

## **AVANTOR GROUP - YEAR-END RESULTS FOR 2000**

Profit before tax totalled NOK 399.8 million (1999: loss of NOK 55 million) and the net profit for the year was NOK 356.7 million (loss of NOK 41.9 million).

Including the demerger and extraordinary dividend, the Avantor share generated a return for the year of 19.4%, compared with a drop of 1.7% for the Oslo Stock Exchange all-share index.

The fourth quarter brought the start of work on another new building: Unit 4, formerly Agresso Group, has signed a lease for 5 600 m<sup>2</sup> with an option on a further 3 000 m<sup>2</sup> at Gjerdrums vei 4. Avantor thus has a total of 67 000 m<sup>2</sup> under development.

Demand for premises in Nydalen is still high. Vacancy is below 1% and the year 2000 brought new and renegotiated leases for a total of 86 600 m<sup>2</sup>.

In January 2001 Radisson SAS Hotels signed a contract for 9 000 m<sup>2</sup> of hotel and conference facilities at Torgbygget, the new complex under construction immediately above the underground station in Nydalen. Together with the contract with the Regus chain of serviced offices, this will serve to boost the provision of services for business in Nydalen.

### **NYDALEN**

#### *Management*

Demand for premises in Nydalen remains extremely buoyant. Existing tenants are constantly needing more space and there is still a steady stream of prospective tenants interested in premises here. The group renegotiated or entered into leases for a total of 86 600 m<sup>2</sup> during the year, including 19 800 m<sup>2</sup> in new buildings.

#### *Development*

The construction of a new head office for Unit 4 was started during the fourth quarter, while work on a multi-storey carpark at Gjerdrums vei 16 got underway during the first quarter of 2001.

Progress and costs on other development projects are in line with expectations. Gullhaug Torg 4 is undergoing final completion work and EDB Fundator and EDB 4tel have moved in.

### **AVANTOR ASA**

The demerger transaction with Industrifinans Næringseiendom ASA (IFN) meant that Avantor's shareholders received 0.5713831 IFN shares for every Avantor share held. Given a market price of NOK 10 per IFN share, this was equivalent to a payment of around NOK 5.70 for each Avantor share. In addition Avantor paid shareholders an extraordinary dividend of NOK 10 per share on 28 August 2000. The company's share price was NOK 49.50 at the year-end.

#### **Financial performance**

The transaction with IFN was carried out on 21 March 2000 for accounting purposes. Under the agreement, the portfolio's income and costs from 1 January 2000 fall to IFN. The net profit for the period of NOK 20.6 million was previously taken to equity in Avantor's accounts, but is included in the fourth-quarter profit and loss account as a reduction in capital gains.

The full-year figures for 1999 have not been restated since the deal has been treated as a transaction for accounting purposes.

### *Rental income*

Rental income for the year was NOK 135.5 (267.4) million. Avantor's portfolio featured vacancy of 2% at the year-end, compared with 2.8% a year earlier for comparable properties. The group also generated management income of NOK 7.9 million during the year from the management of IFN's portfolio in Nydalen. At the end of the year 2000 Avantor took over the management of a further four properties for IFN, which will increase management income to around NOK 10 million in 2001.

### *Operating profit I*

Operating profit before capital gains and renovation costs was NOK 76.3 (168.4) million. The lower operating costs reflect the sale of properties to IFN. Non-recurring costs arising in connection with a new strategy and communication platform meant that administration costs were higher than in 1999.

The company has resolved to reduce the rate of depreciation it applies for commercial properties to 1% in central areas. Had the original rate been used, the depreciation charge for the year 2000 would have been NOK 32.6 million instead of the NOK 26.4 million booked.

### *Operating profit II*

Operating profit after capital gains and renovation costs was NOK 410.4 (46.3) million. The transaction with IFN generated capital gains of NOK 347.2 million now that the portfolio's net profit of NOK 20.6 million generated between 1 January and 21 March 2000 has been offset. A further capital gain of NOK 1.9 million was generated by the sale of the leasehold plots at Hinna in Stavanger.

Renovation costs for the year included NOK 7.5 million to buy out one of the tenants in a building due to be demolished to make way for the construction of the underground link.

### *Interest*

Net interest of NOK 10.6 (101.3) million was payable for the year. The fourth quarter saw the group generating net interest receivable of NOK 14.5 million. This includes the realised profit from a reduction of an interest rate swap undertaken during the fourth quarter.

### *Net profit for the year*

The net profit for the year was NOK 356.7 million, compared with a net loss of NOK 41.9 million in 1999. The increase is attributable to the sale of properties in Nydalen to IFN during the year.

Development continues apace at the company, with leasing potential in Nydalen so good that the company is likely to be able to develop the area more quickly than originally anticipated. The board therefore wishes to defer the matter of a dividend for the year 2000 until the presentation of the interim accounts for the second quarter of 2001.

IFN reported rental income of NOK 320.4 (154.5) million for the year, operating profit of NOK 247.2 (101.6) million and net profit of NOK 6 million (loss of NOK 5.8 million). Total assets rose to NOK 5 096.7 (2 084.7) million and equity to NOK 722.7 (315.2) million. Avantor's holding is a strategic investment and is accounted for using the equity method.

## Financing and cash position

### Shareholders' equity

Avantor had assets of NOK 1 351.8 (2 973.7) million at the year-end. Shareholders' equity totalled NOK 585.5 million, giving an equity/assets ratio of 43.3%, compared with 19.1% a year earlier.

In October shareholders' equity was formally written down at the Norwegian Register of Business Enterprises through the cancellation of the company's holding of 2 057 300 of its own shares. The company now has 20 076 408 shares in issue, each with a par value of NOK 0.918. The fourth quarter saw the board exercising its authority to buy back a further 649 800 of the company's shares, representing 3.2% of its share capital.

### Interest-bearing liabilities

Interest-bearing liabilities totalled NOK 482.1 (2 182.7) million at the year-end. The reduction is due to the hiving off of liabilities and the settlement of liabilities in connection with the payment from IFN. Following this adjustment of the group's interest rate exposure, its loans now feature an average fixed interest term of 3.6 years and all loans due to have their interest rates renegotiated this year have been hedged through interest rate swaps entered into previously. The average rate of interest payable on the group's loans was 5.9% at the year-end.

### Cash position

The company's liquid assets, comprising bank deposits and investments in short-term securities, totalled NOK 241.8 million at the year-end. All construction activity is currently being financed through the company's own funds. Construction loan financing rights are normally obtained for all building projects and will be used in the future.

## Profit and loss account

Q4 1999	Q4 2000		Full year 2000	Full year 1999
69.8	25.0	Rental income	135.5	267.4
-	2.8	Management income	7.9	-
<b>69.8</b>	<b>27.8</b>	<b>Total sales</b>	<b>143.4</b>	<b>267.4</b>
-5.5	-5.0	Property operating costs	-16.1	-20.2
-5.1	-9.0	Administration costs	-24.6	-20.7
<b>-10.6</b>	<b>-14.0</b>	<b>Total operating costs</b>	<b>-40.7</b>	<b>-40.9</b>
-13.9	-0.5	Depreciation	-26.4	-58.1
<b>45.3</b>	<b>14.3</b>	<b>Operating profit I</b>	<b>76.3</b>	<b>168.4</b>
0.0	-20.6	Capital gains	349.1	8.3
-1.5	-3.0	Renovation costs	-15.0	-7.8
-122.6	-	Write-downs on investments	-	-122.6
<b>-78.8</b>	<b>-9.3</b>	<b>Operating profit/loss II</b>	<b>410.4</b>	<b>46.3</b>
-31.2	14.5	Net interest	-10.6	-101.3
<b>-110.0</b>	<b>5.2</b>	<b>Profit/loss before tax</b>	<b>399.8</b>	<b>-55.0</b>
		Tax	-43.1	13.1
		<b>Net profit/loss for the year</b>	<b>356.7</b>	<b>-41.9</b>

## Consolidated balance sheet

	31.12.00	31.12.99
Properties and land	848.5	2 597.7
Financial fixed assets	218.9	163.5
<i>Total fixed assets</i>	<i>1 067.4</i>	<i>2 761.2</i>
Current debtors	42.6	19.3
Bank deposits & short-term securities	241.8	193.2
<i>Total current assets</i>	<i>284.4</i>	<i>212.5</i>
<i>Total assets</i>	<i>1 351.8</i>	<i>2 973.7</i>
Gross shareholders' equity	614.8	667.4
Own shares	-29.3	-101.7
<i>Net shareholders' equity</i>	<i>585.5</i>	<i>565.7</i>
Deferred tax	134.6	113.7
Long-term interest-bearing liabilities	482.1	2 182.7
<i>Total long-term liabilities</i>	<i>616.7</i>	<i>2 296.4</i>
<i>Current interest-free liabilities</i>	<i>149.6</i>	<i>111.6</i>
<i>Total liabilities and equity</i>	<i>1 351.8</i>	<i>2 973.7</i>

## Key figures

	31.12.00	31.12.99
Equity/assets ratio (%)	43.3	19.1
Cash flow from operations (NOK million)	92.1	125.2
Average fixed interest term (years)	3.6	3.0
Average borrowing rate (%)	5.9	7.0
Average remaining rental period (years)	5.4	6.3
Occupancy (%)	98.0	97.2

Oslo, 27 February 2001

Jan Petter Storetvedt  
(chairman)

Ragnar Halle

Kjell Inge Røkke

Christian Joys  
(CEO)

Carl Erik Krefthing

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