



**SJÆLSØ GRUPPEN**

**DOUGHTY  
HANSON  
& Co**

Real Estate

# Doughty Hanson and Sjælsø Gruppen strengthen Copenhagen partnership with agreement to re-develop Royal Scandinavia site

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Doughty Hanson & Co. Real Estate Fund and Sjælsø Gruppen A/S, the publicly quoted Danish project development company, announce today a new joint venture to develop The Royal Scandinavia porcelain manufacturing site at Frederiksberg in the heart of Copenhagen.

The € 170 million joint venture is the second such partnership between Sjælsø Gruppen and Doughty Hanson following the successful launch, in May 2002, of the Havnestad Syd project in the Copenhagen harbour, one of the largest developments in the area.

The development of The Royal Scandinavia porcelain manufacturing site will be a mix of commercial, educational and residential properties. The majority of the 72,000 m<sup>2</sup> buildings will be maintained and upgraded with a small amount of new build for residential apartments. Sjælsø Gruppen will be responsible for project development and construction management, with Doughty Hanson responsible for finance and investment structuring. The development and marketing strategy will be developed jointly.

It is anticipated that the joint venture will develop the site over a 4 - 5 year period and sell the new or renovated properties to third parties. Danish institutions have historically dominated the investment market in Copenhagen, but interest among foreign investors is known to be growing.

Commenting on the partnership, Ib Henrik Rønje, CEO of Sjælsø Gruppen, said: "We are very pleased to extend our partnership with Doughty Hanson, who have demonstrated their knowledge and long-term commitment to the Danish market. We are able to optimise our expertise through joint venture partnerships and believe that this is a prudent expansion strategy for Sjælsø Gruppen."

Jonas Grandér, head of Nordic operations at Doughty Hanson & Co's Real Estate Fund, said: "We have gained substantial confidence

in our partner Sjælsø Gruppen and in the Copenhagen market since our first investment. This transaction strengthens the relationship and our commitment further.

The development of the Royal Scandinavia site represents a unique opportunity for the joint venture to create an attractive area in which to live, study and work in Copenhagen. The long-term nature of the development is consistent with Doughty Hanson's long-term commitment to the Danish real estate market. We believe that Copenhagen, with its infrastructure and robust economy, is a developing and particularly promising market."

The Royal Scandinavia site is a unique area where Royal Scandinavia currently houses its production of porcelain for Royal Copenhagen and silverware for Georg Jensen. It is conveniently located next to the Frederiksberg Gardens and close to the new Metro station, which is due to open in 2003.

Georg Jensen and Royal Scandinavia have already signed a long-term lease for their administration and group management departments as well as for their porcelain shop. The porcelain production is, over time, expected to be relocated into new modern production facilities - probably in Glostrup. In addition, negotiations are underway with the Copenhagen Business School for refurbishing more than 15,000 m<sup>2</sup> for administration, teaching and research purposes.

Doughty Hanson's Real Estate Fund is one of the largest European funds of its kind with equity capital in excess of € 650 million. Its real estate team operates across seven European offices and has over more than 100 years' experience of European real estate.

## PROFIT EXPECTATIONS

The joint venture with Doughty Hanson has no influence on Sjælsø Gruppen's expectations for a pre-tax profit of DKK 200-220 million for 2002. The pre-tax profit for 2003 is expected to be at the same level as for 2002.

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