

## AVANTOR GROUP – REPORT FOR THE SECOND QUARTER 2000

- **The Board of Directors at Avantor proposes an extraordinary dividend of NOK 10 pr. share.**
- **A proposal for depreciation of own shares and a new warrant to purchase further 10 percent.**
- **Extraordinary General Meeting at 25.08.2000.**
- **Enhanced focus at developing Nydalen.**

The Board of Directors wishes to balance the Companies finances subsequent to the transaction with Industrifinans Næringseiendom ASA (IFN) through payment of an extraordinary dividend in 2000. As the transaction with IFN does not influence the financial figures prior to the annual accounts for 2000, limits the regulations on dividend in the Companies Act the size of dividend to be paid this year. Thus the Board proposes for the extraordinary general meeting to pay an extraordinary dividend of NOK 10 per share.

The intention of the Board of Directors for the General Meeting in 2001 is to propose a largest possible dividend in consideration to the limitations set in the regulations of the Companies Act and the Companies demand for a satisfactory liquidity and equity.

Currently Avantor has under construction three major building projects. For Gullhaug Torg 4 and Maridalsveien 323, settlement has been received from IFN. The reinvestment towards completion is substantial. This in addition to the construction of Sandakerveien 130 for Tele1 Europe leads to a requirement in the Company for substantial reserves of cash the forthcoming 18 months. In addition new enterprises within marketing, environment and profile will be implemented.

This to improve the environment in the township and boost the demand for premises in Nydalen further, hence increase the rate of construction. Combined this lead to a substantial requirement in the Company in order to finance the development.

### AVANTOR ASA Condensed consolidated profit and loss account.

The profit and loss figures for the first quarter 2000, comprises the total real estate portfolio during the period 01.01.2000 until 21.03.2000. In the period 22.03.2000 until 30.06.2000 is the profit from Avantors remaining portfolio incorporated. The numbers from the first half-year 1999 and the financial statement of 1999 have not been altered as the transaction has been accounted for as one transaction.

1.4 – 30.6 1999	1.4 – 30.6 2000		30.6.2000	30.6.1999	31.12.1999
66.5	25.1	<i>Rental income</i>	89.3	131.9	267.4
-6.0	-2.0	Property operating costs	-5.8	-9.8	-20.2
-4.1	-2.4	Administration costs	-8.4	-10.6	-20.7
-10.1	-4.4	<i>Total operating costs</i>	-14.2	20.4	40.9
-14.6	-6.2	Depreciation	-21,5	-29.2	-58.1
41.8	14.5	<i>Operating profit I</i>	53.6	82.3	168.4
8.2	0.0	Capital gains	369.6	8.2	8.3
-2.2	-1.8	Renovation costs	-10.4	-4.3	-7.8
0.0	0.0	Write-down investments	0.0	0.0	-122.6
47.8	12.7	<i>Operating profit II</i>	412.8	86.2	46.3
-28.7	-5.2	Net interest payable	-27.1	-55.6	-101.3
19.1	-17.9	Profit before tax	385.7	30.6	-55.0

## Consolidated Balance Sheet

	30.6.2000	30.6.1999	31.12.1999
Properties and land	770,7	2 456,7	2 597,7
Financial fixed assets	209,3	288,7	163,5
<i>Total fixed assets</i>	<i>980,0</i>	<i>2 745,4</i>	<i>2 761,2</i>
<i>Current assets</i>	<i>861,5</i>	<i>119,9</i>	<i>212,6</i>
<i>Total assets</i>	<i>1 841,5</i>	<i>2 865,3</i>	<i>2 973,7</i>
Gross shareholders equity	794,3	744,2	667,4
Own shares	-101,7	-55,4	-101,7
<i>Total equity</i>	<i>692,6</i>	<i>688,8</i>	<i>565,7</i>
Deferred tax	121,1	143,8	113,7
Long-term interest bearing liabilities	536,7	1 980,2	2 182,7
<i>Total long-term liabilities</i>	<i>657,8</i>	<i>2 124,0</i>	<i>2 296,5</i>
<i>Total short-term liabilities</i>	<i>491,1</i>	<i>52,5</i>	<i>111,6</i>
<i>Total liabilities and equity</i>	<i>1 841,5</i>	<i>2 865,3</i>	<i>2 973,7</i>

## Key ratios

	30.6.2000	30.6.1999	31.12.1999
Equity/assets ratio (%)	37,6	24,0	19,1
Cash flow from operations (NOK mill)	49,9	55,9	125,2
Operating costs/rental income (%)	15,9	15,5	15,3
Average interest binding period (yrs)	4,8	3,8	3,0
Average borrowing rate (%)	6,3	6,9	7,0
Average remaining rental period (yrs)	5,8		6,3
Occupancy (%)	96,3	98,8	97,2

## Operating income and profit

### *Rental income*

Total rental income in the first half-year 2000 totaled NOK 89,3 mill, against NOK 131,9 mill in the same period of 1999 for the comparable portfolio. Re-negotiations of contracts are still increasing the level on rent in Nydalen. Vacancies in the portfolio of Avantor at the end of first half-year of 2000 was 3,7%, against 2,8% at year-end. The main reason behind this is the expiration of the large contract on the property in Asker.

### *Operating profit I*

Operating profit I totaled NOK 53,6 mill against NOK 82,3 mill in first half-year 1999. The cost ratio for the first half-year totaled 15,9% against 15,3% at year-end. Received management fee for the operation of the Nydalen portfolio on behalf of IFN is entered in accounts as a reduction of the Companies administrative costs. The Company is working on an adjustment of cost structure following the sale to IFN.

### *Operating profit II*

Profit after capital gains and renovation costs totaled NOK 412,8 mill against NOK 86,2 mill in the first half-year of 1999. The profit derived from the transaction with IFN is entered as income with NOK 367,7 mill. In addition is the rented plots at Hinna in Stavanger sold with a reported profit of NOK 1,8 mill. The renovation costs in the period includes costs for the buy-out of a renter in a building which is to be demolished in connection with the construction of T-baneringen (subway system) with NOK 7,5 mill.

### *Financial items*

The consolidated net interest payable amounted to NOK 27,1 mill against NOK 55,6 mill for the first half-year 1999. The cash settlement with IFN was accomplished as of 19.06.2000. The same day was the debt related to the sold portfolio paid off. The properties were transferred from the accounts as of 21.03.2000. In the period 22.03 – 19.06.2000 has been entered as income the interest of the purchase price from IFN totaling NOK 38 mill.

## **Balance sheet and key ratios**

### *Balance sheet*

Avantor's total assets after first half-year 2000 are NOK 1 841.5 mill against NOK 2 973.7 at 31.12.1999. Book equity after first half-year is NOK 692,6 mill. This gives a book equity ratio of 37,6% against 19,1% at 31.12.1999. Book equity ratio after the payment of extraordinary dividend of NOK 10 per share will be at 30%.

### *Interest-bearing liabilities*

Total interest-bearing liabilities at the end of second quarter amounts to 536,7 mill, of which certificate loans accounts for NOK 50 mill. Per 31.12.2000 totaled Avantor's interest-bearing debt NOK 2 182.7 mill. The reduction derives from demerger of debt in conjunction with down payment of debt as a result of the settlement from IFN. The Companies loan portfolio has an average remaining interest binding period of 4,8 years, and all of the Companies loans to be rolled over in 2000 is secured through previously entered interest swap agreements. The consolidated average borrowing cost at the end of second quarter is 6,3%.

### *Liquidity*

The currents assets in the Company, existing of bank deposits and placements in the certificate market, was at the end of second quarter at NOK 823 mill.

### *Share capital*

In combination with the demerger towards IFN the Companies share capital was reduced with NOK 1 814 964 from NOK 22 133 708 to NOK 20 318 744. This was carried out through reduction of the shares face value from NOK 1,00 per share to NOK 0,918. The demerger gave the shareholders of Avantor 0,571381 shares in IFN for each Avantor-share they possessed. In the transaction and the capital increase in IFN is IFN shares assessed at NOK 17,90 per share.

A shareholder in Avantor owning 1 000 Avantor shares at an investment cost of NOK 50 000 (NOK 50 per share), will after the transaction possess 1 000 Avantor shares at a cost of NOK 45 900 ( $(50\ 000/1,00) \cdot 0,918$ ) plus 571 (1 000 x 0, 571381) IFN shares at cost NOK 4 100 (50 000-45 900).

## **NYDALEN – New Township**

### **The demand**

The demand for premises in Nydalen is still excellent. The existing customers are still in demand for larger premises, which is quite a challenge with existing low vacancy ratio in the district. During the first half-year it has been re-negotiated and entered into new contracts for a total of 35 700 square meter.

### **Property development**

Currently Avantor has three major buildings under construction. It is Gullhaug Torg 4 for EDB Fundator/EDB 4tel, Maridalsveien 323 for UPC Norge AS and Sandakerveien 130 for Tele1 Europe AS, totaling 41 000 square meter.

In addition is the new construction projects Gjerdrums vei 4 and Gjerdrums vei 19 being aggressively marketed towards identified possible clients. Optional it is evaluated to complete the properties prior to a full occupancy in order to satisfy the demand in Nydalen.

### **Infrastructure**

The road crossing above the south end of Nydalen, Kristoffer Aamodts gt is close to completion, and construction will be finalized during autumn. A new exit to Nydalsveien will at the same time be completed. Combined with the newly finalized upgrading of Sandakerveien, this has enhanced the traffic conditions in Nydalen.

The works on the new subway system (T-baneringen) was started in June at the Ullevaal side. Construction will commence in Nydalen during October this year.

The work with the cable gate for the new broadband net in Nydalen is completed in Nydalen Park. The works in the Nydalbyen has started and completion is expected during third quarter. The six largest suppliers of broadband connection will through this be able to offer their services to all customers in Nydalen.

In combination with the construction activity in The Board of Directors has decided upon a further focus at Nydalen. This implies an image building of Nydalen as position, concept and township. The development will also include environmental tasks, in conjunction with a fine tuned marketing towards customers supposed to give added value to the development of the concept Nydalen. The goal is faster development of the district, hence a faster capitalization of the surplus value in the land potential. Nydalen these tasks creates substantial challenges for both Avantor and the customers. The exercise to create a new communication platform for the Company is started, which also includes the distinct goal to enhance the Companies communication with its customers in Nydalen.

### **Future development**

#### *Main focus*

The Board of Directors has decided upon a further focus at Nydalen. This implies an image building of Nydalen as position, concept and township. The development will also include environmental tasks, in conjunction with a fine tuned marketing towards customers supposed to give added value to the development of the concept Nydalen. The goal is faster development of the district, hence a faster capitalization of the surplus value in the land potential.

Oslo, August 10. 2000

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