

To Copenhagen Stock Exchange
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Doughty Hanson and Sjælsø Gruppen to develop Havnestad Syd

Sjælsø Gruppen A/S, the publicly quoted Danish project development company, and Doughty Hanson & Co Real Estate Fund have formed a joint venture to develop Havnestad Syd, a prime waterfront site in Copenhagen.

The €200 million joint venture is the first of its kind in Denmark, bringing together one of Denmark's most successful property developers with one of the most active investment funds in the Nordic region.

The Havnestad Syd project will be one of the largest developments in the Copenhagen market with plans for over 67,000 square metres of office and residential accommodation along the harbour, combining the benefits of the waterfront location with the requirements of a modern urban environment.

Sjælsø Gruppen A/S will be responsible for project and construction management for the Havnestad Syd project, with Doughty Hanson responsible for finance and investment structuring. The development and marketing strategy for the phased project is being developed jointly.

The joint venture will have no impact on Sjælsø Gruppen A/S's accounts for the current financial year as the profit before tax still is expected to rise to DKK 200-220 million in 2002, and Sjælsø Gruppen A/S's levels of activity and earnings are expected to increase by a further 10-20% in 2003.

Once the area is developed and leased, the joint venture expects to sell completed buildings to institutional investors. Danish institutions have historically dominated the investment market in Copenhagen, but interest amongst foreign investors is known to be growing.

Commenting on the transaction, Ib Henrik Rønje, administrative director of Sjælsø Gruppen, said:

“It is part of Sjælsø Gruppen's strategy to work with knowledgeable and financially strong partners, for example through joint ventures. This enables us to maximise our expertise to facilitate the development of major real estate projects.

“We have been impressed with Doughty Hanson's knowledge of, and commitment to, the Danish market, and look forward to working with them to implement this important project.”

Jonas Grandér, head of Nordic operations with Doughty Hanson & Co. Real Estate Fund, said:

“This joint venture with Sjælsø Gruppen reflects our confidence in the Havnestad Syd project, our partner and the Copenhagen market. The size of the project provides the scope to create something truly unique in Copenhagen, catering for both domestic and international users.

“The long-term nature of the project is consistent with Doughty Hanson’s long-term commitment to the Danish real estate market. With its strong infrastructure and robust economy, Copenhagen has a particularly promising future and we look forward to being part of it.”

Colliers Hans Vestergaard A/S advised the joint venture.

Doughty Hanson’s Real Estate Fund is one of the largest European funds of its kind with equity capital in excess of €700 million. Its real estate team operates across seven European offices and has over 100 years’ experience of European real estate. More details are available at www.doughtyhanson.com

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Enquiries:

Sjælsø Gruppen A/S +45 48 10 00 00
Ib Henrik Rønje Mobil: +45 20 47 11 44

www@sjaelsoe.dk

Doughty Hanson & Co. Real Estate Fund

Jonas Grandér +46 8 54 50 60 30
Duncan Murray, Citigate Dewe Rogerson +44 207 638 9571