisfaction to be 90 percent.

PROJECT DEVELOPMENT

Developing new and existing properties is an important part of a property company's activities. At Entra Eiendom, development and construction form the first links 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 objectives is that 15 percent of our portfolio at any given time shall be development properties. At the close of 2006 Entra Eiendom had a portfolio of around 987,900 m², of which 189,900 m² was being developed.

In the white paper on setting up Entra Eiendom, the chapter on "The Government as a client and property manager from the point of view of society" determined that the company shall

- be a driving force in the development of a more environmentally friendly building and construction industry
- set a good example in areas that relate to town and regional development, cultural conservation, research and other development activities
- facilitate pilot projects for the testing of new technologies that will provide a solid foundation for setting new standards within the sector
- have a particular responsibility for architecture and aesthetics

As a major player in the Norwegian property industry, Entra is very conscious of its role in developing regions and towns. The company influences how communities develop. Good

communication and interaction with communities are therefore important criteria for the success of our projects. Communicating well with the authorities and other stakeholders is important to us. Examples of areas where Entra Eiendom has played an active role in urban or regional development projects include Kjørbo in Bærum, which we want to open up to the public, Brattørkaia in Trondheim, where we want to link the city to the sea, the Nonneseter quarter in Bergen and, through our stake in Oslo S Utvikling AS, Bjørvika in Oslo, where we want to play a major part in the development of the area.

In 2006 our project development department audited and enhanced its quality systems. The aim was to increase the profitability of projects by increasing the quality of actions and decisions, the amount of materials recycled and the transfer of experience. We have introduced more systematic procedures and tools for key decision points during the implementation of projects. This will improve the quality, documentation and traceability of important decisions. The quality system has been established, and work on making it operational will continue into 2007.

Entra Eiendom aims to have a good working environment, and believes in the principle of equal pay for equal work. Entra therefore applies collective wage agreements to all of its employees. There is also a strong focus on Health, Safety and the Environment (HSE) in our projects. During the implementation phase we specify that contractors have to fulfil certain requirements, and when choosing contractors we always aim to use companies that have a good record on HSE issues.

Entra's property portfolio has been reviewed with respect to cultural heritage features. The Directorate for Cultural Heritage has completed its assessment of our plan for the protection of our buildings. The final result in terms of long-term protection through listing depends on the priorities of the Directorate for Cultural Heritage, but from our point of view it now means that we know which buildings must be treated as if they were listed. It is very important that we continue to work closely with the Directorate for Cultural Heritage, in order to ensure that the individual cases are handled in such a way that there is enough flexibility for the future use and development of the buildings. The foundations have been put in place for developing MOM routines for the individual properties' cultural heritage features, and work on practical implementation has begun.

Current projects

Entra Eiendom has acquired the properties in the Kjørbo region of Bærum, and will formally take over the properties in the summer of 2007. In connection with that, a new zoning plan is being developed for the area. Our ambition is to develop what has been purely an industrial estate into a mixed zone with a

lively town park and businesses. The area will be made into a recreation and leisure area for the public. This is just one example of Entra Eiendom's ability and willingness to take on social responsibility.

On the basis of the property at Kjørbo, Entra participated in the competition for the premises for the new Asker and Bærum police station. In the summer of 2006 it was announced that Entra had beaten off the competition of four other pre-qualified bidders. The main reason for Entra winning the contract was that its project offered by far the best practical solutions, it had a track record of delivering, and it had relevant experience and was financially sound both for the construction and lease phases. The proposed project will offer approx. 12,000 m² of floor space, of which 7,000 m² will come from rehabilitating the existing property. Hand over is scheduled to take place around the turn of the year 2008/2009. Work on the pre-project has started, and in parallel with this we are looking for tenants for the rest of the premises in the area.

In 2005 Entra Eiendom and the City of Oslo signed an agreement on the purchase of the properties at Pilestredet 28 and 30 A and B. As part payment for the properties, Entra Eiendom undertook to rehabilitate the property at Pilestredet 30 C for the City of Oslo. The Blitz youth centre is the current and future user of Pilestredet 30C. Most of the building needs complete rehabilitation, and it will be turned into a multi-purpose culture centre for young people. The buildings at Pilestredet 30 A and B are to be refurbished and converted into a mixture of small flats, bed sits and shared flats. All of the flats will be run by the Church City Mission. There will also be a museum flat in 30 B, in memory of Edvard Munch, who lived in the block when he was young. The work on the reconstruction and refurbishment of Pilestredet 30 A, B and C will be designed and implemented in such a way that the final appearance of the building is as close as possible to that of the original building. The completion of the purchase is subject to approval of a new zoning plan for the area, which is currently being looked at by the Agency for Planning and Building Services.

We are aiming to develop a new office complex on a site with planning permission at the back of Schweigaards gate 15. Entra Eiendom therefore held a concept competition for the design of a modern office building. The competition also covered how to connect the building to the station area bridge over the railway lines and communications between the bridge and the square adjoining Schweigaards gate. The jury selected the proposal entitled "Oslo Z", designed by Lund & Slaatto Arkitekter AS. The winning design comprises 18,200 m² of gross floor space. The pre-project started in the autumn of 2006, and the building will be completed in the summer of 2009 at the earliest.

The Ministry of Culture and Church Affairs is looking at

the possibility of moving the new National Museum of Art, Architecture and Design to a single site. The project is a collaboration between Statsbygg and Entra Eiendom, and aims to come up with an outline proposal for a new building for the National Museum in the Tullinløkka area of Oslo. Entra is involved on account of its ownership of a number of properties in Kristian Augusts gate. An international architectural competition is planned for the design of the museum building, and the competition specification will be ready in the near future.

Outline planning permission has been given for a new building in the Nonneseter quarter of Bergen, and work has started on the project. The City Treasurer of Bergen, the Bergen Tax Office, the Hordaland County Tax Collection Office and the Hordaland County Tax Office will move to shared offices occupying 12,500 m² of the 17,200 m² building.

At Akersgata 51 in Oslo, work on the total rehabilitation and conversion of this 18,800 m² building started in 2006.

The conversion of the old Aftenposten building involves conceptual changes, including new vertical communication, the creation of light wells and the partial extension of two floors. The aim is to make the building a modern office complex with commercial premises at street level. Demolition work started in August 2006, and after a competitive tender NCC was hired as the contractor for the rehabilitation work. Estimated completion is in the summer of 2008.

A decision has been made to refurbish Langkaia 1, also known as Oslo Havnelager, in order to bring the plant and space utilisation up to modern standards. Work was started at the end of 2005, and will continue for three to four years more. The 3rd floor was the first section to be refurbished, and the lease contract for this part of the building has now been signed, with handover taking place on 1 February 2007.

At Vøyenenga in Bærum, Entra is building a new secondary school for Bærum Municipality. It is a PPP project (public private partnership), and will involve Entra financing and building the school, and operating it for a period of 20 years. The building will be handed over to the tenant at the end of January, and pupils will start using it after the winter holidays in 2007.

The Norwegian Radiation Protection Authority's premises at Østerås in Bærum are also being extended and refurbished. The work is coming on well, and the building will be handed over to the tenant on 1 May 2007. The building is fully leased for 20 years.

Work on the Centre for Regional Tax Authorities in Sandvika has been completed. The building has 6,050 m² of floor space and was handed over to the tenants at the end of November/beginning of December. In addition to housing premises for the tax collection and tax assessment authorities in Asker and Bærum, there will also be a small amount of space for businesses.

Akersgata 32 is a jointly owned building where Entra owns approx. 2,100 m² of commercial premises. The building will be completely rehabilitated in collaboration with the two other owners. The premises will become available after the building work has been completed, and work on marketing them to new tenants has started. Completion is expected on 1 March 2007.

Stovner police station is being rehabilitated and refurbished. An extra floor is being added, the entrance is being redesigned and the technical installations are being upgraded. The police station is fully operational during the work, so it is important to ensure the safety of the public and users so that the police can get on with their jobs with as little disruption as possible. The building will be handed over to the police in February 2007.

In Lillestrøm we are involved in several development projects. We have signed a lease agreement with Adidas Norge for Storgata 14 in Lillestrøm, and the building will now therefore be rehabilitated for their use.

At Torggata 3–5 we are trying to clarify the potential of this quarter, by getting a zoning plan for the area approved. At Jonas Lies gate 20–28 we are looking at various potential developments for the Romerike police force.

Companies jointly owned with municipalities

On 4 January 2005, Entra Eiendom and Drammen Eiendom KF established the joint venture Drammen Kunnskapspark AS. The aim was to move the local university college, library and innovative knowledge economy companies in the Drammen region to a single site. This involved building a 21,000 m² development, which was completed in December 2006. In the autumn of 2006, Kunnskapsparken Drammen AS was renamed Papirbredden Eiendom AS, and in addition to running the new-build, the company is aiming to continue developing the concept. The plan is to build a footbridge over the River Drammenselva. The company has bought the neighbouring building, Kulturhuset Union Scene, and vacant space there will now be developed.

Kristiansand Science Park is a joint venture between Entra Eiendom and the Municipality of Kristiansand involved in building a science park at Gimlemoen in Kristiansand. The plan is for 15,000 m² to be developed on the science park in three construction phases, and the park will offer tailor-made premises to knowledge economy and innovative businesses beside Agder University College. Phase 1, which was started in the summer of 2006, consists of 6,800 m², and is expected to be completed in September 2007.

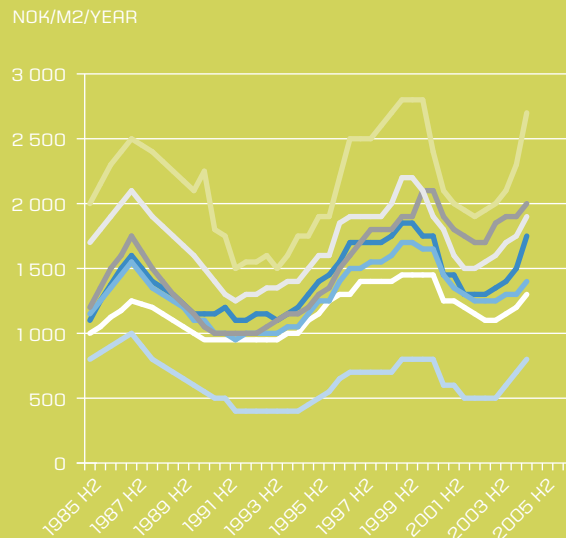
Companies jointly owned with other companies

Together with two local companies, Entra Eiendom has bought the old wharves at Brattørkaia in Trondheim. In collaboration with the City of Trondheim, the Port of Trondheim and other

FIG. 4

**OFFICE RENTS
1986-2006
NOMINAL NOK**

- Prime
- High std CBD
- Newer space CBD
- Good std CBD *)
- High std west fringe
- High std east fringe
- Older, ineffective space



stakeholders, work is now starting on developing the area. Initially this will involve agreeing on a plan for building the connection to the train station in order to link the area to the city centre. Entra Eiendom has so far rehabilitated parts of Brattørkaia 17b within the current zoning plan. Premises for the maritime departments at Sintef and NTNU have been rehabilitated and handed over. Over the coming months, further demolition and rehabilitation works will be carried out within the current planning framework.

At Bjørvika in Oslo, Entra Eiendom owns the development company Oslo S Utvikling AS (OSU) together with ROM Eiendomsutvikling and Linstow Eiendom. The company owns properties along the railway line in Bjørvika, with the potential to develop 315,000 m² of floor space in total, of which at least 200,000 m² must be used for office premises, according to the zoning plan. The development will adhere to a BARCODE concept, meaning that there will be a series of parallel strips of building with spaces between the buildings to allow views in and out of the area. The aim of the BARCODE concept is to create an accessible and diverse district.

Lease agreements have been signed for the first two buildings with PwC and Visma, and both of the buildings have been sold on in order to give OSU sufficient financial room for manoeuvre for the remainder of the development.

The PwC building covers just less than 15,000 m², of which the auditing and consultancy firm will lease a minimum of 11,000 m². Visma will lease just over 15,000 m² in the other building, which will comprise 25,000 m² of office space in total. This

will be a 17-floor landmark building, which will help to make Bjørvika a modern and attractive business district. Construction work has started on both buildings.

Competitions

In partnership with three other companies, Entra Eiendom bid to develop, build and operate a new multi-purpose facility at Termingmoen outside Elverum. The competition has been completed, and Entra Eiendom's group was not awarded the contract.

In Stavanger, Entra Eiendom is one of five pre-qualified bidders for the development of a local government complex for the county of Rogaland. The competition specification is currently being prepared, and we do not yet know when the competition will take place.

In Trondheim, Entra is bidding to be a partner in the Campus development project. The project is a collaboration between NTNU (The Norwegian University of Science and Technology), Sør-Trøndelag University College, the students' union in Trondheim and Trondheim City Council, which aims to further develop Trondheim as an attractive, creative and leading intellectual centre nationally and internationally. The competition will take place in the winter of 2006, and a contract is expected to be signed before Easter 2007.

MARKET CONDITIONS

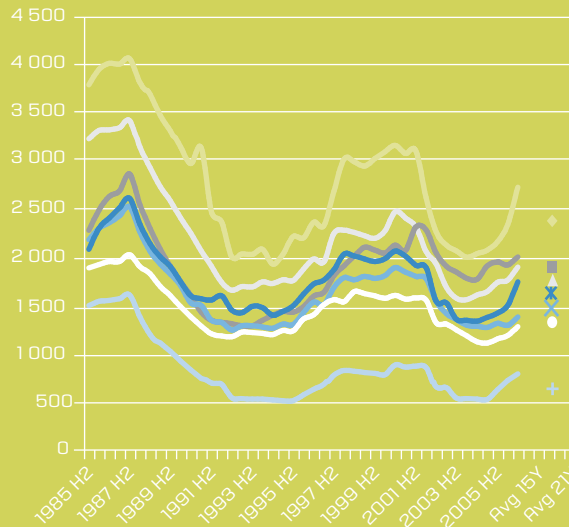
Since the middle of 2004, the property market has been experiencing an unprecedented boom. Large and small

FIG. 5

**OFFICE RENTS
1986-2006
2006 NOK**

- Prime
- High std CBD
- Newer space CBD
- Good std CBD *
- High std west fringe
- High std east fringe
- Older, ineffective space

NOK/M²/YEAR



investors now consider property investments to be both more relevant and accessible than they did just a few years ago. New, energetic players have entered the market both as owners and as developers, and returns on investments have been very high.

Rental market

In line with the strong Norwegian economy, the rental market improved significantly over the course of 2006. The most reliable indicator for the rental market is employment growth, and Statistics Norway estimates that it reached 2.9 percent in 2006. Growth estimates were raised throughout the year, and employers have upwardly revised the amount of space they need, which has increased demand for commercial premises. This has been felt particularly strongly in the office market, and premises that have been empty since the downturn in 2001-02 have finally found tenants.

The office market in the Oslo region is the largest and leading market, but it is also the most volatile segment of the rental market for commercial premises. The trends and forces that affect the market strike earlier and harder here than in other segments of the market.

The Oslo market has seen an increase in office space from approx. 6 million m² in 1990 to approx. 8.5 million m² now. During the period 1995-2003 around 250,000 m² was completed annually, and in the period before 2001 this was effectively absorbed by expanding businesses and not least public administration.

During the period from autumn 2001 to spring 2004, the market

for office premises in Oslo experienced a recession as a result of bankruptcies, efficiency measures and a total of 500,000 m² of new office space being completed in 2002 and 2003. Vacancy levels increased noticeably, reaching approx. 11 percent by the end of 2004. During the period 2002-04 average Oslo rents fell by approx. 24 percent, whilst in certain segments, particularly the segment for prestige offices, prices dropped somewhat further, probably falling around 30 percent.

Over the past two years the rental market has been growing, initially slowly, but more quickly in recent times. In 2005 the average rent rose approx. 5 percent, although this was spread unevenly between areas and segments.

In 2006 the top segment, prestige offices located mainly in Vika, rose by almost 30 percent or NOK 600/m² to NOK 2,700/m², and other high quality segments are also rising at a more moderate pace. Our belief is that rents will continue to rise rapidly through the first half of 2007.

So far during the current upturn, the trend has been for the market to become increasingly differentiated. Rents for the best premises have risen quickly as tenants have more money to spend and wish to upgrade, whilst premises of a medium standard or in less attractive locations have not experienced the same increases.

Medium to poor premises, especially ones in poor or average macro or micro locations, still have a lot of competition for tenants, as vacancies have moved to these segments after years of having been evenly distributed geographically and in terms of quality levels. The total vacancy rate for Oslo is now around

FIG. 6

**REGIONAL OFFICE RENTS
1987-2006
2006 NOK**

- Stavanger - CBD
- Stavanger - Oil
- Bergen
- Trondheim

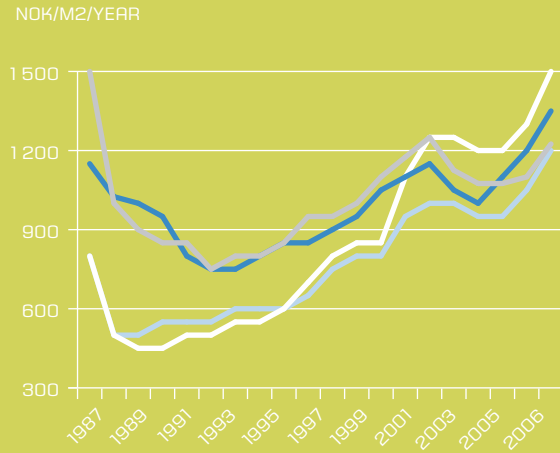


FIG. 7

**TRANSACTION VOLUME
OF COMMERCIAL PROPERTIES
(DEALS LARGER THAN
NOK 50 MILLION)**

- Office buildings
- Logistics/industrial properties
- Retail properties
- Hotels

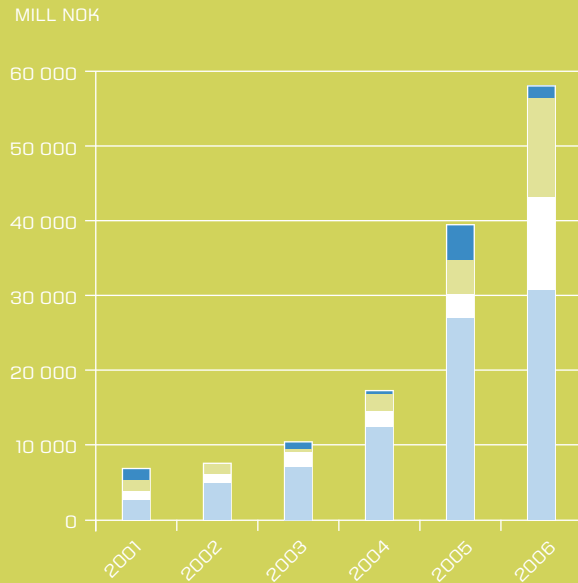
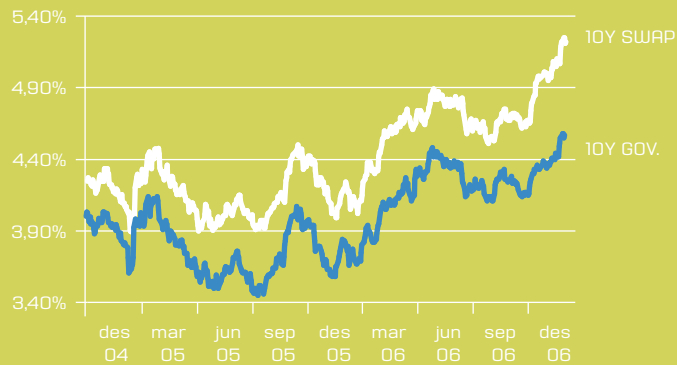


FIG. 8

**NORWEGIAN 10Y
INTEREST RATES**



8 percent, or approx. 700,000 m² of the total office space in the Oslo area.

Fig. 4 page 78 illustrates how the different office segments in Oslo have experienced rising and falling cycles since 1985.

Even though office rents have risen by almost 30% in a year in certain segments, this represents an increase over the absolute lows (in real money terms) of the last 20 years, as shown in Fig. 5 page 79. In a historical perspective, rents therefore probably remain at a moderate level, and there should be potential for further increases.

Office rents have also been rising in other Norwegian cities, with the market being particularly strong in Stavanger, helped by the boom in the oil and oil services sectors. Fig. 6 page 80 shows historical trends in the main Norwegian cities outside Oslo. Agents in Stavanger, Bergen and Trondheim are all reporting that they expect rents to reach NOK 2,000/m² for the most attractive premises in their various cities, after steep falls in vacancy rates.

The transaction market

The transaction market for commercial property is growing rapidly, and has become far more professional over the past couple of years. Confidence in the rental market was restored by the fact that rents have increased in the most central areas, and the low interest rates have resulted in many investors putting more money into property than previously. First-class properties with long contracts retained their values well during the downturn in 2002–2004, and falling interest rates have led to an increase in values due to lower required rates of return for this type of investments up until the 2nd quarter of 2005. Interest rates have risen somewhat since the turn of the year, but increasing optimism in the rental market, fuelled by expectations of increasing rents as vacancy rates continue to fall as a result of higher employment, has counteracted the impact of the interest rate rises.

Properties with short lease contracts, vacancies or other risk factors were previously viewed with a greater degree of scepticism by investors, and also by the banks. Nevertheless, over the past year and a half there has been a sharp increase in interest for properties with these kinds of risks, and their prices have also risen significantly.

The annual transaction volume for commercial property rose by 50-100 percent in 2004, 2005 and 2006, illustrated in fig. 7 page 80. The volume for 2006 looks likely to increase to NOK 60 billion. Properties are selling in record time, and although interest rates have risen 80 basis points since March 2006, fig. 8 page 80, this has so far not affected the investor market much, as rent expectations for renegotiations/new contracts have increased. The strong results delivered by property companies and investment trusts over the past year are also attracting new

investors to the market, whilst some investors who have banked profits are repositioning themselves for an upturn in other segments or areas.

Demand is continuing to increase, and in recent years a number of properties have been sold several times over the course of just a few years.. Several groups of investors have done well out of the upturn; it has not been uncommon to double your equity in syndicated projects. This development has followed international trends that have seen commercial property become an investment object.

Investing in commercial property has become very popular, and new players have entered the market, helping to push up the prices of commercial properties. New unit trusts and listed companies have made it possible for new groups of investors to invest in property. New property investment trusts are also keen buyers, along with the longer established syndicators.

Office premises are the most standard and popular properties, and are responsible for the highest volumes. In 2006 there was also a sharp increase in the volume of warehouses and retail properties. The warehouses have largely been bought by syndicators, whilst the investment trusts were responsible for several of the investments in retail properties.

Whilst there were previously quite large regional risk premiums in the form of higher required rates of return, we are now seeing that property outside Oslo is also achieving very good prices. Various investment trusts and syndicators have moved their focus towards creating portfolios with geographic diversification, whilst local investment trusts have been established in areas such as the north-west of Norway.

High activity levels in most segments

2006 saw the start of renegotiations for many large lease agreements. Many of Entra's public sector customers are reorganising their activities, which means that the premises also need to be adapted. The overall trend is that our public sector customers are in general reducing their floor space requirements. In the renegotiation process, public sector customers are also using the market to ensure that they are given the right terms and conditions. Entra Eiendom aims to be a key partner for its customers. The company's experience and expertise on reorganising and the efficient use of space is in high demand when enterprises restructure, and this gives us a competitive advantage.

Our market department has focused on establishing "best practice" in our market research, on coordinating the company's processes better and increasing our understanding of our high-priority customers. The high levels of activity in the rental market, the restructurings being carried out by our tenants and the large number of renegotiations mean that we have to be even

more professional, flexible and customer-oriented.

In the Eastern Norway Region, Grenseveien 92 has proved to be a success story in what is normally a difficult part of Oslo. At the turn of the year the building was almost fully occupied, with tenants including the tax authorities, Yara Industrier and Nexans. At Strømsveien 96 we renegotiated and extended our agreement with the Norwegian Pollution Control Authority, and a new contract has been signed with The Product Register.

In Oslo city centre a lot of work is being done at Akersgata 51 and Langkaia 1 (Havnelageret). Both properties are being completely rehabilitated, and the company is getting a lot of enquiries from potential tenants. For Akersgata 51 we have signed an agreement with a firm of solicitors, and for Langkaia 1 we have entered into an agreement with Aftenposten.

At Wergelandsveien we have signed a new agreement with The Freedom of Expression Foundation on the lease and conversion of the property into a literary centre based on equivalent concepts overseas. Together, the literary centre and the art centre in Wergelandsveien will become one of Oslo's cultural focus points. Major public events are planned for the new literary centre, which will open at the same time as the Autumn Exhibition in 2007.

At the Kjørbo property in Bærum we have signed agreements for the existing buildings with Norsk Hydro and REC. There is a lot of interest in the properties, and we will continue to develop the property along with the new-build for the Asker and Bærum police force.

In the Western Norway Region we have focused on adapting and developing our properties in order to meet the changing and new requirements of our existing customers. The Norwegian Petroleum Directorate have decided to stay in their current premises, and we have started a major development/refurbishment project in close collaboration with them.

In the Central and Northern Norway Region, Entra has been working on the rezoning of Brattørkaia and a hotel project in Krambugaten. We have signed a new lease agreement with the Norwegian Seafood Federation, and the customs house is virtually fully occupied after the National Court Administration moved out.

In the Southern Norway Region we have revised and adapted the lease agreements of our existing customers in Kristiansand and Drammen. We have also signed some small, new agreements.

Operations and maintenance

2006 was the first complete year that the operations and maintenance function was a separate department of Entra Eiendom. This has reduced the length of reporting and decision-making processes, thereby increasing efficiency. It has also meant

that Entra now has a more uniform approach to operations and maintenance right across Norway.

A programme for environmental and energy management was implemented in 2006, with a primary focus on energy saving and the external environment. Through the programme, the department is helping to achieve Entra's overall objectives and to implement the company's corporate social responsibility policy.

The programme allows us to continuously monitor the energy and water consumption of individual properties, as well as to see how much waste they produce. This is done through the automatic reading of the water and energy metres, whilst waste quantities are reported directly into our system by our waste management contractors. Entra Eiendom cooperates extensively with Enova on energy efficiency measures aimed at properties in the Oslo region and Stavanger/Bergen, and reports back to Enova on the energy savings achieved.

We have clarified what we demand of our suppliers through our contract terms. This relates to the environment in general, but also to the general application of collective wage agreements and documentation requirements to demonstrate that the company does not receive goods produced by child labour.

We will comply with the Norwegian Pollution Control Authority's requirements relating to phasing out light fittings containing PCBs within the relevant deadline, and we are a member of Ruteretur, a recycling company responsible for running the return scheme for double glazing containing PCBs.

Plans to comply with the new regulations on the marking of all double glazing containing PCBs are being prepared. We will mark such windows in 2007.

Through our membership of the "Green Building Alliance", we play a proactive role in the debate within the industry on environmental issues. Membership gives us early access to information about new requirements and guidelines. Entra's Technical Director is on the board of the Green Building Alliance.

Entra has over the course of 2006 established a comprehensive monitoring system to ensure that any outbreak of Legionnaires' disease will be discovered. The company has few facilities in the risk areas for such an outbreak, and has good preventive procedures in place.

The operation and maintenance department has an Internet-based MOM system that documents our properties, and notifies us of necessary inspections, monitoring and internal controls/HSE routines. The system acts as an ongoing quality assurance tool and keeps our documentation up-to-date. This helps save resources in our purchasing processes.

The MOM system's records of service agreements were substantially expanded over the year, in order to provide quick access to lists of suppliers and dates on which individual

agreements expire. These processes provide a good basis for renegotiations.

During the year, the department started a pilot project on the electronic purchase of goods and services. This has been tested on a small portfolio within the electronics industry.

After its first full year of operation, there are still plenty of challenges for the operations and maintenance department to deal with. However, the current platform provides an excellent foundation for satisfying our tenants' wishes and requirements even more successfully in the future.

Enova projects

In 2006 we initiated two projects that aim to optimise energy use at most of the properties that Entra Eiendom owns and runs in the Eastern Norway and Western Norway regions. The projects are supported by Enova SF, which is the government body promoting energy efficiency.

By 2009, the Enova project in the Eastern Norway Region aims to reduce energy consumption by approx. 11 percent at the 33 existing buildings that are covered by the project, which have total floor space of approx. 400,000 m². Two new builds of approx. 25,000 m² in total are also involved in the project.

The buildings covered by the project are in Drammen, Sandvika, Oslo, Lillestrøm and Østfold.

In the autumn of 2006 a corresponding Enova project was started for all of Entra's properties in Stavanger and Bergen. By 2010, that project aims to reduce energy consumption by approx. 16 percent at the 13 buildings involved, which have total floor space of approx. 97 000 m². There is also one new-build in Bergen involved.

Both of the Enova projects involve staff from our marketing, project and operations departments. Seven analyses have been carried out at various buildings in the Eastern Norway Region in order to uncover potential energy-savings measures. These analyses have also been used as background material for rehabilitation projects that are being started or that are underway.

In 2006 the company continued using its system for energy and waste reporting for all of its properties. The results can be used to motivate tenants to reduce waste quantities and energy consumption.

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.

We have 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. A performance related pay scheme is a way of increasing awareness of 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 bonuses act as an incentive, both in terms of attracting expertise and in terms of retaining our core competence.

Values

We would like to highlight the following of Entra's 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

Living up to our values plays an important part in achieving our overall objectives.

Management requirements

Entra sets high standards for all of its managers. They 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 aims to act honestly and responsibly in all contexts, and cares about attitudes, values and ethics. We set equally high demands on our partners and business contacts. We have established ethical guidelines for the company. They have put us in a better position to deal with potential problems, and have highlighted some of the issues involved. There have been no incidents of corruption at Entra.

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 competence and will enter into alliances with strong specialist groups where this makes sense. Using a systematic approach to skills development, we are developing a future-orientated, customer-friendly organisation in which both the culture and the infrastructure encourages skills sharing. Customer and employee surveys are key sources of information in our development and improvement work.

The company has a structure with short paths between customers and decision-makers, and 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 individual employee to feel that they have a stake in and care about the work and development of the company.

We measure employee satisfaction annually. It is important to Entra that our employees are happy, because there is a link between high levels of employee satisfaction, high levels of customer satisfaction and good financial results.

In 2006 the company achieved the highest level of employee satisfaction since this was first measured in 2001: 90.4 percent. This is 10 percent higher than our target. Although satisfaction levels are very high, there are areas for improvement. The results from the survey are being evaluated and action plans will be drawn up for work on improvements.

Number of employees

At the close of 2006, Entra Eiendom had 143 employees in total. This was equivalent to 140.3 man-years. That was 20 more employees than at the close of 2005. The increase was due to the acquisition of 51 percent of the shares in Optimo AS, which has 19 employees.

Staff turnover

Staff turnover in 2006 was 7.7 percent. This was 1.2 percent less than in 2005. If you ignore natural wastage, staff turnover was 4.2 percent. For 2006, we set a turnover target of between 4 and 12 percent.

Equal opportunity

In 2006, 25.1 percent of Entra Eiendom's employees were women. This is 1.5 percent more than in 2005. Around 60 percent of our staff are involved in the operation of our properties. These positions generally require technical training, and it is very rare

for there to be female applicants to them. Three women work in operations, and it is proving very difficult to increase the number of women in these kinds of positions.

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

The proportion of women on the administrative staff was 42 percent. Two managers were recruited in 2006, one of whom was a woman.

5.6 percent of the workforce at Entra works part-time, of whom 62 percent are women.

Sickness absence

Sickness absence at the company was 5.19 percent of total working hours. This was a reduction in the level of sickness absence of 0.8 percent compared with 2005. Sickness absence in 2006 was just over half a percent higher than our ambitious goal for the year. During all of the quarters of 2006, the company had lower sickness absence than in 2005. During all of the first three quarters (4th quarter figures are not yet available), sickness absence at Entra Eiendom was lower than overall sickness absence in Norway, and lower than that of the building and construction industry, commercial services and property management.

Inclusive working life

In 2002 Entra Eiendom entered into an agreement on inclusive working life, which has focused particularly on preventing sickness absence. We hold regular seminars for managers and other key personnel on the subject of inclusive working life, with a particular focus on work to reduce sickness absence.

The company had the following operational targets for its work on inclusive working life in 2006:

- 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

Competition for employees is expected to be strong in the coming years. In connection with this, we also anticipate strong competition for older Norwegian workers. To counteract early retirement from working life, there has been an emphasis on inclusive working life and policies for older workers. Entra has designed a phase of life policy that focuses on older workers from the age of 55 upwards. The company expects this to have a positive influence on retirement ages. The average retirement age was approx. 64 years old for employees who retired in 2006, which was about the same as in 2005.

Working environment

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

There were no fatal accidents at Entra Eiendom in 2006, nor were there any recorded accidents or incidents that caused serious personal injury.

Cooperation

Cooperation with employee organisations was good and constructive in 2006, and made a positive contribution to the running of the company. We hold four contact forum meetings each year, in addition to various more informal information, discussion and negotiation meetings. The contact forum meetings provide an arena for the mutual exchange of information between the parties.

SPONSORSHIP ACTIVITIES

Entra Eiendom's sponsorship activities shall:

- create positive associations with the company and strengthen the Entra Eiendom brand in our most important areas of focus, particularly with our customers and the authorities.
- help to build networks and emphasise the importance of customer service.
- demonstrate Entra's social responsibility and values.
- create a sense of commitment, motivation and pride amongst Entra's employees.
- be a commercial investment for Entra.

Entra Eiendom has mainly chosen to focus its sponsorship activities on sport and culture.

The company is the main sponsor of Ridderrennet, the annual skiing competition held at Beitostølen for disabled athletes. Being a part of Ridderrennet gives us associations with 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 Eiendom is the main sponsor of the Vålerenga ice hockey team. 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 team's exploits in the rink. Like us, they know that you have to trust your own ability to develop and cooperate in order to compete at the highest level. Employees, partners and customers have greatly enjoyed watching many exciting matches at Jordal Amfi in 2005. The arena is also used for internal events at which humour and

competitions are used to weld employees together.

The company has signed collaboration agreements with Vålerenga, Brann, Rosenborg and Start, which are football teams from Oslo, Bergen, Trondheim and Kristiansand respectively.

Our sponsorship of top flight football makes us visible in these important geographic areas, and helps to improve personal customer relationships.

Entra has 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 Eiendom AS 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.

We also have a collaboration agreement with the Norwegian Folk Museum. In 2005 we helped to restore the restaurant at the museum. In 2006 we started work on upgrading the area in front of the restaurant. It is a pleasure for Entra Eiendom AS to be able to contribute to this.

In 2005, Entra entered into a five year collaboration agreement with the National Museum of Art, Architecture and Design. White paper 84, which dealt with the establishment of Entra Eiendom AS, emphasised the importance of Entra's influence on society, and gave the company a special responsibility for architecture and aesthetics. In addition to its purely commercial aims, our sponsorship activities therefore also help to fulfil the task that we have been given by our shareholders.

The agreement makes Entra Eiendom AS the main sponsor of the National Museum for the duration of the agreement.

Entra is also one of the main sponsors of Kosmorama, the Trondheim International Film Festival.

The festival was established and first held in 2005. It has grown far more quickly than the other Norwegian film festivals, and has made a strong impact in central Norway, receiving extensive media coverage at both the regional and national level.

Investing in Trondheim fits in with the company's strategy. We believe that part of our responsibility to society is to put back some of the value that we add into the local community. The festival has helped Entra to increase recognition of its brand name in Trondheim, in line with our marketing strategy. At a regional level the festival is used as a perk for customers and employees. Our sponsorship of Kosmorama also gives us exposure at a national level.

The company supports the environmental charity Bellona by advertising our support for its cause on its website.

Entra has an agreement with Haga Golfpark which is primarily a commercial arrangement to offer leisure activities to our employees.

Co-worker Solweig (Varnes Solbakken) at the office



Winter day at the County house, Kristiansand



Skien custom-house



Solweig, Siri and Øystein



Vestre Strandgate 21

Kristiansand



NAME: Mari Fjærbu Åmdal
POSITION: Technical responsibility for Sørlandet region
AGE: 39
Has worked for Entra since 2003

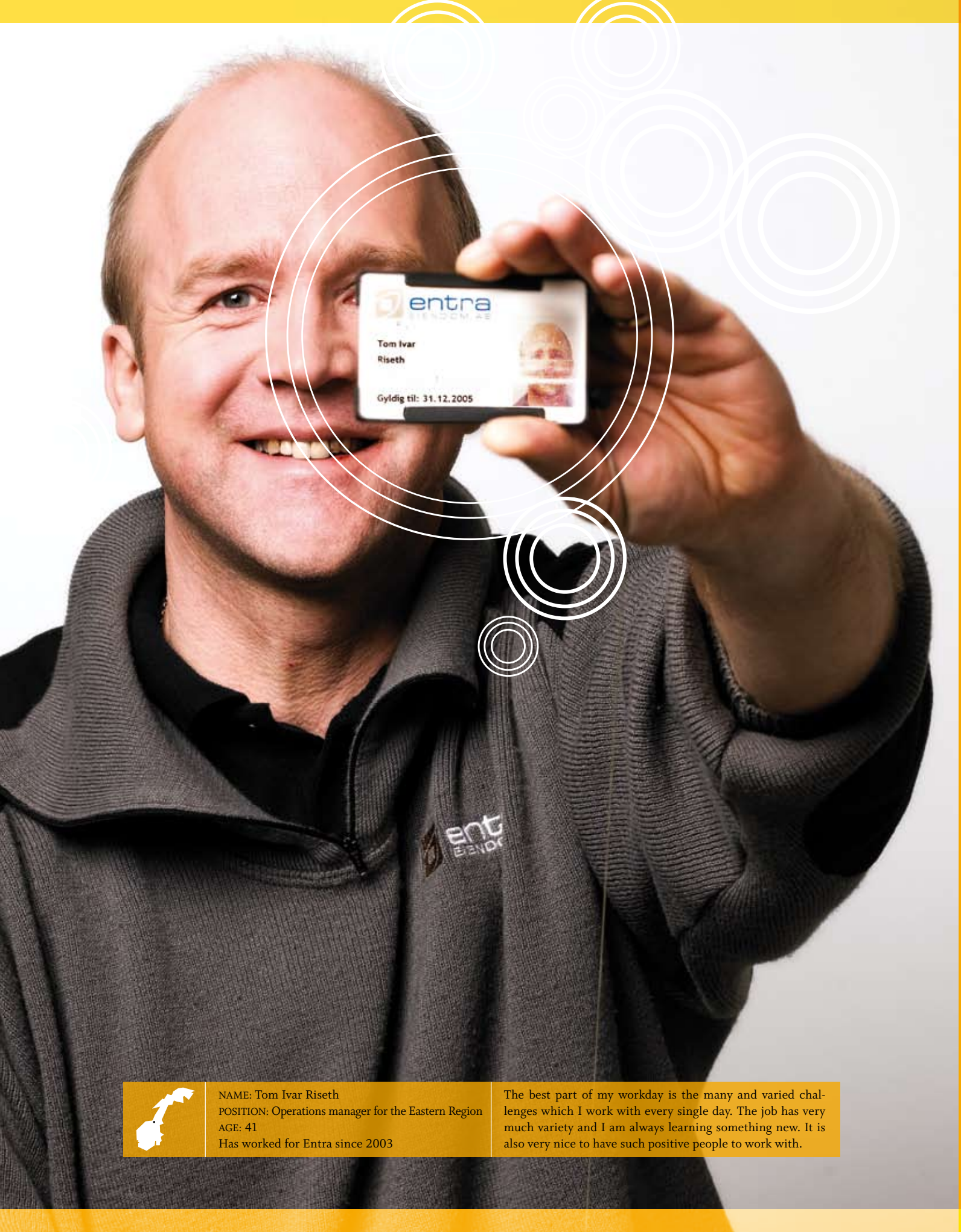
My favourite part of the work is that there is so much variety in the job and I deal with property, technology and people. There is always something to strive for in Entra and the atmosphere among my co-workers is

Property Index

PROPERTY	PLACE	TOTAL	OFFICES	BTA		
				EDUCATIONAL	DEVELOPMENT	OTHER
Kirkegaten 2B	Arendal	5 808	5 808	-	-	-
Kystveien 2	Arendal	871	871	-	-	-
Firmaleilighet, Beitostølen	Beitostølen	150	-	-	-	150
Allehelgensgate 6	Bergen	14 508	14 508	-	-	-
Kaigaten 9	Bergen	9 823	9 823	-	-	-
Kalfarveien 31	Bergen	8 069	8 069	-	-	-
Nonneseterkvartalet	Bergen	17 500	-	-	17 500	-
Spelhaugen 12	Bergen	8 938	8 938	-	-	-
Strømgaten 1/Marken 37	Bergen	6 366	-	6 366	-	-
Tollbualmenningen 2A	Bergen	1 823	1 823	-	-	-
Valkendorfs gate 6	Bergen	13 536	13 536	-	-	-
Molovegen 10	Bodø	5 567	5 567	-	-	-
Tollbugata 2	Bodø	894	894	-	-	-
Grini næringspark 13	Bærum	4 404	-	-	4 404	-
Ringstabekkveien 105	Bærum	13 050	-	-	13 050	-
Vøyenenga skole	Bærum	6 620	-	-	6 620	-
Grønland 32	Drammen	7 331	7 331	-	-	-
Hans Kiærsgate 1B	Drammen	1 880	1 880	-	-	-
Konggata 51	Drammen	3 403	-	3 403	-	-
Kunnskapsparken Drammen	Drammen	21 638	-	21 638	-	-
Nedre Storgate 18	Drammen	4 640	4 640	-	-	-
Brochsgate 3	Fredrikstad	4 130	4 130	-	-	-
Gunnar Nilsensgate 25	Fredrikstad	4 370	4 370	-	-	-
Tollbodbygga 2	Fredrikstad	1 765	1 765	-	-	-
Instituttveien 24	Kjeller	27 135	-	27 135	-	-
Firmahytte, Kragerø (Solsiden 1-3)	Kragerø	312	-	-	-	312
Gamle Kragerøvei 9	Kragerø	915	915	-	-	-
Løkkebakken 20	Kragerø	528	528	-	-	-
Fjellanlegg	Kristiansand	1 130	-	-	-	1 130
Gimlemoen 19	Kristiansand	6 821	-	-	6 821	-
Kongsgård Allé 20	Kristiansand	12 253	-	12 253	-	-
Lømslandsvei 23	Kristiansand	1 402	1 402	-	-	-
Lømslandsvei 24	Kristiansand	192	192	-	-	-
Lømslandsvei 6	Kristiansand	1 445	1 445	-	-	-
Markensgate 19	Kristiansand	5 047	-	-	-	5 047
St. Hansgate 1	Kristiansand	469	469	-	-	-
Tordenskioldsgate 65	Kristiansand	24 704	24 704	-	-	-
Tordenskioldsgate 67	Kristiansand	656	656	-	-	-

PROPERTY	PLACE	TOTAL	OFFICES	BTA		
				EDUCATIONAL	DEVELOPMENT	OTHER
Vestre Strandgt 21	Kristiansand	1 707	1 707	–	–	–
Storgata 19A	Larvik	1 765	1 765	–	–	–
Jernbanegata 15	Levanger	2 557	–	–	2 557	–
Jonas Lies gate 20–28	Lillestrøm	8 137	8 137	–	–	–
Nittedalsgata 2B	Lillestrøm	2 970	2 970	–	–	–
Jeløgata 2	Moss	946	946	–	–	–
Kongensgate 44	Moss	3 010	3 010	–	–	–
Prins Chr. Augusts plass 3	Moss	4 743	4 743	–	–	–
Vogtsgate 17	Moss	9 517	9 517	–	–	–
Jernbanegaten 4	Mysen	603	603	–	–	–
Akersgaten 32	Oslo	2 170	–	–	2 170	–
Akersgaten 34	Oslo	3 279	3 279	–	–	–
Akersgaten 36	Oslo	1 619	1 619	–	–	–
Akersgaten 51/Apotekegggt. 6	Oslo	16 296	–	–	16 296	–
Biskop Gunnerus' gate 6	Oslo	9 150	9 150	–	–	–
Biskop Gunnerus' gate 6	Oslo	50 576	50 576	–	–	–
Brekkeveien8/19	Oslo	14 360	–	–	14 360	–
Brynsengfarete 4 og 6 ABC+F	Oslo	35 605	35 605	–	–	–
Cort Adelersgate 30	Oslo	15 601	–	15 601	–	–
Drammensveien 60	Oslo	3 000	–	–	3 000	–
Drammensveien 42	Oslo	36 380	36 380	–	–	–
Dronningensgate 16	Oslo	13 026	13 026	–	–	–
Fredrik Selmers vei 4	Oslo	32 372	32 372	–	–	–
Fritznersgate 12	Oslo	820	820	–	–	–
Grenseveien 92	Oslo	14 700	14 700	–	–	–
Hagegata 22	Oslo	13 592	13 592	–	–	–
Henrik Ibsensgate 10	Oslo	12 414	12 414	–	–	–
Kristian Augusts gate 15	Oslo	6 231	–	–	6 231	–
Kristian Augusts gate 21	Oslo	3 296	–	–	3 296	–
Kristian Augusts gate 23	Oslo	8 736	8 736	–	–	–
Langkaia 1A	Oslo	39 710	–	–	39 710	–
Middelthunsgate 29	Oslo	21 170	21 170	–	–	–
Pilestredet 19–21	Oslo	7 098	7 098	–	–	–
Schweigaardsgate 15	Oslo	23 680	23 680	–	–	–
St. Olavsgate 4	Oslo	4 110	–	4 110	–	–
Strømsveien 96	Oslo	18 163	18 163	–	–	–
Tollbugata 1A	Oslo	8 760	8 760	–	–	–
Tordenskioldsgate 12	Oslo	12 920	12 920	–	–	–

PROPERTY	PLACE	BTA				
		TOTAL	OFFICES	EDUCATIONAL	DEVELOPMENT	OTHER
Tvetenveien 22	Oslo	4 126	4 126	-	-	-
Universitetsgaten 2	Oslo	41 540	41 540	-	-	-
Wergelandsveien 27/29	Oslo	6 187	-	6 187	-	-
Youngskvartalet	Oslo	2 000	-	-	2 000	-
Øvre Slottsgate 2B	Oslo	5 052	5 052	-	-	-
Aasta Hansteens vei 10	Oslo	5 393	5 393	-	-	-
Storgata 162	Porsgrunn	1 314	1 314	-	-	-
Sverresgate 20	Porsgrunn	2 519	2 519	-	-	-
Strandgata 10	Risør	555	555	-	-	-
Sandarveien 1	Sandefjord	797	797	-	-	-
Tollbugata 1	Sandefjord	1 099	1 099	-	-	-
Malmskriverv 2-4/Øvre Torvv.1	Sandvika	20 393	20 393	-	-	-
Malmskriverveien 18-20	Sandvika	9 686	9 686	-	-	-
Storgaten 14	Skedsmo	2 392	-	-	2 392	-
Torggata 3-5	Skedsmo	683	-	-	683	-
Holbergsgate 6	Skien	2 901	2 901	-	-	-
Langbrygga 1	Skien	1 250	1 250	-	-	-
Telemarksgaten 11/Lundegate 4	Skien	4 293	4 293	-	-	-
Lerviksveien 32 og 36	Stavanger	9 048	9 048	-	-	-
Nytorget 1	Stavanger	5 215	5 215	-	-	-
Proff. Hanssensvei 10	Stavanger	24 152	24 152	-	-	-
Skansegaten 2	Stavanger	2 705	2 705	-	-	-
Tollpakkehuset	Stavanger	1 722	-	-	-	1 722
Grønnegata 122	Tromsø	6 700	6 700	-	-	-
Grønnegata 126	Tromsø	178	-	-	-	178
Strandgata 41	Tromsø	5 893	5 893	-	-	-
Strandveien 13	Tromsø	11 374	11 374	-	-	-
Vestregata 65	Tromsø	132	-	-	-	132
Brattørkaia 13B	Trondheim	6 502	6 502	-	-	-
Brattørkaia 14B	Trondheim	3 984	-	-	3 984	-
Brattørkaia 16	Trondheim	4 014	-	-	4 014	-
Brattørkaia 17A	Trondheim	3 100	-	-	3 100	-
Brattørkaia 17B	Trondheim	22 500	-	-	22 500	-
Brattørkaia15A og B	Trondheim	11 250	-	-	11 250	-
Dronningensgate 2	Trondheim	5 130	5 130	-	-	-
Erling Skakkessgate 25	Trondheim	3 547	3 547	-	-	-
Kongensgate 87	Trondheim	10 505	10 505	-	-	-
Krambugata 3	Trondheim	3 618	-	-	3 618	-
Olav Tryggvasonsgate 3	Trondheim	375	-	-	375	-
Tungasletta 2	Trondheim	14 558	14 558	-	-	-
Storgaten 51	Tønsberg	4 599	4 599	-	-	-
		987 854	692 561	96 693	189 930	8 671



NAME: Tom Ivar Riseth
POSITION: Operations manager for the Eastern Region
AGE: 41
Has worked for Entra since 2003

The best part of my workday is the many and varied challenges which I work with every single day. The job has very much variety and I am always learning something new. It is also very nice to have such positive people to work with.

Contacts

GROUP MANAGEMENT

Chief Executive Officer

Erik Løfsnes
el@entraeiendom.no

Chief Financial Officer

Kjell Otto Larssen
kol@entraeiendom.no

Group Controller

Jørn Tangen
jta@entraeiendom.no

Director of Communications

Mona Jacobsen
mja@entraeiendom.no

Director Human Resources

Sverre Vågan
sva@entraeiendom.no

Director Investment and Finance

Cay Bakkehaug
cba@entraeiendom.no

Director of Strategy

Rune Olso
rol@entraeiendom.no

Director Projects and Development

Torodd Bøystad
tbo@entraeiendom.no

Director of Market

Anne Kathrine Slungård
aks@entraeiendom.no

Technical director

Nils Fredrik Skau
nfs@entraeiendom.no

Finance Director

Astrid Tveten
atv@entraeiendom.no

Visiting address:

Biskop Gunnerus gate 14
0512 Oslo
Postal address:
P.O.Box 3
0051 Oslo
Telephone: +47 21 60 51 00
Fax: +47 21 60 51 01

EASTERN NORWAY REGION

Regional Director

Jon Tallberg
jtb@entraeiendom.no

Visiting address:

Biskop Gunnerus gate 14
0051 Oslo
Postal address:
P.O. Box 3
0051 Oslo
Telephone: +47 21 60 51 00
Fax: +47 21 60 51 01

SOUTHERN NORWAY REGION

Regional Director

Solveig Varnes Solbakken
svs@entraeiendom.no

Visiting address:

Tordenskioldsgate 67
4614 Kristiansand
Postal address:
Servicebox 524
4605 Kristiansand S
Telephone: +47 38 70 11 00
Fax: +47 38 70 11 01

WESTERN NORWAY REGION

Regional Director

Jorunn Nerheim
jne@entraeiendom.no

Visiting address:

Kaigaten 9,
5016 Bergen
Postal address:
P.O. Box 302 Sentrum
5804 Bergen
Telephone: +47 55 56 83 00
Fax: +47 55 56 83 01

CENTRAL AND NORTHERN NORWAY REGION

Regional Director

Karl Fredrik Torp
kft@entraeiendom.no

Visiting and postal address:

Erling Skakkesgate 60
7012 Trondheim
Telephone: +47 73 99 13 50
Fax: +47 73 99 13 51

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ENTRA EIENDOM

Biskop Gunnerus' gate 14

P.O. Box 3

0051 Oslo

Telephone: +47 21 60 51 00

www.entraeiendom.no

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