

THE AVANTOR GROUP – 4th QUARTER REPORT 2002

The Avantor Group's pre tax profit for the 2002 financial year was NOK 59.7 mill compared with NOK 36.8 mill for 2001, corresponding to 3.07 per share (1.87).

During the 1st quarter of 2002 the company entered into an agreement with the Norwegian School of Economics and Business Administration (BI), where BI has decided on Nydalen as their new collective location for their Oslo entities. The development has been given the necessary approvals and construction commenced in the 4th quarter 2002.

During the 2nd quarter 2002 the property Malmskriveveien 35 in Bærum was sold and Gjerdrums vei 4 was completed as Agresso's new headquarters.

At the turn of the year Avantor had 93 700 m² of premises under development/construction.

During 2002 Avantor entered into tenancy agreement for premises totalling 74 050 m² with an annual rental value of NOK 138.1 mill.

As per January 1st 2003 Avantor had approximately 600 000 m² of commercial real estate under management, of which 385 000 m² is on behalf of Industrifinans Næringseiendom ASA (IFN).

The board's recommendation is not to pay dividends for 2002.

PROPERTY DEVELOPMENT

Currently Avantor has 93 700 m² under construction, and the remaining development potential is approximately 100 000 m² of office space and a residential project with 400 units. The projects under construction are:

- Torgbygget, totalling 19 300 m², which is Nydalen's central service building containing a hotel, offices and shops. The building is scheduled to be completed in June 2003.
- Gjerdrums vei 19, an office building totalling 7 100 m² BRA will be completed in March 2003. Visma Services AS has signed a leasing contract for approximately 1/3 of the building.
- The BI Campus Nydalen project, on behalf of BI, is moving along according to plan. Groundwork commenced in December 2002 and the project, totalling 65 000 m², is estimated completed in June 2005.

Oslo City Council approved during the 4th quarter 2002 the regulatory plans for the residential project "Solsiden" consisting of approximately 400 units. This project will commence in the autumn 2003.

Infrastructure

In 2002 Avantor initiated the construction of a power plant in Nydalen, based on underground ducts and heat pumps. The plant will be operational from the spring 2003 and will supply approximately 180 000 sqm of premises, including Torgbygget, Solsiden and BI Campus (when completed).

The progression of the construction of the new metro line is according to plan and the opening of the Ullevål - Storo leg is planned for August 2003. Work on upgrading Gullhaug Torg has been initiated. So has the work on levelling and developing the riverbanks along the Aker River by Gullhaug Bridge. Nydalsveien will be upgraded at the same time.

PROPERTY MANAGEMENT AND LETTING

As per January 1st 2003 Avantor managed, on behalf of itself and IFN, approximately 600 000 m² of commercial real estate, with an annual rental value of NOK 563 mill. The premises are mainly office buildings situated in attractive locations in Nydalen, Lysaker, the City Centre and Økern.

In 2002 Avantor has re-negotiated and signed new tenancy agreements for existing properties

totalling 58 600 m² with an annual rental value of NOK 70.8 mill for both Avantor and IFN. In addition new tenancy agreements for 53 800 m² of new premises, with a rental value of NOK 119.2 mill, has been agreed – the contract with BI being the most significant.

ACCOUNTS 2002

Profit & Loss

Total rental income for the financial year 2002 was NOK 115.8 mill compared with NOK 107.1 mill the previous year. The letting ratio of Avantor's portfolio was 91% at the end of the 4th quarter 2002 compared with 97.9% one year previous. The change is mainly caused by vacancy in the most recently completed projects. Income derived from property management and other income amounted to NOK 28.9 mill (18.1) for 2002.

Earnings before interest, taxes and depreciation (EBITDA) were NOK 92.3 mill (85.0), after operating and administration costs of NOK 46.6 mill (39.9) and losses on accounts receivable of NOK 5.8 mill (0.2).

Year-end evaluation of project related allowances concluded that many of the issues which were allowed for, had been solved, resulting in NOK 14.7 mill taken to income for the fiscal year 2002. Following capital gains of NOK 5.6 mill (6.8) in connection with the sale of Badebakken Kindergarten and Malmskriverveien, and refurbishment cost of NOK 7.7 mill (1.7), operating profit II was NOK 86.3 mill (72.4).

Net financial items for 2002 amounted to NOK -26.9 mill (-17.2), before share of profit in IFN, NOK 14.0 mill (2.4).

Pre tax profit was NOK 73.4 mill compared with NOK 57.6 mill for the same period last year. The Group's result after tax for 2002 was NOK 59.7 mill (36.8).

Financing and liquidity

Equity

As per 31.12. 2002 consolidated total assets amounted to NOK 1 707 mill (1 242 per 31.12.2001). Book equity was NOK 673 mill (617) giving a equity ratio of 39.4 % (49.7). At the end of the year Avantor had one project under construction on so called "complete contract", a structure that does not affect Avantor's balance sheet until the building has been completed. If this project had been entered into Avantor's balance sheet the Group's balance would have been approximately NOK 100 mill higher and the equity ratio approximately 2 percentage points lower.

Interest-bearing debt and liquidity

As per 31.12.2002 total interest-bearing debt amounted to NOK 792 mill (432). All construction projects have been financed through "complete contracts" or available credit facilities. As a result the company did not have traditional constructions loans in 2002. The company's liquidity reserve at the end of the year amounted to 193 mill whereof cash and cash equivalents amounted to NOK 67 mill (109), and availability under committed credit facilities equalled NOK 125 mill.

The average interest rate on the company's interest-bearing debts at the end of the 4th quarter was 7.14 % with an average fixed rate term of 1.5 years. Avantor has a conservative interest policy stating that a minimum 60% of the borrowing requirements should be secured for 3 years or more, and that a maximum 30% of the debt portfolio shall have interest rate maturity for the coming 12 months. Towards the end of last year the company opted to go below this level of hedging. At year-end 60% of the outstanding debt was hedged with long term interest swap agreements, whilst only approximately 40% of the debt exposure two years forward is secured by fixed rate contracts. This puts the company in a position to benefit from the last few months' fall in interest rates in its long term financing going forward. In connection with the Nydalen Campus project, Avantor has entered into interest hedging agreements for the long term financing, totalling NOK 1 200 mill, as well as contracts securing NOK 400 mill of the borrowing requirements during the construction period.

FUTURE PROSPECTS

The company is expecting the rental market to be slow in the coming months and therefore also expects a fairly high vacancy rate in 2003. Nydalen, as a location, will in 2003 be further strengthened by the opening of the metro line and by the hotel, shopping and service amenities in Torgbygget. Avantor's main focus in time to come will be aimed at the completion of Nydalen Campus on behalf of BI and continuous efforts to let out its vacant premises. New projects will not be undertaken unless tenancy agreements are signed for a substantial part of the premises.

AVANTOR ASA KONSERN/AVANTOR ASA GROUP

4.kv 2002	4.kv 2001	Resultatregnskap (NOK millioner)	01.01 -31.12 2002	01.01 -31.12 2001	Profit and loss account (NOK millions)
27,6	30,6	Leieinntekter	115,8	107,1	Rental income
0,8	0,0	Andre inntekter	2,0	0,0	Other revenues
9,1	5,5	Forvaltningsinntekter	26,9	18,1	Property management income
37,5	36,1	Sum driftsinntekter	144,7	125,2	Total operating income
-5,1	-0,8	Driftsutgifter eiendommer	-13,0	-6,8	Property operating costs
-7,8	-10,2	Administrasjonskostnader	-33,6	-33,3	Administration costs
-3,8	-0,2	Tap på fordringer	-5,8	0,0	Losses on accounts receivable
-16,6	-11,3	Sum driftskostnader	-52,4	-40,1	Total operating costs
20,8	24,8	Resultat før avskrivninger	92,2	85,0	EBITDA
-5,4	-4,8	Ordinære avskrivninger	-18,6	-17,7	Ordinary depreciation
15,4	20,1	Driftsresultat I	73,6	67,3	Operating profit I
14,7	2,2	Salgsgevinster	20,3	6,8	Capital gains
-5,1	-0,6	Rehabiliteringskostnader	-7,7	-1,7	Refurbishment costs
25,0	21,7	Driftsresultat II	86,3	72,4	Operating profit II
-8,1	-5,0	Netto finansielle poster	-26,9	-17,2	Net financial costs
14,0	2,4	Andel res. tilknyttet selskap	14,0	2,4	Profit associated companies
31,0	19,1	Res. før skattekostnad	73,4	57,6	Profit before tax
		Skattekostnad	-13,7	-20,8	Tax
		Arsresultat	59,7	36,8	Annual result
		Resultat etter skatt pr aksje (NOK)	3,07	1,89	Profit before tax per share (NOK)
		Utvannet resultat pr aksje (NOK)	3,78	2,97	Diluted profit per share (NOK)

Balanse (NOK millioner)	31.12 2002	31.12 2001	Balance sheet (NOK millions)
Eiendommer, tomter ot utstyr	1 508,0	1 027,6	Properties, land and equipment
Finansielle anleggsmidler	97,4	76,7	Financial fixed assets
Sum anleggsmidler	1 605,4	1 104,3	Total fixed assets
Kortsiktige fordringer	33,7	29,3	Current receivables
Bankinnskudd m.m.	67,4	108,6	Cash and cash equivalents
Sum omløpsmidler	101,2	137,9	Total current assets
Sum eiendeler	1 706,6	1 242,1	Total assets
Egenkapital	673,2	617,0	Gross equity
Egne aksjer	0,0	0,0	Own shares
Sum egenkapital	673,2	617,0	Net equity
Utsatt skatt	125,6	137,0	Deferred taxes
Langs. rentebærende gjeld	742,0	431,9	Long-term interest bearing debt,
Sum langsiktig gjeld	867,7	568,9	Total long-term debt
Kortsiktig rentebærende gjeld	50,0		Short term interest-bearing debt
Kortsiktig rentefri gjeld	115,7	56,2	Short term interest free debt
Sum kortsiktig gjeld	165,7	56,2	Total short term debt
Sum gjeld og egenkapital	1 706,6	1 242,1	Total equity and liabilities

Endring EK/Change in gross equity

4.kv 2002	4.kv 2001	(NOK millioner)	01.01 -31.12 2002	01.01 -31.12 2001	Change in gross equity (NOK millions)
645,3	622,6	IB EK	617,0	585,5	Opening balance
26,9	-1,0	Periodens resultater	59,7	36,8	Periodical result
0,9	-4,6	Kursdifferanser	-3,6	-5,3	Currency
673,2	617,0	UB EK	673,2	617,0	Closing balance

Kontantstrømoppstilling <i>(NOK millioner)</i>	01.01 -31.12 2002	01.01 -31.12 2001	Statement of Cash Flows <i>(NOK millions)</i>
Fra operasjonelle aktiviteter	129,9	86,1	From operations
Fra investeringsaktiviteter	-519,8	-169,2	From investments
Fra finansielle aktiviteter	348,7	-50,2	From financing
<i>Netto endring bank m.m.</i>	<i>-41,1</i>	<i>-133,3</i>	<i>Net change in cash and cash eq.</i>
Bankinnskudd m.m. 01.01	108,6	241,9	Cash and cash eq. 01.01.
<i>Bankinnskudd m.m.</i>	<i>67,5</i>	<i>108,6</i>	<i>Cash and cash equivalents</i>

Resultatposter pr. forretningsomr. pr. 4. kv 2002 <i>(NOK millioner)</i>	Forvaltning/ Property Management	Huseier/ Proprietor	Øvrige/ Other	Konsern/ Group*	Profit and Loss Items per Q4, 2002 <i>(NOK millions)</i>
Leieinntekter, andre innt	0,1	117,9		117,8	Rental income, other revenues
Eksterne forvaltningsinntekter	23,7			26,9	Property man. income, external
Interne forvaltningsinntekter	5,8				Property man. income, internal
<i>Sum inntekter</i>	<i>29,6</i>	<i>117,9</i>	<i>0,0</i>	<i>144,7</i>	<i>Total income</i>
Drifts- og forvaltn. utgifter	0,1	-15,1		-13,0	Property operating costs
Administrasjonskostnader	-23,7	-2,1	-8,5	-33,6	Administration costs
Tap på fordringer	0,0	-5,8		-5,8	Losses on accounts receivable
<i>Sum driftskostnader</i>	<i>-23,6</i>	<i>-23,0</i>	<i>-8,5</i>	<i>-52,4</i>	<i>Total operating costs</i>
<i>Resultat før avskrivninger</i>	<i>6,0</i>	<i>94,8</i>	<i>-8,5</i>	<i>92,3</i>	<i>EBITDA</i>

* Etter reklassifisering/elimineringer. Net of reclassification/eliminations