

ANNUAL REPORT 2002

21ST FINANCIAL YEAR



 SJÆLSØ GRUPPEN



CORPORATE INFORMATION

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BOARD OF DIRECTORS

Jørn Meldgaard (Chairman)
Niels Friis Pedersen
Steen Raagaard Andersen
Henrik Kristian Moltke
John R. Frederiksen
Ib Henrik Rønje
Torben Rønje

MANAGEMENT BOARD

Ib Henrik Rønje (CEO)
Flemming Jensen
Jørgen Junker

AUDITORS

Deloitte & Touche
Certified Public Accountants

Nielsen & Christensen
Certified Public Accountants

GROUP COMPANIES

SJÆLSØ GRUPPEN A/S

Parent company and financial investments. Share capital DKK 21,913,000

SJÆLSØ ENTREPRISE A/S

Project development and construction management.

Share capital DKK 80,000,500

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JOINT VENTURES

50/50 owned, via Waterfront SARL, by Doughty Hanson & Co. Real Estate Fund and Sjælsø Gruppen A/S

HAVNESTAD SYD A/S

Project development at Havnestad Syd
Share capital DKK 15,000,000

PORCELÆNSHAVEN A/S

Project development at Kgl.
Porcelænshave, Frederiksberg.
Share capital DKK 10,000,000

SJÆLSØ HAVNESTADEN A/S

Project development at Havnestad Nord
Share capital DKK 5,000,000

MØRKHØJ PROJEKTUDVIKLING A/S

Project development at TV-Byen
Share capital DKK 10,000,000

SJÆLSØ PROPERTY APS

Project development in Nærum
Share capital DKK 10,000,000

4 SMALLER COMPANIES

Dormant

All subsidiaries are wholly-owned



The National Board of Health, Havnestad/Islands Brygge

BUSINESS CONCEPT, VISION, OBJECTIVES AND STRATEGY

SJÆLSØ GRUPPEN'S CORE SKILLS LIE WITHIN PROPERTY PROJECT DEVELOPMENT

Its main activities are in the field of commercial property although residential property is expected to continue to account for 10-30% of the Group's business.

Sjælsø Gruppen services two customer segments: tenants and investors. Consequently, the concept is based on facilitating links between tenants looking for premises, with subsequent payment cash flow, and investors looking to achieve ongoing returns on their investment.

Sjælsø Gruppen is a knowledge-based business specialising in generating ideas, project development and project management, lettings and sales. The physical implementation of construction projects as well as consultancy are undertaken in conjunction with external partners.

In relation to the development of commercial projects, Sjælsø Gruppen places increasing emphasis on the cash flow generated from rental contracts, i.e. between tenant and investor. The financial structure and approach are key components of the added value created by the projects. (While important, the property or construction project is perceived more as a means than as an objective in itself.)

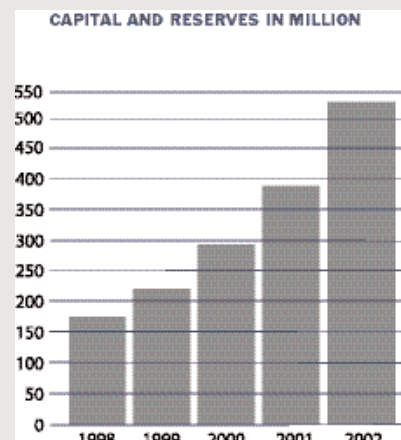
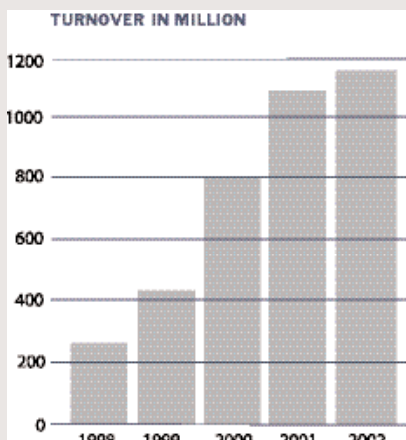
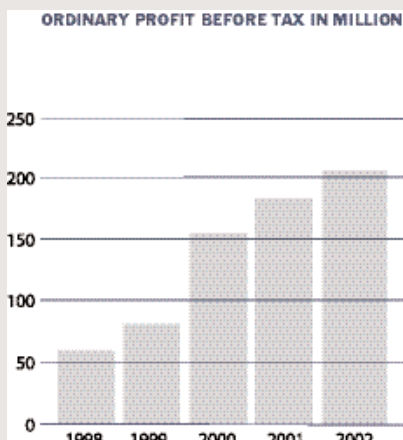
VERY SATISFACTORY GROWTH AND TREND IN PROFITS FOR 2002

- Profits before tax rose by 11.8% to DKK 204.8 million
- Profits after tax increased by 12.8% to DKK 141.9 million
- Turnover rose by 7.7% to DKK 1.173,5 million
- Sjælsø Gruppen has reached its targets, including its solvency and liquidity targets
- The decline in the market for new constructions is offset by several renovation projects and financial development
- More activity in the housing area
- The return from letting properties in the Sjælsø Gruppen A/S' project portfolio exceeds the interest payable on the company's total portfolio of unsold properties

PROFITS BEFORE TAX ARE EXPECTED TO BE ON THE SAME LEVEL IN 2003 AS IN 2002



Director Flemming Jensen, Managing Director Ib Henrik Rønje and Director Jørgen Junker.



BUSINESS CONCEPT, VISION, OBJECTIVES AND STRATEGY (continued)

VISION

Sjælsø Gruppen is a forward-looking company with pro-active focus on value creation. In a project-oriented organisation the understanding of intangible value is crucial to successful value creation. Sjælsø Gruppen is a project development company in which core skills are expressed in the quality and speed of its decisions within the individual project group. Sjælsø Gruppen's vision is to be an outstanding business partner for investors and users who wish to purchase or rent property. The company places great importance on adapting to its clients' requirements for the purpose of entering into binding agreements.

OBJECTIVE

Sjælsø Gruppen's primary objective is - through controlled growth and consolidation within its core business areas - to generate substantial revenue and thus enhance the company's market value for the benefit of its shareholders.

STRATEGY

Sjælsø Gruppen's strategy for meeting the objective of controlled growth and optimum return for its shareholders is based on the following elements:

THE FIRST COMPONENT FOCUSES ON TYPES OF DEVELOPMENT

- Development (Greenfield projects)
- Total renovation of existing properties
- Financial development
(Purchase/sale/financing of existing property)

Other parts of the strategy aim at closely monitoring the nature and extent of the commercial risks assumed by the company in relation to the creation and implementation of individual projects. (c.f. the section on "Financial Management Targets", page 35)

Sustained high earnings have enabled Sjælsø Gruppen to continually strengthen its capital base since it was floated on the Copenhagen Stock Exchange in 1998. Accumulated profits after tax from the beginning of 1998 to the end of 2002 totalled DKK 466.8 million. In the same period, the company paid dividends of DKK 71.2 million (excluding dividends from 2002) and made provisions for purchasing its own shares (net) of DKK 17.3 million, which according to the new accounting policies are entered at DKK 0. With deduction of dividends paid and the net portfolio of own shares, equity has increased by DKK 378.3 million to which can be

added a capital injection of approx. DKK 80 million as part of the flotation in 1998. In total, this represents an increase in equity of DKK 458.3 million since January 1998 when equity stood at DKK 69.9 million. Equity before the total provision of DKK 55.0 million, earmarked for the purchase of own shares - please see proposal for the Annual General Meeting, is DKK 528.8 million as at December 2002.

Through the steady accumulation of knowledge throughout the organisation and its growing financial strength, Sjælsø Gruppen has the capacity to take on more and larger as well as increasingly complex projects. Today Sjælsø Gruppen considers its substantial knowledge base and its skills at dealing with extremely complex assignments as a key competitive parameter.

The company continues to demonstrate its ability to attract and maintain highly skilled staff who all benefit from incentive schemes, e.g. warrants. Although current stock market trends have reduced the value of such warrants, Sjælsø Gruppen believes that these schemes in general remain advantageous to the employees and the company.

SJÆLSØ GRUPPEN'S TURN KEY CONCEPT



KEY FIGURES AND RATIOS FOR THE GROUP in DKK 1.000

PROFIT AND LOSS ACCOUNT	1998	1999	2000	2001	2002
Turnover	260.727	435.183	814.526	1.090.010	1.173.465
Gross profit	83.146	110.681	173.965	218.363	243.053
Operating profit	59.045	79.077	132.377	165.466	188.861
P/L financial income	213	1.739	20.945	17.639	15.898
Profit for the year before tax	59.258	80.816	153.322	183.105	204.759
Profit for the year after tax	41.365	54.492	103.196	125.786	141.933
BALANCE SHEET					
Tangible fixed assets	21.519	22.471	23.103	23.572	23.960
Financial fixed assets	6.232	6.648	25.220	29.704	57.169
Total project portfolio	208.643	471.046	781.869	613.137	971.610
Total safe assets	472.894	640.459	1.203.392	1.357.839	2.223.771
Safe assets, hereof: Cash at bank and in hand available	37.404	45.798	84.638	314.636	254.446
Trade debtors 1)	253.635	241.058	544.439	390.449	896.516
Total assets adjusted (reduced with safe assets)	181.855	353.603	574.315	652.754	1.072.809
Capital and reserves after provision for purchase of own shares	186.207	229.343	297.539	385.990	528.837
RATIOS (FINANCIAL MANAGEMENT TARGETS)					
Solvency ratio 2)	102,4%	64,9%	51,8%	59,1%	49,3%
Capital and reserves as a percentage of the land portfolio	303,9%	254,8%	286,6%	153,3%	317,0%
OTHER RATIOS					
Gross profit as a percentage of turnover	31,9%	25,4%	21,4%	20,0%	20,7%
Net profit ratio	22,6%	18,2%	16,3%	15,2%	16,1%
Return on equity	31,0%	28,1%	38,6%	36,2%	30,8%
Assets turnover	0,55	0,68	0,68	0,80	0,53
SHARE RELATED RATIOS 3)					
Market price at year-end	134	168	395	255	249
Dividend per share of DKK 10,00	6,37	8,39	8,39	10,00	25,00
Earnings per share of DKK 10,00	20,40	25,90	49,70	58,50	68,01
Net asset value per share DKK	85,97	106,29	144,90	186,56	241,33
Cash flow from operating activities per share	(37,20)	17,00	41,30	127,96	46,70

1) Trade debtors from sold projects, include sold projects in progress.

2) For the coming financial year, it will be considered whether non recourse financed project portfolio ought to be deducted from the total project portfolio, when calculating the solvency ratio. If the assets for 2002 are adjusted for non recourse financed project portfolio the solvency ratio will be 86.4%.

3) Share related ratios are calculated in accordance with 'Recommendations and Ratios' published by Den Danske Finansanalytikerforening.

Key figures and financial ratios for the group for 1998-2002 have been adjusted in accordance with the new Annual Accountance Act of 2001.

"General supplementary comments on the accounts" on page 40 explains calculations of key figures, i.e. key figures incl. the affect of allocated warrants.



ANNUAL REPORT

PROFIT DEVELOPMENT

Sjælsø Gruppen achieved pre-tax profits for 2002 of DKK 204.8 million as expected which is particularly satisfactory. As the year was characterised by caution in many sectors, this affected decisions concerning relocation or new rental agreements.

Despite the market's cautious attitude towards new construction, Sjælsø Gruppen managed to maintain satisfactory activity levels through focus on those types of project development that fall within the categories of total renovation and financial development.

The achieved result and the composition of the project types which form the basis of the year's turnover demonstrate Sjælsø Gruppen's ability to rapidly adapt to market conditions and its skills at finding alternative revenue sources as and when development activities are reduced.

DEVELOPMENT IN ACTIVITIES

In 2002 Sjælsø Gruppen achieved a growth in turnover before tax of 11.8% which meets the expectations announced during the year.

The year was characterised by substantial activities within project development for the renovation of older properties and the establishment of joint ventures. One example concerns the renovation of



Sketch plan of Havnestad, Copenhagen

old factory buildings at Islands Brygge on behalf of The National Board of Health, the acquisition of the Porcelain Factory at Frederiksberg, including the subsequent new rental agreement with Georg Jensen/Royal Scandinavia. The sale of Radiohuset was completed during the year as was a leasing agreement with Nordania concerning Sjælsø Gruppen's future headquarters at New Allerødgård.

Other important events include the termination of a joint-venture with St. Frederikslund concerning Copenhagen's TV-Byen and Radiohuset and the establishment of a joint-venture with Doughty Hanson relating to Havnestad and the Porcelain Factory. With these new initiatives Sjælsø Gruppen has increased its project possibilities to

approximately DKK 8 billion thus establishing a firm base for future years' activities in accordance with the company's targets.

25 YEAR JUBILEE

On October 1, 2002, Sjælsø Gruppen celebrated the 25th anniversary of the founding of the activities that now constitute Sjælsø Gruppen by Ib Henrik and Torben Rønje. This was an occasion for



some pride - particularly as all important partners and market players attended the anniversary reception.

Instead of gifts, Sjælsø Gruppen suggested that guests contribute to a fund for medical research. The suggestion was well received with guests contributing a total of DKK 120,000.

Sjælsø Gruppen decided to donate DKK 40,000 to the Sclerosis Society, DKK 50,000 to the Panum Institute for a research project on Artemisinin's impact on cancer cells and DKK 30,000 for the development of a prototype for

PEMF treatment for the stimulation of biological processes (PEMF = Pulsating, Electromagnetic Field Treatment).

MARKET DEVELOPMENT

The hoped-for recovery failed to materialise in 2002 when many companies battened down and waited for better times. The majority of businesses failed to meet their targets for the year.

Although the business world and, in par-



ticular, the media issued generally negative forecasts, a substantial number of companies are performing well and continue to plan for change - including relocation.

Sjælsø Gruppen keeps a record of all approaches from potential clients and did not register any significant decline over the past year. The pace of decision making, however, remains low and only a limited number of the enquiries led to actual contracts. For Sjælsø Gruppen, however, it is a welcome sign that well-established and well-consolidated companies make the initial contact themselves. This is seen as a clear indication of these companies' genuine interest in relocating. Consequently, we continue to build a substantial customer base from which important initial negotiations can be conducted.

ANNUAL REPORT (continued)

INCREASED MARKET SHARES

In view of the rise in activity levels in spite of a weakening market, Sjælsø Gruppen believes that it has gained market share in recent years. Moreover, it is the company's belief that the general awareness of Sjælsø Gruppen is now such that the company is frequently asked to contribute to the early stages of new projects.

Recently a number of Sjælsø Gruppen's competitors, especially the large contractors, have reviewed their strategies



and intend to focus increasingly on construction contracts and less on project development. This will allow Sjælsø Gruppen to maintain or increase its market share.

CONTINUED DYNAMISM

Sjælsø Gruppen's earnings derive from the fact that companies relocate. Whether the demand is for larger or smaller premises, new or old, is immaterial to the company. The key factor is that a company relocation can initiate a project development process involving a new development or renovation or both.

Sjælsø Gruppen is constantly adding new names to its list of potential clients and it is apparent that the rationale behind the wish to move is often the desire for greater efficiency and an optimum setting for the company's operations. Based on the many references for new construction, renovation and the creation of new office environments, Sjælsø Gruppen continues to believe that there is a large pool of clients for future growth. With Sjælsø Gruppen's many development projects in, for example, Kalkbrænderihavnen,



Havnestad, TV-Byen, Lyngby, Søborg, Ballerup, Måløv, Valby, Frederiksberg etc. it is always possible to establish contacts with a large number of companies with a need for - and a wish to - relocate to the Greater Copenhagen area. In addition, Sjælsø Gruppen has good project opportunities in Århus Nord and Århus Syd.

OPTIONS

Some of Sjælsø Gruppen's potential projects are secured by options on land and properties without affecting the balance sheet and with only a slight impact on the liquidity.

MARKET POSITION

In 2002 the American magazine Forbes named Sjælsø Gruppen "the world's best developer" and, at the same time, "Commercial Property" awarded Sjælsø Gruppen the title of Developer of the Year 2002.

Such prestigious acknowledgements are further evidence of Sjælsø Gruppen's strong position and image in the market. A high credibility and a strong brand are additional assets in Sjælsø Gruppen's portfolio.

On the backdrop of Sjælsø Gruppen's objective of possessing and following these ideals, the company takes pride in such expressions of confidence by the market, including the media.

Sjælsø Gruppen believes that awareness and understanding of the company's total concept within project development is on the increase. At the same time, we are confident that the company's profile and reputation is growing in line with the successful completion of major projects for respected users. Subsequent sales to institutional investors further underpin Sjælsø Gruppen's credibility as contract partner (see list of references, page 15).

ACTIVITY LEVELS

Although the number of tenants have declined somewhat recently - leading to a temporary retraction of the market - we believe that Sjælsø Gruppen will maintain satisfactory growth and activity levels, based on the company's flexibility with regard to rapid adjustment and broad product range for solutions to clients' relocation requirements.





As Sjælsø Gruppen does not operate as a contractor and therefore does not maintain substantial staff and production facilities, the company's flexibility and relatively low and administrative overheads mean the company is in a strong position to exploit opportunities within areas where the need for project development is greatest and where the earnings potential highest.

MARKET VOLUME - NEW CONSTRUCTION

Average new construction within commercial property has, for some years, been 2 million m² floorage. The market value is believed to be between DKK 10 and DKK 20 billion per annum.

MARKET VALUE - RENOVATION

Surveys reveal that on average businesses move once every 15 years. This means that there is considerable commercial potential in renovation and refurbishment in connection with such relocations. As Sjælsø Gruppen's business concept is based on businesses moving from one location to another, the company strives to be a visible partner in the relocation process.

The annual capital value of property involved in relocation is estimated to be between DKK 50 and 80 billion. Consequently, Sjælsø Gruppen is confident that the earnings potential from this segment is considerable.



*Amerikakaj, Copenhagen,
78 attractive apartments*

ANNUAL REPORT (continued)

FINANCIAL DEVELOPMENT

Sjælsø Gruppen has noted a rising trend in the market towards highly complex property portfolios. These typically relate to corporate headquarters, including production and warehouse facilities that no longer meet requirements and, therefore, as part of a full or partial relocation, need to be converted to other purposes.

These tasks pose significant demands in respect of the financial solutions employed, as they frequently involve



Amerikakaj, Copenhagen

substantial investments as well as extended project development periods.

Sjælsø Gruppen's focus on balance sheet and liquidity control will often lead to such projects being run as joint ventures to ensure the optimum balance between profit and risk. In addition, this generates an optimum cash flow and financing during the project development phase (typically 3-5 years). In addition, focus is maintained on ongoing sales to end-investors as individual projects are realised.

Examples of this type of project include the purchase in 2000 of TV-Byen & Radiohuset from Danmarks Radio as well as the purchase in 2002 of the

Royal Copenhagen Porcelain Factory in Frederiksberg from Royal Scandinavia.

RESIDENTIAL PROPERTY

2002 saw strong focus on the construction of residential property, especially in Copenhagen and Frederiksberg. There is a clear local government desire to initiate new housing projects, particularly for larger family housing. Demographic growth forecasts support this need. Actively working with plans for housing projects at the Porcelain Factory in Frederiksberg and Havnestad as well as



jects available. The large fluctuations in the stock market have also resulted in increased focus on investment opportunities with more stable returns.

Coincidentally, low bond yields have led to property investments offering significantly better returns than previously. Expectations remain that the majority of finished projects will be sold to Danish investors. However, foreign investors are currently looking closely at Danish and, especially, the Copenhagen property market.



in Sydhavnen, Sjælsø Gruppen continues to investigate the potential for residential property projects in other attractive locations.

It is expected that, in 2003, Sjælsø Gruppen will embark on extensive housing projects for owner/occupiers as well as for tenants. It is emphasized that developments will only be initiated when a satisfactory sale or letting has been completed.

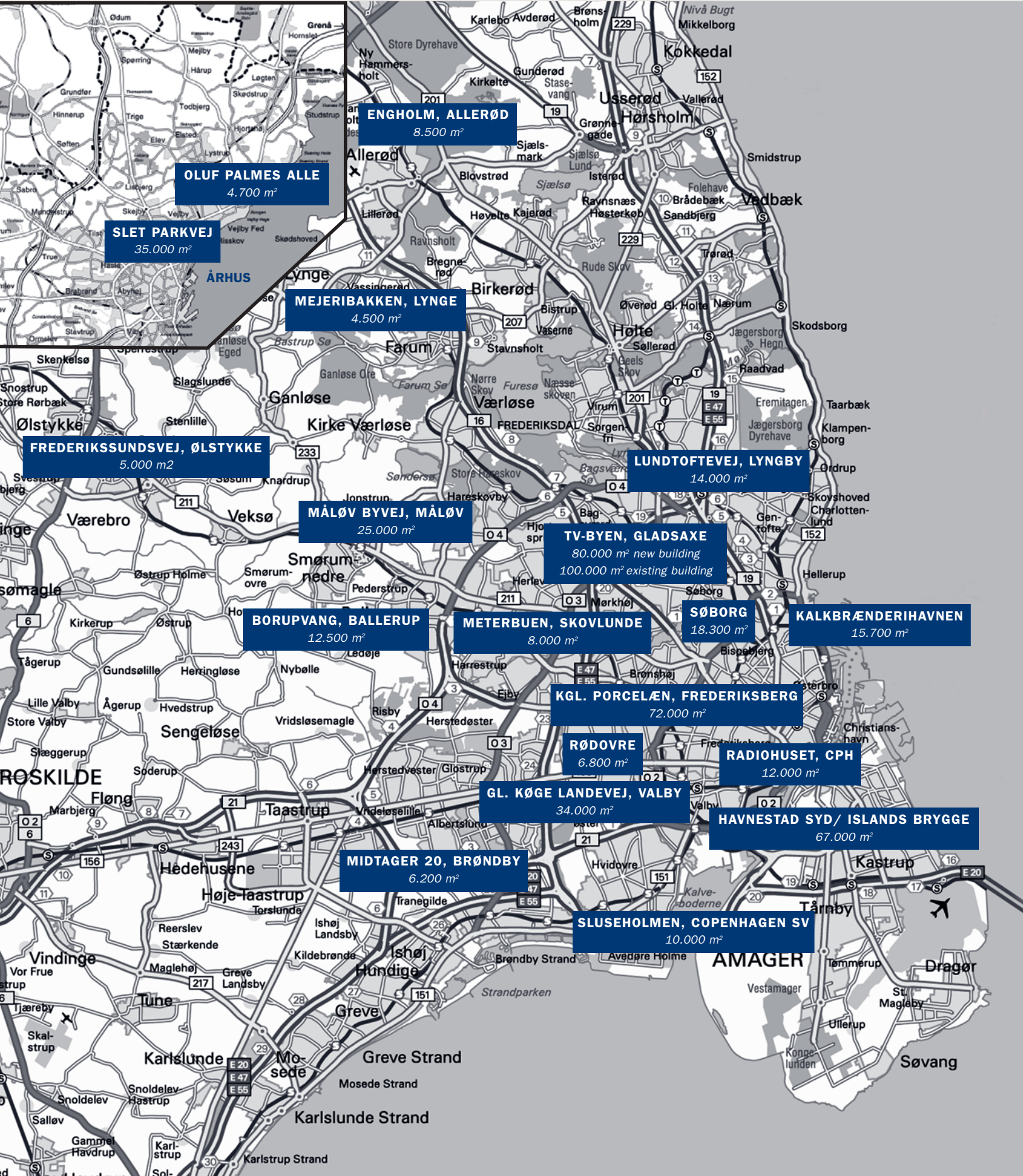
THE INVESTOR MARKET

In line with Sjælsø Gruppen's policy of disposing of completed projects, all projects are sold to investors. The investor market remains favourable and demand significantly exceeds the number of pro-

The breakthrough for foreign investors in the Copenhagen property market has now occurred - as Sjælsø Gruppen has predicted for some time. The Danish market is now in a healthy state and is perceived as an integral part of the European property market with Danish investors buying abroad and foreign investors arriving in the Danish market.

A transparent, liquid and professional property market within the EU would be of substantial benefit to all players - not least Sjælsø Gruppen.

SJÆLSØ GRUPPEN'S CURRENT PROJECT PORTFOLIO OF APPROX. 500,000 m²



REFERENCES SINCE 1999



H&M, GREVE MAIN

18.000 m² distribution centre - 2000
Investor: Hennes & Mauritz



TDC ERHVERV, ÅRHUS

17.300 m² office building - 2000
Investor: AP Pension



TISCALI, KALKBRÆNDERIHAVNEN

3.300 m² headquarters - 2002
Investor: PFA Pension



SAP, KALKBRÆNDERIHAVNEN

10.000 m² headquarters - 2002
Investor: PFA Pension



MOTOROLA, GLOSTRUP

15.200 m² headquarters - 2001
Investor: AP Pension



THRANE & THRANE, LYNGBY

13.200 m² headquarters - 2001
Investor: Danica Pension



L'OREAL, GREVE MAIN

12.000 m² distribution centre - 1999
Investor: AP Pension



INGRAM MICRO, GREVE MAIN

11.900 m² distribution centre - 2000
Investor: InvestorPartner A/S



A/S DANSK SHELL, NÆRUM

3.500 m² headquarters - 2001
Investor: Danica Pension



SOFTWARE INNOVATION, NÆRUM

4.400 m² headquarters - 2001
Investor: Danica Pension



AGILENT TECHNOLOGIES, NÆRUM

1.200 m² headquarters - 2001
Investor: Danica Pension



DIGIQUANT, ROSKILDE

9.900 m² headquarters - 2001
Investor: PFA Pension



AMERIKAKAJ, KØBENHAVN

78 attractive apartments - 2002
Investor: Nordea Ejendomme



CAP GEMINI, GENTOFTE

8.000 m² headquarters - 1999
Investor: BG Pension



REVA NORD, ÅRHUS AMT

6.400 m² for educational purposes - 2002
Investor: AP Pension



ELECTROLUX, LYNGBY

4.700 m² headquarters - 2000
Investor: Tryg



ARATOR, KALKBRÆNDERIHAVNEN

6.200 m² headquarters - 2002
Investor: Lærernes Pension



BANKINVEST, KALKBRÆNDERIHAVNEN

5.500 m² headquarters - 2002
Investor: Lærernes Pension



HELLY HANSEN, COPENHAGEN

680 m² office building - 1999
Investor: ATP Ejendomme A/S



LUNDBECK, COPENHAGEN

1.100 m² office building - 1999
Investor: ATP Ejendomme A/S



MCCANN-ERICKSON A/S, COPENHAGEN

800 m² office building - 1999
Investor: ATP Ejendomme A/S



MÆRSK LOGISTICS, COPENHAGEN

875 m² office building - 1999
Investor: ATP Ejendomme A/S



THE DANISH VETERINARY AND FOOD ADMINISTRATION, RØDOVRE

3.900 m² office building/laboratories - 2001
Investor: Private



KONE ELEVATOR, COPENHAGEN

2.800 m² headquarters/warehouse - 1999
Investor: Private



MAERSK MEDICAL, ALLERØD

1.500 m² office building/warehouse - 2001
Investor: Private



WILLIS, HELLERUP

2.700 m² headquarters - 1999
Investor: Private



X-PONCARD GROUP AB, RØDOVRE

2.000 m² headquarters - 2000
Investor: X-poncard Group AB



VUC, SKANDERBORG

1.500 m² for educational purposes - 2002
Investor: Århus County



ROSTI, GLOSTRUP

9.500 m² headquarters - 2001
Investor: Private



DANMARKS RADIO, GLADSAXE

100.000 m² existing building in TV-Byen
and opportunity for 80.000 m² new building



THE NATIONAL BOARD OF HEALTH, HAVNESTAD

9.900 m² headquarters - 2001/2002
Investor: Nordea Ejendomme



HYDRO TEXACO, SØBORG

5.100 m² headquarters - 2002/2003
Investor: AP Pension



DFDS, KALKBRÆNDERIHAVNEN

11.600 m² headquarters - 2002/2003
Investor: Kommunernes Pensionsforsikring



DANISH MEDICINES AGENCY, HAVNESTAD

13.000 m² headquarters - 2002/2003
Investor: Private



ROYAL DANISH ACADEMY OF MUSIC, (RADIOHUSET) FREDERIKSBERG

28.000 m² administration and education
Investor: PFA Pension



GEORG JENSEN/ROYAL SCANDINAVIA, COPENHAGEN

11.000 m² production, administration and shop



COMPLETED PROJECTS IN 2002 - TOTAL PROJECT VALUE APPROX. DKK 895 MILLION

AMERIKAKAJ, COPENHAGEN

78 attractive rental apartments with a total floor area of 9,600 m². Designed by 3 x Nielsen Arkitektfirma A/S. Sold to Nordea.

COUNTY HALL, ÅRHUS

The contract covers the expansion of County Hall in Århus by approximately 5,000 m² for administration and archives. Construction was completed in October 2002. The building is constructed in yellow brick and yellow roof tiles which complement the existing building. Sold to Århus County.



County Hall, Århus

REVA NORD

Construction of 6,400 m², let to Århus County and designed by AA Arkitekterne. The premises will be used by REVA Nord and "Den Regionale Daghøjskole" and as course facilities by the County of Århus Project Centre. Sold to AP Pension.

VUC, SKANDERBORG

Impressive building - 1,500 m² comprising teaching rooms, study workshop and amphitheatre for the VUC Centre. Designed by A.A.R.T Architects. Sold to Århus County.



Frølageret, Odense



VUC, Skanderborg

FRØLAGERET, ODENSE

Residential and retail project totalling 76 new homes. Sold to Ejendomsselskabet St. Frederikslund.

TISCALI/SAP, KALKBRÆNDERIHAVNEN

Construction of 13,300 m² headquarters for SAP (10,000 m²) and Tiscali (3,300 m²). Designed by 3 x Nielsen Arkitektfirma A/S. This waterfront location is a six storey building with an atrium. Sold to PFA Pension.

ARATOR A/S AND BANKINVEST A/S, KALKBRÆNDERIHAVNEN

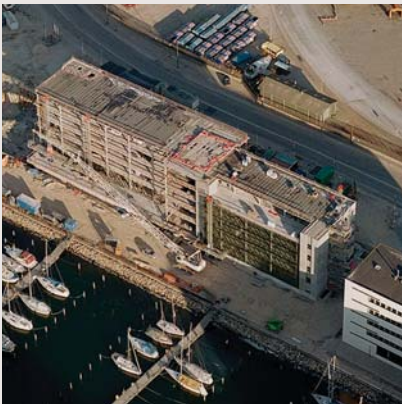
Construction of 11,700 m² headquarters – 6,200 m² for Arator and 5,500 m² for BankInvest A/S. Designed by Dissing + Weitling Arkitektfirma A/S. The construction is a 5-storey building close to the waterfront in Kalkbrænderihavnen. Sold to Lærernes Pension.

PROJECTS IN PROGRESS - TOTAL PROJECT VALUE APPROX. DKK 1.0 BILLION

THE NATIONAL BOARD OF HEALTH, HAVNESTAD, COPENHAGEN

Construction and renovation of 10,700 m² offices in the old soybean cake factory. The property will be renovated and extended in keeping with the original building's architecture to maintain the unique environment provided by the old factory buildings. The National Board of Health will move in on 1st July 2003.

At a Board meeting at the beginning of December 2002 the Board of Directors approved the sale of the property to



DFDS, Kalkbrænderihavnen

Brdr. Rønje. The Board of Directors ensured that the purchase followed the usual market conditions as the purchase took place between closely related parties.

DFDS, KALKBRÆNDERIHAVNEN

11,600 m² headquarters, designed by architects Dissing + Weitling. The building, which will have panoramic views across the marina to Frihavnen, is located near DFDS's planned passenger terminal in Søndre Frihavn.

DFDS is planning to move into its new headquarters in August 2003. Sold to Kommunernes Pensionsforsikring.

RADIOHUSET, COPENHAGEN

Sold to PFA Pension. In December 2002 an agreement was signed between Mørkhøj Projektudvikling A/S and PFA Pension for the transfer of Radiohuset on Rosenørns Alle.

DR expect to move to Ørestad in 2005/06. The Ministry of Cultural Affairs will then take over the building for use by the Royal Danish Academy of Music which will carry out a refurbishment programme in accordance with its needs although within the restrictions



Radiohuset, Frederiksberg

imposed by the building's status as a listed building. With the potential for a further 12,000 m², it is expected that a local government plan will specify the design and use of such an extension. The arrangement with PFA comprises a partnership concerning the development of this project.

HYDRO TEXACO, SØBORG

5,100 m² headquarters for Hydro Texaco. The building is designed by architects Mangor & Nagel. Hydro Texaco will move into the premises in March 2003. Sold to AP Pension.

NY ALLERØDGÅRD - SJÆLSØ GRUPPENS NEW HEADQUARTERS

In 2002, Sjælsø Gruppen purchased the beautiful Ny Allerødgård between Blovstrød and Allerød from Allerød Local Council. Sjælsø Gruppen intends to move from Rosmosegård to Ny

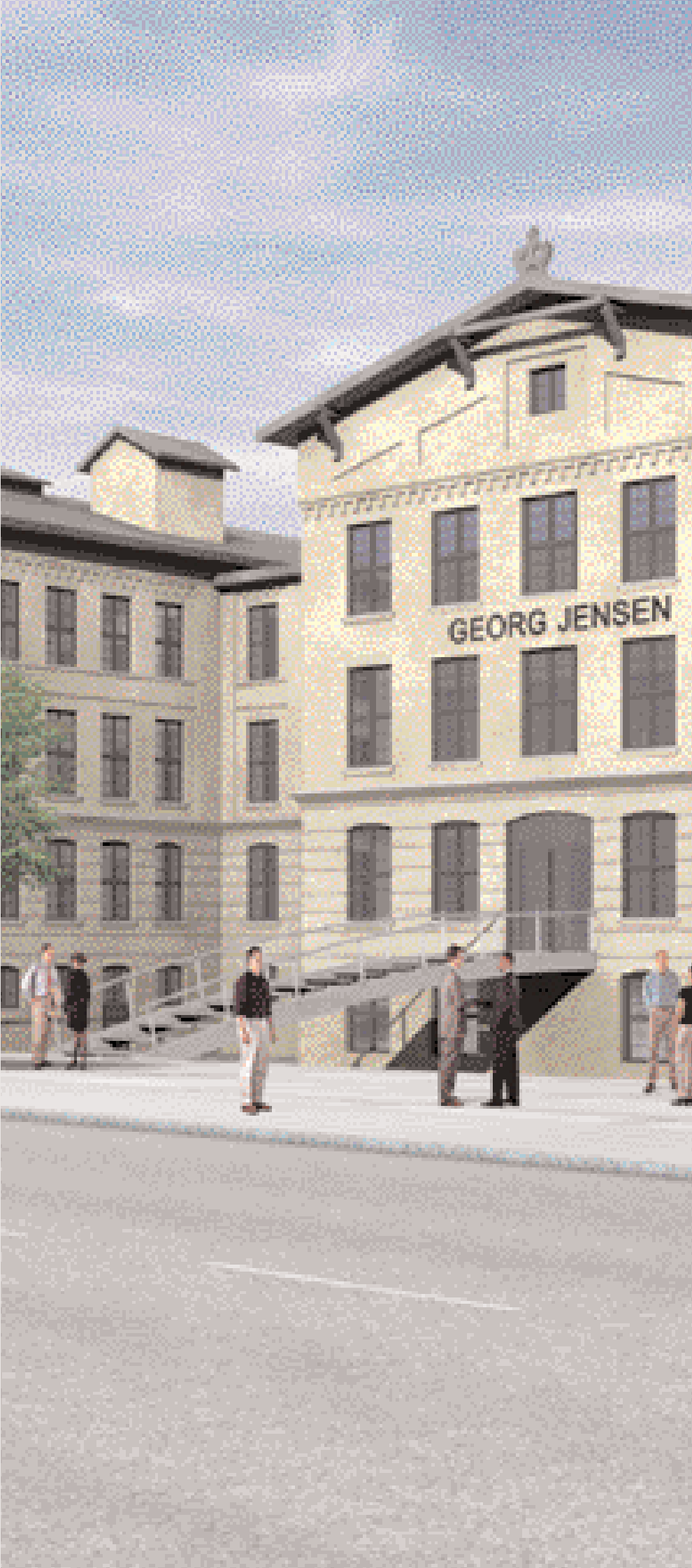


Ny Allerødgård, Allerød

Allerødgård in the summer of 2003. The space available is greater than the actual requirements and provides scope for future expansion. Sjælsø Gruppen has chosen to sell the project to Nordania Leasing.

The objective is to carry out an extensive renovation of the building as well as the possible expansion of the floor area. The centre of the quadrangle will be covered with an atrium linking the four office wings. The facade of the building would, therefore, remain unchanged.

Georg Jensen, Frederiksberg



**UNSOLD PROJECTS IN PROGRESS
- TOTAL PROJECT VALUE OF
APPROX. DKK 225 MILLION**

FREGATTEN, EBELTOFT

Residential and retail project. Interior decoration and letting of 31 retirement apartments and three shops. The shops have been let since completion, but the apartments are not being let as quickly as anticipated. So far a letting ratio of 84% of the budgeted rent has been achieved. The project is expected to be sold at a profit once letting is complete.



Fregatten, Ebeltoft

GEORG JENSEN

As part of the overall project concerning the Royal Porcelain Factory, a contract was signed with Georg Jensen for the design of the silversmith's workshop and corporate headquarters for Royal Scandinavia in a section of the site. Georg Jensen currently occupies the southern wing, but the planned renovation and conversion of the western section of the complex (11,500 m²) will mean that Georg Jensen will occupy totally renovated facilities from early 2004. This part of the project is expected to be sold during 2003.

KNOWN FUTURE PROJECTS - TOTAL PROJECT VALUE APPROX. DKK 8 BILLION EXTRACT HEREOF:

KALKBRÆNDERIHAVNEN, COPENHAGEN

Alongside the Tiscali and SAP site on Kalkbrænderihavnsgade, Sjælsø Gruppen owns a property with a potential construction area of 10,000 m². A six storey building for 1-3 users, with a large glass atrium facing the harbour, is in the detailed planning stage. Along with Union Kul, the project is one of last two undeveloped properties in Kalkbrænderihavnen. It is expected to commence in 2003.



Kalkbrænderihavnen, Copenhagen

UNION KUL, KALKBRÆNDERIHAVNEN

Construction of 5,700 m² headquarters on Kalkbrænderiløbskaj with a view of the harbour towards Øresund and Hven. The Utzon-designed headquarters will be built around an inner courtyard facing the harbour. The project is expected to begin in 2003.

MIDTAGER, BRØNDBY

Renovation of 6,200 m² headquarters. The property, which will have a modern facade of glass and aluminium sections, is expected to be let and sold in 2003.

MØRKHØJ PROJEKTUDVIKLING A/S

In 2002, Sjælsø Gruppen acquired the entire shareholding of Mørkhøj Projektudvikling A/S which was previously owned by Sjælsø Gruppen and St. Frederikslund with each holding a 50% stake. TV-Byen in Gladsaxe and Radiohuset on Rosenørns Allé were



Union Kul, Kalkbrænderihavnen

both purchased for a total of DKK 790 million. Following the acquisition, the company has been incorporated as a subsidiary of Sjælsø Gruppen although the company has retained its financial structure with non recourse loan. (A non recourse loan is defined as a loan where the lender can only obtain full payment up to the amount of the security).

Radiohuset at Rosenørns Alle was sold to PFA Pension in 2002. The rental contracts relating to TV-Byen will ensure Mørkhøj Projektudvikling's positive cashflow for a number of years. Sjælsø Gruppen's plan is to develop the large areas in and around TV-Byen where it is expected that new construction totalling approx. 80,000 m² will be undertaken.

There is also considerable refurbishment potential within TV-Byen's existing buildings (approximately 100,000 m²). It is envisaged that the letting, refurbish-



TV-Byen, Gladsaxe - visualization

ment, construction and sale of TV-Byen will be a staggered process extending over 2-10 years.

GLENTEGÅRD, SØBORG

Construction of 5,500 m² headquarters in the centre of Søborg. The property appears as a white pavillion and the atrium, which connects the dynamic groundfloor with the other floors, is situated in the centre of the building. The project is expected to be let out and initiated in 2003.

ROYAL COPENHAGEN

Sjælsø Gruppen A/S and Doughty Hanson & Co. Real Estate Fund have entered into a joint venture concerning the development of Royal Scandinavia's porcelain factory and the surrounding areas in Frederiksberg. The redevelopment of the site will result in a combination of buildings for commercial use, teaching and residential purposes. The majority of the existing 70,000 m² will be preserved and restored, while parts of the site will contain newly constructed homes. Sjælsø Gruppen is respon-

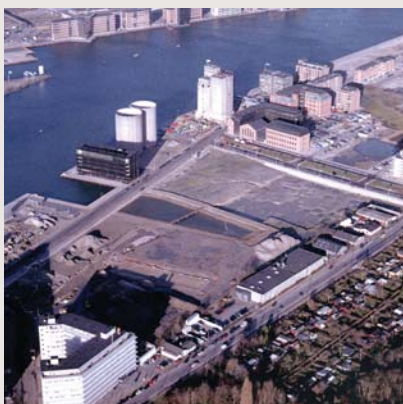


Porcelænshaven, Copenhagen

sible for project development and construction planning, while Doughty Hanson has responsibility for the financing and investment. Development and marketing strategies will be carried out jointly. It is expected that development of the project will take 4-5 years. The projects are intended to be handed over to Danish and foreign investors in increments.

CBS (COPENHAGEN BUSINESS SCHOOL), COPENHAGEN

A purchasing agreement for 6,000 m² for teaching and administration facilities in part of the building has been signed. In the longer term, a further 10-15,000 m² will be furnished for teaching, administration and research purposes as the porcelain factory moves to new accommodation in Glostrup. The purchase is dependent on the finance committee's approval.



Havnestad Syd, Copenhagen

HAVNESTAD SYD/ISLANDS BRYGGE, COPENHAGEN

Sjælsø Gruppen A/S and Doughty Hanson & Co Real Estate Fund have formed a joint venture regarding 67,000 m² commercial and residential development in Havnestad Syd, a prime waterfront site in Copenhagen. The first residential project will be 'Kajplads 24'.



Kajplads 24, Havnestad Syd, Copenhagen

KAJPLADS 24, RESIDENTIAL PROJECT HAVNESTAD SYD/ISLANDS BRYGGE

56 exclusive apartments designed by Architect Kim Utzon on a site facing the harbour. The property will be light and airy with a magnificent view of the harbour and the Copenhagen skyline. Facing the harbour a pedestrian zone will be established with granite and green areas. The development will be commenced when 50% of the apartments have been sold.



SJÆLSØ GRUPPEN'S KNOWLEDGE RESOURCES (KNOWLEDGE AND SKILLS PLATFORM)

Based on Sjælsø Gruppen's business concept, the objective is to continually update and improve the knowledge and skills required to complete projects for its clients.

The company's knowledge and skills platform comprises the knowledge and skills of the company's management and staff as well as those of its business partners.

BOARD OF MANAGEMENT

The Board of Management consists of Ib Henrik Rønje, Jørgen Junker and Flemming Jensen whose respective experience, backed by many years of working together, ensures efficiency and dynamism at the highest level. The Board of Management's ongoing dialogue and relations with the Board of Directors have been most satisfactory.

STRENGTHENING THE PROJECT DEVELOPMENT AND CONSTRUCTION MANAGEMENT DEPARTMENTS

During 2001, the company's construction departments were significantly strengthened. The departments are well staffed and prepared to handle several complex projects in the coming year.

The company also expanded staff levels in the project development department. This was necessitated by the weaker rental market which demands a greater effort in respect of liaising with potential clients.

Sjælsø Gruppen appointed three highly regarded and experienced people to the project development group. As a business dependent on know-how, Sjælsø Gruppen intends to maintain a dialogue with potential employees with relevant skills.

ORGANISATION

Sjælsø Gruppen's growth has also led to the expansion of other areas, including document management and finance. At year end, Sjælsø Gruppen employed 51 people, nine of whom are based at

the Århus office. Sjælsø Gruppen's employees are involved in various working groups with different areas of responsibility.

PROJECT DEVELOPMENT

The project development group is responsible for marketing current and potential projects. The group also liaises with external partners, in particular estate agents, accountants and lawyers.

The company identifies and maintains contact with companies who are potential occupiers of the company's projects. In partnership with future tenants and architects, the new projects are tailored to the requirements of the client. The framework for tenancy agreements is also determined.



Ny Allerødgård, Allerød
Visualization of Sjælsø Gruppen's
new headquarters.

IB HENRIK RØNJE
Managing Director

FLEMMING JENSEN
Director

JØRGEN JUNKER
Director

SJÆLSØ GRUPPEN'S KNOWLEDGE RESOURCES (continued) **(KNOWLEDGE AND SKILLS PLATFORM)**

When a project has been defined and designed and the rights to the site have been secured, the tenancy agreements are signed and once the final financing of the project is in place, the main part of the project development team's work is complete.

RENTAL AND SALE

In connection with the construction of headquarters, the project development group is responsible for the negotiation of rental contracts. In some cases, the project may involve multiple tenants or the renovation of old buildings, where

the search for new occupants can only begin once renovation work has begun. In such instances, the leasing activities are normally undertaken through advertising or contacts to agents.

Responsibility for the sale of Sjælsø Gruppen's projects lies primarily with the Board of Management. The sales work begins when the final rental contract has been drawn up and the project details and technical specifications are in place. Historically, sales tend to occur 3-6 months following the signing of the final rental contract - i.e. well before the completion of a construction or renovation project.

THE CONSTRUCTION DEPARTMENTS

When the project developers and architects have established the key parameters for the project, the construction departments are brought in to provide price estimations and technical descriptions in accordance with the wishes and requirements of clients. Price estimation and quality levels are crucial for determining the financial conditions in the rental agreement and for the overall project economy.

The construction departments are responsible for negotiations with external contractors concerning the construction process and the contracts.



JENS EGER
*Project Development
Manager*

HANS CHRISTIAN HOLM
*Project Development
Manager*

TONY CHRISTRUP
Project Development Manager

ROBERT A. HODGKINS
Project Development Manager

CHRISTIAN LENTZ
Leasing Manager

JOHAN STOUSTRUP
Leasing Manager

BENT SØNDERGAARD
Property Manager

Furthermore, the construction departments liaise with local authorities as regards planning permission etc. as well as with geotechnicians, environmental experts etc.

Once this is in place, the departments co-ordinate and manage the actual construction phase and maintain a dialogue with the future occupier and his advisors. Quality control is also carried out, as is financial and practical co-ordination between the parties involved. The construction departments, for instance, handle three independent series of meetings with tenants, investors and advisors.

DOCUMENT MANAGEMENT/IT

A new document management platform was implemented in 2002 to handle the company's entire project management process. This specially designed program, which has so far met expectations, will be developed further in the near future. Management's view is that Sjælsø Gruppen remains at the forefront of IT application within the industry.

Sjælsø Gruppen continues to explore the potential of the Internet and Internet communication with clients, advisors, partners, architects etc. with regard to document handling, contracts, building descriptions, drawings, marketing and rental and sales prospectuses are incre-

asingly electronically-based. Sjælsø Gruppen intends to continue to invest the required resources to stay at the forefront of IT development within the industry.

ADMINISTRATION AND FINANCE

Staff functions are handled by a number of small, but efficient units. Finance and accounting are handled by a staff of five using a daily-updated reporting system in conjunction with the construction departments. This enables effective budget monitoring and control of key liquidity figures and consumption of resources. Efficient secretarial staff support project development, the construction department, rental/sales and the Board of Management.



MICHAEL CLASEN
Senior Project Manager
Construction dept. 3

TORBEN MØLLER
Senior Project Manager
Construction dept. 1

PETER EBBESEN
Senior Project Manager
Construction dept. 2

ERIK MOESBY
Technical Director,
Head of Section, Århus

CARSTEN RAUNDAHL
Senior Project Manager,
Construction dept. Århus

SJÆLSØ GRUPPEN'S KNOWLEDGE RESOURCES (continued) **(KNOWLEDGE AND SKILLS PLATFORM)**

Employees with responsibility for IT, marketing, purchasing, training, etc. form an important support section for the rest of the organisation.

CORE SKILLS

The knowledge and skills of management and staff constitute the core skills of the company. Sjælsø Gruppen benefits from a highly experienced and competent staff that advise, suggest and develop solutions for clients within a company's business concept.

Sjælsø Gruppen takes pride in its low staff turnover. Of the 18 members of the company's senior management group, the average period of service is

more than seven years. The eight longest serving employees have served roughly twice this. Before joining the company, most employees worked in similar positions and, therefore, have extensive experience from the industry. Senior management averages 20 years of service in the industry.

Sjælsø Gruppen's knowledge of staff satisfaction forms the basis for maintaining, developing and attracting new employees. This knowledge will be supported by a staff survey prepared in conjunction with a consultancy firm and is expected to be completed in 2003.

Sjælsø Gruppen uses warrants to attract and retain the industry's best people. It is being considered whether the warranty programme can be supplemented by other incentive schemes which are not dependent on share prices, but are performance related.

TRAINING AND SKILLS-ENHANCING ACTIVITIES

In connection with the implementation of the new document management system, a training scheme has been established. A number of employees have also attended other IT-related courses and seminars.

A new, efficient system for following up on contracts has been developed and is currently being implemented. Sjælsø Gruppen's staff have also attended a number of courses and seminars on subjects such as new fire loading within buildings, safety, construction materials



FINN HENRIKSEN
*Administrative
Manager*

LARS THERKELSEN
Finance Manager

BIRGIT ANDERSEN
Executive Secretary



and natural ventilation. Some employees have also taken part in study tours focusing on construction. Moreover, employees are kept updated on relevant legislation.

STAFF DEVELOPMENT

Although partner relations, adaptation of projects etc. are constantly optimised, annual appraisals are conducted with all employees to discuss, for instance, individual career development. Generally, most staff have worked on their career development in previous employment and have, therefore, reached a stage in their working lives where the most important need is to be involved in challenges where they can make full use of their skills.

SEMINAR ON STRATEGY AND VISION - FUTURE GROWTH

Senior management held a seminar on the company's future growth and how to ensure this. In advance of the seminar, staff members prepared an in-depth study of the market segments that are, or might become, part of Sjælsø Gruppen's activities. The seminar was followed up by regular meetings where data and ideas were further examined. Focus, therefore, was on the volume of existing and future projects in a number of geographical areas and in both residential and commercial property sectors.

The objective is to maintain focus on future strategy and on the composition of activities as well as on profit areas so that rapid adjustments can be made when the economic climate changes.

SJÆLSØ GRUPPEN'S PARTNERS

In addition to Sjælsø Gruppen's basic skills, a network of partners, whose competence and knowledge complement those of the company, has been established.

Sjælsø Gruppen's employees and partners ensure flexible and individual solutions that match the client's needs in respect of functionality, architecture, design, etc.

TURNOVER AND EARNINGS PER EMPLOYEE

	1997	1998	1999	2000	2001	2002
Average number of employees	14	20	27	34	43	50
Turnover per employee (DKK million)	18.9	13.0	16.1	23.9	25.3	23.9
Pre-tax profits per employee (DKK million)	2.7	2.9	3.0	4.5	4.3	4.1

EXPECTATIONS FOR THE FUTURE

EVENTS AFTER THE CLOSE OF THE FINANCIAL YEAR

Apart from those mentioned in these accounts, no events have taken place that affect the company's financial position.

MARKET PROSPECTS

Sjælsø Gruppen has a large portfolio of developing prospects in Havnestad/ Islands Brygge, Lyngby, Ballerup, Nordhavn/Kalkbrænderihavnen, TV-Byen in Gladsaxe, Århus and Porcelæns-haven in Frederiksberg, as well as



Kajplads 24, Havnestad Syd, Copenhagen
Sketch plan by architect Kim Utzon

CORE SKILLS

Sjælsø Gruppen's revenue derives from company relocations, but not necessarily relocation to new premises. Whether companies move to larger or smaller premises, whether they move to expand or downsize is largely immaterial - as long as they move. This is why Sjælsø Gruppen primarily focuses on its clients' relocation plans and is able to adapt the product required by the tenant to the current state of the property market.



Sjælsø Gruppen's participation in the MIPIM property fair and the NEPIX property fair in Copenhagen as well as its membership of EPRA (European Public Real Estate Association) has made a major contribution to international awareness of Sjælsø Gruppen's concept and market position.

This has led to a series of meetings and introductions to international investors, investment brokers and, not least, potential tenants.



options on a number of commercial sites in prime locations.

In placing particular emphasis on location, Sjælsø Gruppen has laid the foundation for attracting clients to new headquarters for many years to come. This, in tandem with a well-established market position and sound capital base, lends strong support to sustained growth.

Sjælsø Gruppen's core skill is project development with the creation of new lease contracts. These new leases may well be for existing buildings that are being renovated to the client's requirements. The company, therefore, is less vulnerable to a decline in new construction.

FOREIGN INVESTORS

There is clear interest from foreign property investors in investments in completed projects and in partnerships. In the search for higher returns, investors are prepared to accept increased risk in the development phase. This has manifested itself in the joint ventures between Doughty Hanson and Sjælsø Gruppen.

Sjælsø Gruppen's membership of S.I.P.A. (Scandinavian International Property Association) is aimed at achieving closer collaboration with major players in Northern Europe. S.I.P.A.'s goal is to support the Nordic property investors and promote their interest in the acquisition, administration and development of properties in Denmark and abroad.

S.I.P.A. also maintains a network among its members in Denmark and abroad. The organisation is dedicated exclusively to members that, by virtue of the extent of their involvement or level of activity, are influential players in Northern European property markets.

STRATEGIC PARTNERS

Sjælsø Gruppen will continue to strengthen its co-operation with financially strong partners in order to increase activity levels through joint ventures.

In 2002, Sjælsø Gruppen established a joint venture with Doughty Hanson regarding two specific projects - Havnestad Syd/Islands Brygge and the Royal Copenhagen Porcelain Factory (via Porcelænshaven A/S). Both companies are 50/50 owned by the two partners, although it is expected that profits will



Kajplads 24, Havnestad Syd, Copenhagen
Sketch plan by architect Kim Utzon

be distributed approx. 60/40 % in Sjælsø Gruppen's favour. This is due to the fact that Sjælsø Gruppen bears the cost of project development and construction control in relation to the projects. For each of the projects, the partners have paid/guaranteed approximately DKK 50 million, i.e. the maximum risk for these projects.

The partners have established long-term financing models on a non recourse basis, ensuring liquidity and cash-flow for a number of years.

Doughty Hanson's Real Estate Fund is one of the largest European funds of its kind with equity capital in excess of

650 million euro. Its real estate team operates across seven European offices and has more than 100 years' experience of European real estate.

Sjælsø Gruppen maintains an ongoing dialogue with other potential partners with a view to starting more joint ventures.

ACTIVITY LEVELS

Sjælsø Gruppen's activities remain centred in the Greater Copenhagen and Århus areas. Despite a slowdown in demand from IT companies, a number of



enquiries for new headquarters from public and private companies have been received. The forecasts continue to point towards a rise in the number of jobs in the next few years - especially in the Øresund Region.

This applies to most sectors, including IT, communications, pharmaceuticals, biotechnology and consultancy. Although a certain inertia and caution are expected in the decision-making processes, there are still promising opportunities for finding new tenants for Sjælsø Gruppen's many potential projects.

2002 saw strong focus on the construction of residential property, especially in Copenhagen and Frederiksberg. There is a clear local government desire to initiate new housing projects, particularly for larger family housing. Demographic growth forecasts support this need.

It is expected that, in 2003, Sjælsø Gruppen will embark on extensive housing projects for owner/occupiers as well as for tenants. It is emphasized that developments will only be initiated when a satisfactory sale or letting has been completed.

PROFIT EXPECTATIONS FOR 2003

Based on the current project portfolio and current initiatives, the pre-tax profits for the 2003 financial year are expected to be at the same level as for 2002.

NEW COMPANY HEADQUARTERS

As a result of the rise in the number of employees at Sjælsø Gruppen, the company's present headquarters has reached its capacity. To ensure future growth and provide the right framework for its business activities, Sjælsø Gruppen has acquired the Ny Allerødgård property from the Municipality of Allerød. Ny Allerødgaard is located a short distance from the existing head office in rural surroundings next to IBM, and the existing headquarters is expected to be sold during 2003.

During the year, Sjælsø Gruppen began renovating and extending the property to make the new head office more dynamic and exciting and to serve as a showcase for future clients. The project has been sold to Nordania Leasing.

Sjælsø Gruppen will move into the new facilities in the autumn of 2003.

INVESTOR RELATIONS

SHARE CAPITAL

The share capital consists of 2,191,300 shares, each with a face value of DKK 10.00, corresponding to a nominal share capital of DKK 21,913,000 after the subscription of shares under the warrant scheme. There is only one share class. The following shareholders hold more than 5% of the share capital:

- Brdr. Rønje Holding A/S,
Allerød: 30.4%
- Henderson Investors Ltd.,
London: 22.6%

It is estimated that Sjælsø Gruppen has 1,500-2,000 shareholders of whom 505 are registered by name and represent 73.2% of the company's equity.

THE WARRANT SCHEME

Sjælsø Gruppen uses warrants to attract and retain the best employees in the sector. In 1998 a warrant scheme was set up which was followed by two others in 2000 and 2001. The Board of Directors was authorised to allocate 200,000 warrants under the three schemes.

In 2002 33,757 warrants were assigned. At the close of the financial year, a total of 179,884 warrants had been allocated - corresponding to approx. 8.6 % of the share capital. During the year a group of employees converted their warrants - a total of 13,902 - into shares.

The Board of Directors is authorised to allocate a further 120,116 warrants, corresponding to a nominal share capital of DKK 1,201,160.

PRICE FLUCTUATIONS AND SHAREHOLDER VALUE

Sjælsø Gruppen is listed on the Copenhagen Stock Exchange under the ID code 10241751. Despite satisfactory growth in profits and turnover, the share price fell during 2002. From an opening price of 255, the price ended the year at 249.

Substantial fluctuations in the market and significant capital losses on shares suffered by investors have focused attention on highly liquid shares, while small-cap shares have attracted little attention. Sjælsø Gruppen's view is that the fall in share value was unrelated to the company's economic performance,

IN ACCORDANCE WITH THE RULES REGARDING INSIDERS' SHAREHOLDINGS, THE FOLLOWING OWN THE STATED NUMBER OF SHARES

	Number of shares	Value
	Units	DKK 1000
	31.12.02	31.12.02
Brdr. Rønje and close relatives	666.771	165.753
The Board of Directors and close relatives	0	0
Executive Directors and close relatives	90.582	22.518
Other employees and close relatives	63.796	15.858
All insiders and close relatives	821.149	204.129

With the exception of the Board of Directors and Board of Management, all employees are regarded as insiders.

In connection with new rules governing insiders' shareholdings and trade in shares, the internal rules for trading shares and the handling of knowledge

have been updated. All employees have confirmed in writing that they have been informed about the rules.



but rather the consequence of external events. Since its flotation in 1998, Sjælsø Gruppen has recorded steadily rising, annual increases in turnover and profit and has always met or exceeded the budgeted targets.

BUY-BACK OF OWN SHARES

The company bought back own shares during 2002 so that it now holds 6.1 % of the capital. However, at year-end 74,193 shares (equivalent to 3.3%) were transferred to St. Frederikslund in connection with the purchase of the total amount of shares in Mørkhøj Projektudvikling A/S (Radiohuset and TV-Byen).

The buy-back has, therefore, taken place in accordance with earlier announcements concerning a strategic placement with a subsequent lock-up period. Nevertheless, Sjælsø Gruppen wishes to retain the option of acquiring up to 10% of its own shares.

Share price development in 2002 means that Sjælsø Gruppen's market value remains around DKK 550 million. This corresponds to a P/E-value of approximately 4. In the opinion of management, this does not reflect the company's history and profit level.

The company continues to work towards a share price that reflects the company's profitability as well as the potential profits of a knowledge-based company with Sjælsø Gruppen's strategy and track record.

DIVIDEND POLICY

In previous years the company allocated one third of its profits after tax to dividends and/or buyback of own shares.

At the Annual General Meeting on March 24, 2003, the Board of Directors will propose a dividend of DKK 25.00 per share, corresponding to DKK 55 million or 39% of the profit for the year.

TO OPTIMISE THE MARKET VALUE AND FOR THE BENEFIT OF SHAREHOLDERS THE FOLLOWING INITIATIVES ARE BEING EXAMINED

- Increased dividend payments to secure attractive returns for shareholders
- Maintaining the option of buying back own shares
- Frequent investor meetings/conferences
- A new, easily accessible and investor-relevant website
- Continued high profile in the media
- Quarterly newsletter
- Market Maker agreement
- Ongoing contact with influential share analysts
- Web cast of investor presentation

CORPORATE GOVERNANCE

I: CORPORATE GOVERNANCE

Good corporate management

The so-called "Nørby-Committee" announced its recommendations for proper corporate governance for publicly listed companies in November 2001.

The committee set out a series of recommendations for senior management and boards of directors in relation to daily management, relations between board and management and, not least, communication between companies and the surrounding world, particularly shareholders.

SJÆLSØ GRUPPEN'S BOARD OF DIRECTORS AND THE BOARD OF MANAGEMENT HAVE EXAMINED THESE RECOMMENDATIONS AND REACHED THE FOLLOWING CONCLUSIONS:

II: STAKEHOLDERS' ROLE AND IMPORTANCE TO THE COMPANY

Re 1. Company policy in relation to stakeholders

As noted above, the company and the Board of Directors follow a policy of maximising returns with due regard to Sjælsø Gruppen's moral obligations.

Re 2. Stakeholders' role and interests

The Board of Directors, has ensured that the interests of the stakeholders, as well as their role, are in line with the company's policy for this area.

III: TRANSPARENCY AND PROVISION OF INFORMATION

Re 1 Dissemination of information

In connection with the Stock Exchange flotation, the Board of Directors introduced internal rules regarding the provision of information to the Copenhagen Stock Exchange as well as internal rules for members of the Board of Directors, directors and employees' buying and selling of securities and the responsible handling of internal knowledge. Work on these rules continues and regular reviews are carried out.

Re 2 Investor-relations

The Board of Directors has ensured an ongoing dialogue between the company, its shareholders, financial analysts etc. through hosting investor meetings etc.

Re 3 The annual report

The Annual Report is presented in accordance with relevant Danish legislation.

Re 4 Additional information

The Board of Directors will take steps to ensure that the next Annual Report will comprise a knowledge audit.

Re 5 Quarterly statements

The Board of Directors previously decided not to publish quarterly statements. Instead a quarterly newsletter is published for quarters with no annual or interim reports, as quarterly statements with further periodizing of the company's earnings do not necessarily show a true picture of the company's earnings.



*Porcelænshaven, Copenhagen
Apartments*

Re 3 Rules of procedure

Well before the Stock Exchange flotation the Board of Directors had established rules of procedure which, efficiently and operationally, list the Board's tasks. The rules of procedure have been reviewed on an ongoing basis.

Re 4 Information provided by the Board of Management to the Board

The Board of Management reports to the Board of Directors in a satisfactory manner.

This is also illustrated by the comprehensive material received by the Board before each board meeting.



IV: THE BOARD OF DIRECTORS' TASKS AND RESPONSIBILITIES

Re 1 The Board of Directors' general tasks and responsibilities

The Board of Directors carry out their responsibilities by, inter alia, setting overall targets and developing strategies, following up on their implementation as well as setting clear guidelines for responsibilities, division of responsibilities, planning and follow-up with regard to risk management and securing constructive links to the company's stakeholders

Re 2 The Chairman's responsibilities

In line with the recommendations, there has always been an elected Chairman and Deputy Chairman. The Chairman and the Deputy Chairman are fully aware of the responsibilities of their positions.

V: THE COMPOSITION OF THE BOARD OF DIRECTORS

Re 1 Recruitment and choice of board members

The Board of Directors has the relevant and necessary knowledge and professional experience to match the company's needs.

Re 2 Introduction and training of new Board members

The Board believes that, in connection with the election of new Board members, these have been adequately briefed before taking their seat on the Board. Further, it is noted that all Directors actively participate in the Board's work and, therefore, fully meet the report's recommendations.

Re 3 Number of Directors

Sjælsø Gruppen A/S' current Board of Directors comprises 7 members. In the Board's view, this is suitable for ensuring smooth transitions.

Re 4 The Board's independence

The majority of the Directors are independent in that the Chairman, Deputy Chairman and two other members meet the report's recommendations with regard to independence.

Re 5 Frequency of meetings

Meetings are held regularly (more than five times annually). In keeping with this, the Board has decided on the meeting and work plans for the coming year.

Re 6 Time requirements and directorships of Board members

The Directors have understood the time demanded by their position and the need for allocating sufficient time to carry out their tasks. In the Board's view all Directors are well-prepared for the meetings.

Re 7 Age limit

The Board decided not to incorporate a fixed age limit for Directors but to assess each case on its merits.

Re 8 Election period

The Board noted the report's recommendation that no board member should be elected for more than 9 years. The Board decided that this recommendation is not appropriate to Sjælsø Gruppen and each case would be decided on its merits.

Re 9 Use of Board committees

The Board has always employed an "investment committee".

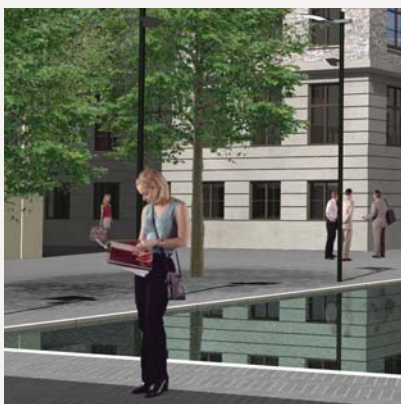
The Board finds it appropriate that this committee assists the Board of Management and senior managers in their daily work. The Board, however, agrees with the report's findings that special committees are not necessary.

Re 10 Self-evaluation of the Board's work

As noted under point 8, it is the view of the Board that each Director's election period is evaluated on a case-by-case basis. It is also the Board's view that there ought to be ongoing self-evaluation of the Board as a whole and of the individual members' work.

Re 11 Evaluation of the Board of Management

There is a continual evaluation of the Board of Management's work. In accordance with the report's recommendations the Board of Directors has decided that this evaluation should be carried out annually.



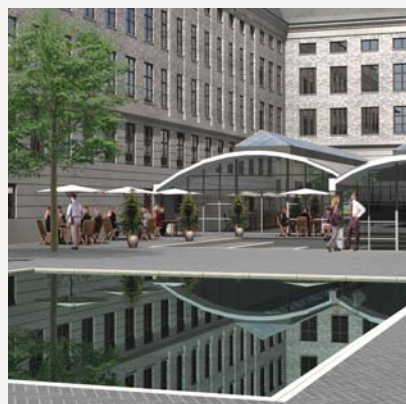
Copenhagen Business School

Re 2 Transparency of share-based incentive schemes

Information on the ongoing incentive scheme is made public in the Annual Accounts in accordance with the recommendations. The incentive scheme is under review.

Re 3 Severance packages for the Board of Management

There are no severance packages for the Board of Management and the company has no pension obligations with regard to directors. The period of notice for members of the Board of Management is 12 months.



Re 12 Evaluation of the co-operation between the Board of Directors and the Board of Management

There is a continual evaluation of the co-operation between the Board of Management and the Board of Directors. In accordance with point 11 above, the Board has decided to conduct this evaluation annually.

VI: REMUNERATION OF THE BOARD OF DIRECTORS AND THE BOARD OF MANAGEMENT

Re 1 Principles for establishment of incentive schemes

The Board of Directors takes note of the report's recommendations that the Board of Directors' remuneration can be paid through incentive schemes, including bonuses and shares at market value. However, share option programmes should not be used. It has been noted that members of the Board in 2000 were entitled to benefit from a share option scheme.

VII: RISK MANAGEMENT

Re 1 Risk management

The Board is confident that there is strong focus on risk management and that this is evidenced by the key figures for solvency, liquidity etc. as announced in connection with the Stock Exchange flotation.

SUMMARY

In summary, the Board concluded that, by and large, procedures comply with the recommendations of the Nørby Committee's report on Corporate Governance. In those instances where the Board does not meet the recommendations, the Board has considered the specific points carefully.

ANNUAL GENERAL MEETING ETC.

ANNUAL GENERAL MEETING

24 MARCH, 2003

Sjælsø Gruppen A/S will hold its Annual General Meeting for the financial year 2002 on 24 March, 2003, at 3pm in the Danish Medicines Agency's future headquarters in Havnestad/Islands Brygge, Axel Heides Gade 1, DK-2300 Copenhagen S.

Once again, Sjælsø Gruppen has decided to hold its Annual General Meeting at one of its major construction projects thus allowing shareholders to view the project at close hand.

PROPOSALS

The Board recommends that a dividend of DKK 25.00 per share be distributed. (In the 2001 financial year the dividend per share was DKK 10.00).

It is also recommended that the Board of Directors is authorised to purchase up to 10% of the company's own shares.

A new proposal for a change to the company's articles of association will be presented as a result of the new accounts act.

STOCK EXCHANGE ANNOUNCEMENTS

No. 1	31.01.02	Financial Calendar for 2002
No. 2	06.02.02	Allocation of warrants to employees
No. 3	20.02.02	Purchase of own shares
No. 4	05.03.02	Purchase of own shares
No. 5	12.03.02	Employees subscribe to shares in Sjælsø Gruppen by exercising the warrants allotted
No. 6	30.04.02	Newsletter April 2002
No. 7	21.05.02	Purchase of own shares
No. 8	30.05.02	Doughty Hanson and Sjælsø Gruppen to develop Havnestad Syd
No. 9	05.07.02	Sjælsø Gruppen sells the DFDS development in Kalkbrænderihavnen to Kommunernes Pensionsforsikring
No. 10	19.08.02	Interim report
No. 11	28.08.02	Purchase of own shares
No. 12	17.09.02	Employees subscribe to shares in Sjælsø Gruppen by exercising their warrants
No. 13	10.10.02	Sjælsø Gruppen and Doughty Hanson strengthen Copenhagen partnership with agreement to redevelop Royal Scandinavia site
No. 14	31.10.02	Newsletter October 2002
No. 15	20.11.02	Sjælsø Gruppen enters into an agreement with St. Frederikslund Holding A/S
No. 16	05.12.02	Sjælsø Gruppen lets 13,000 m ² premises to the Danish State
No. 17	18.12.02	Sjælsø Gruppen sells Radiohuset to PFA Pension
No. 18	19.12.02	Financial Calendar for 2003
No. 19	19.12.02	Position of the total shareholding of all insiders and related parties in Sjælsø Gruppen
No. 20	20.12.02	Sjælsø Gruppen sells the Danish Medicines Agency's headquarters in Havnestad
No. 1	30.01.03	Financial Calendar for 2003

The contents of the individual announcements can be viewed on www.sjaelsoe.dk

FINANCIAL CALENDER

Publication date for announcement of annual accounts	27 February 2003
Announcement of annual accounts to investors and analysts	28 February 2003
Annual General Meeting	24 March 2003
Newsletter for 1st quarter of 2003	End April 2003
Announcement of interim results for 2003	21 August 2003
Newsletter for 3rd quarter of 2003	End October 2003



FINANCIAL MANAGEMENT TARGETS AND RISKS

FINANCIAL MANAGEMENT TARGETS

As part of its general growth and consolidation strategy, Sjælsø Gruppen's operations are managed on the basis of three overall financial management targets. This is due to the company's involvement in protracted, project-based construction assignments, which often extend over several financial years. This means that no turnover or profit is registered until a sale has been completed.

THE FINANCIAL MANAGEMENT TARGETS

- The solvency ratio (adjusted) must not be less than 40%
Figure achieved: 49.3%
- Equity must be at least 100% in relation to the company's portfolio of building land.
Figure achieved: 317.0%
- Cash funds must not be less than at least one year's cash operating costs.
Figure achieved: DKK 145.3 m., which is approx. 2 years' operating costs.

If these financial management targets are met, the company is confident that Sjælsø Gruppen can weather even very significant and sudden changes in the market.

Turnover and gross profit are therefore deferred from year to year depending on the date of sale, which in itself does not necessarily reflect changes in activity levels as the sale of land and projects for the company's own account does not appear as turnover and gross profit until the year of sale. Turnover and gross profit are, however, distributed in relation to projects sold, with the project development margin being booked as income

only when a project has been developed and sold. The building management margin is subsequently booked as income pro rata on the basis of the resources used. As part of risk management, allowance is made for the complexity of projects, including the type of contract and project period.

RE. SOLVENCY

Solvency is normally calculated on the basis of the equity in relation to the balance sheet total. Sjælsø Gruppen has found that this calculation does not



Project in Kalkbrænderihavnen, Copenhagen

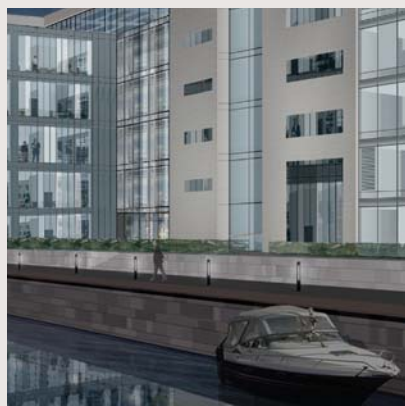
give a true and fair picture of solvency as a management target. The balance sheet includes sold projects in progress, trade debtors and cash at bank and in hand. These assets are all regarded as secure assets.

Sjælsø Gruppen uses two different ratios to calculate solvency:

1. Sjælsø Gruppen has a solvency requirement of 40% seen in relation to the balance sheet total reduced by secure assets. The reduced total assets primarily consist of properties and land in the phase of project development and projects that are ready for sale. As of 31/12/2002 equity represented 49.3% in relation to the total assets, which more than satisfies the solvency target of 40%.

It is under consideration whether non recourse financed projects portfolio ought to be deducted from the project portfolio in respect of calculation of solvency for the coming financial year. If the assets for 2002 are changed according to non recourse project portfolio the solvency will be 86.4%.

2. Sjælsø Gruppen has a supplementary solvency requirement in relation to its undeveloped land portfolio with a view to covering the increased sensitivity to market fluctuations and increased



dormancy costs linked to such holdings. The portfolio of undeveloped land must not exceed the equity and this target is also more than satisfied as equity in relation to total assets was 317.0%.

With regard to the use of this financial management target, it should be noted that sold projects in progress increase solvency, whereas projects, buildings and land on the company's own account reduce solvency.

FINANCIAL MANAGEMENT TARGETS AND RISKS (continued)

RE. CASH FUNDS

The target for Sjælsø Gruppen's cash funds is that they must represent at least one year's cash operating costs. At the end of the financial year, the company's readily available cash funds, excluding unused credit facilities, stood at DKK 145.3 million, which more than meets the target.

RISK FACTORS

By actively working on the risk factors to which Sjælsø Gruppen is exposed, it is management's objective to increase



Porcelænshaven, Copenhagen
Visualization

long-term earning capacity while ensuring that the aforementioned management targets are met.

The company is, however, confident that, providing the risk factors are handled prudently, they offer a number of market-related opportunities. This is due to Sjælsø Gruppen's understanding of the market and level of knowledge which allows the company to handle the complexities of the projects efficiently.

It is expected that contracting will continue to be without substantial risks, with all work being purchased externally on the basis of fixed price quotations and guarantees provided by the contractors for the performance of all contracts. Covering these risks combined with skilful and effective project management by Sjælsø Gruppen's project managers enhances Sjælsø Gruppen's reputation as a skilled and reliable business partner.



EMPLOYEES, ORGANISATION, ETC

In view of their knowledge and skills, Sjælsø Gruppen's employees represent an important factor in the company's continued development. One result of excellent teamwork on individual projects is the reduction in reliance on individuals.

To meet the objective of attracting and retaining talented and skilled employees for long-term employment, a warrant scheme was introduced in 1998 for all employees. This scheme is regularly updated so that all employees are covered by the programme.

COMPETITORS

In recent years Sjælsø Gruppen has built up a strong market position in the Danish project development market. Competitors in this market can be divided into the following categories: Swedish and Danish contracting groups act as project developers for their own sites or as traditional contractors. Established project development companies compete partly on the basis of their own land portfolios and partly on the basis of co-operation with users before the relevant site is found.

COMPETITORS

- Swedish-owned contracting groups
- Danish-owned contracting groups
- Established project development firms
- New players in the market

New players in the market primarily focus on co-operation with users and only own a limited land portfolio. In summary, there is still considerable competition, but the competitive parameters largely benefit Sjælsø Gruppen.

MARKET AND PRICE TRENDS FOR PROPERTY

Sjælsø Gruppen aims at striking an appropriate balance between projects sold in advance and projects for its own account where the objective is to sell the projects soon after their completion. Sjælsø Gruppen, therefore, does not speculate in profits resulting from fluctuations in the market. The acquisition of land and buildings is seen purely as a means for concluding contracts for projects. The risk of price fluctuations is minimised by the company's strategy of



not holding onto completed projects, but rather to effectuate sales early in the project phase. As long as the financial management targets are met, price fluctuations for property do not pose a serious risk to the company's earnings and capital.

CLIENT RELATIONS

Sjælsø Gruppen's relations with its clients are important in relation to assessing the company's risks. Over the years Sjælsø Gruppen has maintained strong focus on relations with both property users and investors. Experience shows that the client profile is constantly changing. Client and sales strategies are, therefore, adapted to development and to clients' requirements. The established network of estate agents, lawyers, architects, engineers and other advisors in conjunction with excellent reference projects, means a better dialogue with clients. This, again, enables us to put solutions, contracts, etc. in place quickly.

ENVIRONMENTAL MATTERS

Sjælsø Gruppen's business concept means that its activities do not impact adversely on the environment. However, we make sure that before acquisition, individual properties or sites are surveyed by environmental experts to provide a sound basis for any subsequent decisions.

THE PROPERTY MARKET CYCLE

THE PROPERTY MARKET'S FOUR SEASONS

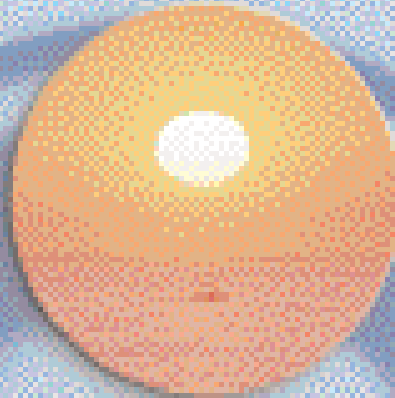
To illustrate the property market cycle, Sjølsø Gruppen has set out four scenarios, each with its own characteristics. Under scenarios 1, 2 and 4 Sjølsø Gruppen achieves satisfactory earnings. Under scenario 3, however, the Group must ensure a rapid sale of its projects to protect against reduced earnings or losses.



SCENARIO 1 - SPRING

Rising property prices

A property bought today is sold in a rising market. This generates profits from the transaction as well as from project development and construction management fees.



SCENARIO 2 - SUMMER

Stable high level

The property market has stabilised at a high level with properties bought today are sold in an active market. This generates project development and construction management fees but no gains arising from upward market trends.



SCENARIO 3 - AUTUMN

Declining market

A property bought today is sold at a loss tomorrow. As a result the project development and construction management fees are, in part or in full, offset by the loss. This incurs a risk of direct losses on individual projects. To counteract the risk of loss sales must be rapidly completed.



SCENARIO 4 - WINTER

Stable, low price level

Without gains or losses from market movements, a market with a low turnover ratio generates only project development fees and construction management fees. This scenario is characterised by slower project sales and a consequent slowdown in earnings. At the same time, however, the scenario provides opportunities for attractive acquisitions and sales.

GENERAL SUPPLEMENTARY COMMENTS TO THE ACCOUNTS

PROFIT AND LOSS ACCOUNT

Turnover for 2002 totalled DKK 1,173.5 million, i.e. a 7.7% increase on the 2001 figure of DKK 1,090.0 million. Pre-tax profits were DKK 204.8 million which represents a year-on-year increase of DKK 21.7 million or 11.8%.

The result and the increase in profit are regarded as particularly satisfactory. In view of Sjælsø Gruppen's structure where a relatively small number of employees develop and manage a broad range of projects, the Group's resources are utilised efficiently. This is also reflected in Sjælsø Gruppen's concept of being a project development business in which the core skills are the development and management of projects.

BALANCE SHEET AND CASH FLOW

Of the total balance sheet figure of DKK 2,223.8 million, DKK 1,150.9 million are safe assets in the form of cash at bank and in hand, sold projects in progress and trade debtors, most of whom are large institutional investors.

In general, Sjælsø Gruppen's policy is to fund all projects through construction loans. This ensures an ongoing positive cash flow which releases liquidity as the projects are completed. Liquidity is improved by projects being settled on an ongoing basis during the project phase through payments on account.

Payments on account relating to sold projects in progress and the proceeds from completed projects contribute to the positive cash flow for operations. The cash flow for operations totalled DKK 275.0 million in 2001 compared to DKK 97.5 million in 2002 where no on account payments took place relating to sold projects in progress. These will not be settled until the completion of the projects.

SJÆLSØ GRUPPEN'S JOINT VENTURES

The strategy of forming joint ventures with capital partners means that Sjælsø Gruppen can participate in larger and more capital intensive projects than would otherwise be the case.

At the same time, Sjælsø Gruppen can, with a limited financial exposure, participate in larger projects without compromising its financial targets, not least with regard to solvency. This means that Sjælsø Gruppen's maximum economic risk is restricted to the capital invested in the joint ventures.

In Sjælsø Gruppen's balance sheet these amounts are entered under financial fixed assets. The result from joint ventures, therefore, appears as one item in the profit and loss account.

SPECIFICATION OF SAFE ASSETS AND DEBTS

ASSETS (in DKK mio.)

Balance	2,223.8	100.0%
Hereof safe assets		
Cash in hand	145.3	6.5%
Deposits in escrow account and cover-for-liabilities account and bonds	109.1	4.9%
Cash in hand and in bank	254.4	11.4%
Trade debtors and sold projects in progress	896.5	40.3%
Total safe assets	1,150.9	51.7%
Other assets	1,072.9	48.3%

DEBTS (in DKK mio.)

Total debts	1,642.7	100.0%
Debts finance institutions:		
Project financing	1,344.9	81.8%
(Due on receipt of payment from sale)		
Other	29.4	1.8%
Debts, finance institutions in total	1,374.3	83.6%
Other debts:		
Purchase price payable	54.0	3.4%
Trade creditors	113.9	6.9%
Other debts	100.4	6.1%
Other debts in total	268.3	16.4%

GENERAL SUPPLEMENTARY COMMENTS TO THE ACCOUNTS (continued)

Sjælsø Gruppen's activities in relation to Havnestad Syd and the acquisition of the Royal Scandinavia properties are part of the joint ventures mentioned above and are not included in the project portfolio listed in Sjælsø Gruppen's balance sheet. The total project potential, including the joint ventures' project portfolio, amounts to DKK 8 billion.

The organisation has proved its capacity to handle a rapidly expanding and often increasingly complex project portfolio by drawing on external experts, consultancies etc. and through well-defined contracts.

In this way, a significant part of the costs are booked as project costs which are only defrayed for tasks or projects which will generate revenue.

Such costs are included in the result under direct expenses while operating costs include expenses for own staff, other operating expenses and depreciation. Consequently, operating costs comprise the overall capacity costs

SJÆLSØ GRUPPEN'S PURCHASE OF ST. FREDERIKSLUND'S SHARE OF TV-BYEN AND RADIOHUSET

In 2002, Sjælsø Gruppen acquired St. Frederikslund's share of Mørkhøj Projektudvikling A/S which had bought TV-Byen and Radiohuset in 2000. Subsequently, Mørkhøj Projektudvikling A/S became a wholly-owned subsidiary of Sjælsø Gruppen and, following the sale of Radiohuset, its project portfolio is included in Sjælsø Gruppen's consolidated balance sheet. Compared to the booked intrinsic value at the time of the acquisition, a premium was paid on the shares. This has been distributed across the assets acquired.

The funding of the project portfolio which primarily relates to TV-Byen was achieved through non-recourse loans which, in the case of Sjælsø Gruppen, minimises the risk for this part of the project portfolio.

CALCULATION OF KEY RATIOS

Below are the formulas which form the basis of the calculation of the key figures given on page 7.

Key figures in parenthesis include allocation of warrants (watered down key figures).

FORMULA	AMOUNT i DKK 1,000	RATIOS 2002	FORMULA	AMOUNT in DKK 1,000	RATIOS 2002
Solvency Ratio			Return on equity		
$\frac{\text{Capital and reserves} \times 100}{\text{Assets, adjusted}}$	$\frac{528,837 \times 100}{1,072,809}$	49.3%	$\frac{\text{Profit after tax} \times 100}{\text{Average capital and reserves, adj. for dividends}}$	$\frac{141,933 \times 100}{461,369}$	30.8% (30.4%)
Capital and reserves as a % of the land portfolio			Profit per share		
$\frac{\text{Capital and reserves} \times 100}{\text{The land portfolio}}$	$\frac{528,837 \times 100}{166,801}$	317.0%	$\frac{\text{Profit after tax}}{(\text{weigh. average}) \text{ number of shares} - \text{own shares}}$	$\frac{143,933 \times 1000}{2,087,802}$	DKK 68.01 (DKK 67.10)
Gross profit as a % of the turnover			Net asset value per share		
$\frac{\text{Gross profit} \times 100}{\text{Turnover}}$	$\frac{243,052 \times 100}{1,173,465}$	20.7%	$\frac{\text{Total capital and reserves}}{\text{Number of shares}}$	$\frac{528,837 \times 1,000}{2,191,300}$	DKK 241.33
Net profit ratio			Cash flow from operating activities per share		
$\frac{\text{Operating profit} \times 100}{\text{Turnover}}$	$\frac{188,861 \times 100}{1,173,465}$	16.1%	$\frac{\text{Cash flow from operating activities}}{(\text{weigh. average}) \text{ number of shares} - \text{own shares}}$	$\frac{97,490 \times 1,000}{2,087,802}$	DKK 46.70



THE NEW ANNUAL ACCOUNTS ACT

Sjælsø Gruppen's Annual Report has been prepared in accordance with the new Danish Annual Accounts Act.

The adoption of the principles in the new act has not impacted significantly on the Group's profit and equity. The following areas have been assessed:

- Accounting treatment of own resources (indirect costs)
- Presentation of project portfolios
- Accounting treatment of leasing contracts
- Accounting treatment of financial assets and liabilities

Indirect costs account for a relatively modest share of the total project portfolio and have not previously been accorded any significant importance with regard to Sjælsø Gruppen's financial position. In accordance with the stipulations of the new act, own resource consumption (indirect costs) must now be included in the project portfolio. On the basis of this, a detailed analysis of the most recent 5 year period has been carried out.

Consequently, it is estimated that for non-sold projects in progress as at 01.01.2002, indirect costs total DKK 4.0 million. This is included in the balance sheet as at 01.02.2002. As a result, as at 01.01.2002, equity has been increased by DKK 2.8 million. In addition, the inclusion of indirect costs relating to non-sold projects has led to

an increase in the profit for the year of DKK 3.2 million and an increase in equity of DKK 6 million as at 31.12.2002.

For the preparation of the annual report, financial leasing contracts have been treated in accordance with the provisions of the new Annual Accounts Act in that the value of the leased assets are included under Fixed Assets and the leasing commitments have been included under Other Debt in the balance sheet. The group has entered into financial leasing contracts only to a limited extent.



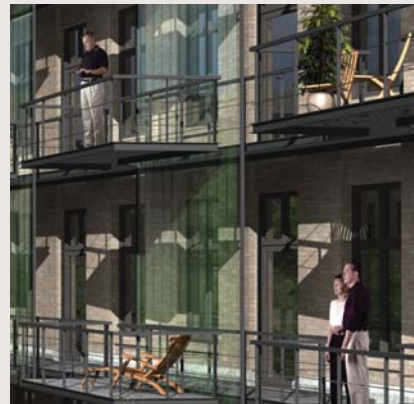
Porcelænshaven, Copenhagen
Sketch plan for apartments

Since the terms of the contracts correspond to the group's depreciation periods applied for the underlying assets, the change in accounting policies has not impacted on the result or equity.

Securities and debt to credit institutions are included in a trade portfolio in that the group consistently optimises its financing structure through the rescheduling of loans etc. The valuation of these items, therefore, is based on the

commercial value. The terms of other financial assets and commitments are less than one year after which the inclusion of the amortized cost price is assessed as the equivalent of the nominal value. The change in accounting policies has not impacted on the result or equity.

The impact of the change in accounting policies for the above areas has been evaluated, individually as well as in total, as having no significant importance for the results achieved over the past



five years. Accordingly, no adjustments of comparative figures have been carried out.

In contrast to previous years, sold projects in progress are included under receivables in the balance sheet. The comparative figures have been adjusted for the change in policies. In other areas the accounting policies are unchanged from 2001.

ENDORSEMENT OF THE ACCOUNTS

The Board of Directors and the Board of Management have today presented the consolidated and annual accounts for Sjælsø Gruppen A/S. The consolidated and annual accounts have been presented

in accordance with the Danish Annual Accounts Act, Danish accounting standards and the other requirements of the Copenhagen Stock Exchange with regard to the presentation of accounts for listed companies.

We consider the chosen accounting policies to be appropriate, so that the consolidated and annual accounts give a true and fair view of the group's and the parent company's assets and liabilities, financial position and results. The consolidated and annual accounts are recommended for approval by the Annual General Meeting.

Allerød, 27 Februar 2003

BOARD OF MANAGEMENT



Ib Henrik Bønje



Flemming Jensen



Jørgen Junker

BOARD OF DIRECTORS



Jørn Meldgaard
Chairman of the Board



Niels Friis Pedersen



Steen Raagaard Andersen



Henrik Kristian Moltke



Ib Henrik Bønje



Torben Rønje



John R. Frederiksen

AUDITORS' REPORT

To the shareholders of Sjælsø Gruppen A/S.

We have audited the consolidated accounts and the annual accounts of Sjælsø Gruppen A/S for 2002.

The company's management is responsible for the consolidated accounts and the annual accounts. Our responsibility is to express a conclusion regarding the consolidated accounts and the annual accounts on the basis of our audit.

BASIS OF OPINION

We conducted our audit in accordance with generally accepted auditing standards as applied in Denmark to obtain reasonable assurance that the consolidated accounts and annual accounts are free from material misstatements and omissions. The audit comprised random checks on information supplied in support of the amounts and information given in the report.

Our audit has not given rise to any qualifications.

OPINION

In our opinion, the consolidated accounts and the annual accounts give a true and fair view of the Group's and parent company's assets, liabilities, and financial position as at 31.12.2002 and of the result of the Group's and parent company's activities and the Group's cash flow for the financial year 2002 in accordance with the Annual Accounts Act and the accounting provisions of Danish legislation.

DELOITTE & TOUCHE, STATSAUTORISERET REVISIONSAKTIESELSKAB



Jens Gielstrup
State Authorised Public Accountant



Jens Rudkjær
State Authorised Public Accountant

NIELSEN & CHRISTENSEN, STATSAUTORISERET REVISIONSAKTIESELSKAB



Hans Jørgen Rasmussen
State Authorised Public Accountant



Poul Andersen
State Authorised Public Accountant





 **SJÆLSØ GRUPPEN**

PROFIT AND LOSS ACCOUNT

PROFIT AND LOSS ACCOUNT FOR 2002 in DKK 1.000

Note	GROUP		PARENT-	PARENT-
	2001	2002	COMPANY	COMPANY
Turnover	1.090.010	1.173.465	75.483	129.627
Direct expenses	(871.647)	(930.412)	(8.481)	(876)
1 Gross profit	218.363	243.053	67.002	128.751
2 Staff costs	(33.026)	(35.728)	(33.026)	(35.246)
4 Depreciation and writedowns on fixed assets	(2.249)	(2.792)	(1.944)	(2.415)
3 Other operating expenses	(17.622)	(15.672)	(16.787)	(15.372)
Cost refunds, subsidiaries	0	0	51.580	3.072
Operating profit	165.466	188.861	66.825	78.790
5 Profit/losses of subsidiaries before tax	0	0	100.878	117.715
Profit/losses associated undertaking	17.897	13.540	17.897	13.540
6 Financial income	9.547	10.319	2.839	3.045
6 Financial expenses	(9.805)	(7.961)	(5.334)	(8.331)
Profit on ordinary activities before tax	183.105	204.759	183.105	204.759
7 Tax on profit on ordinary activities for the year	(51.904)	(58.714)	(30.209)	(42.059)
5 Tax on profit on ordinary activities for the year in subsidiaries	(5.415)	(4.112)	(27.110)	(20.767)
Profit for the year	125.786	141.933	125.786	141.933

DISTRIBUTION OF PROFIT

For 2002 the Board of Directors recommends distribution of profit for the year as follows (in DKK 1.000)

	2001	2002
Profits brought forward at beginning of year	9.443	70.086
Transferred from reserve for own shares	951	17.258
Profit for the year	125.786	141.933
Available for distribution	136.180	229.277
Proposed dividend to be distributed	21.774	55.000
Provision for purchase of own shares	20.226	0
Transferred to reserve for net revaluation of subsidiaries	24.094	128.355
Carried forward to next year	70.086	45.922
Total distributed	136.180	229.277



BALANCE SHEET AT 31 DECEMBER 2002 in DKK 1.000

ASSETS

Note	GROUP		PARENT-	PARENT-
	2001	2002	COMPANY	COMPANY
4 Group headquarters	15.978	15.478	15.978	15.478
4 Machinery and equipment	7.594	8.482	6.371	7.740
Total tangible fixed assets	23.572	23.960	22.349	23.218
4 Shares in subsidiaries	0	0	328.627	531.435
4 Subordinated loan capital in subsidiaries	0	0	0	29.500
4 Shares in associated undertakings	12.734	8.653	12.732	8.653
4 Subordinated loan capital in associated undertakings	14.750	48.516	14.750	48.516
4 Mortgage deeds and instruments of debt	2.220	170	2.220	170
Total financial fixed assets	29.704	57.339	358.329	618.274
Total fixed assets	53.276	81.299	380.678	641.492
8 Properties for resale	471.912	871.166	2.076	2.076
Projects in progress, own account	112.620	100.444	0	0
Total project portfolio	584.532	971.610	2.076	2.076
Trade debtors	361.844	392.138	9.510	0
9 Sold projects in progress	28.605	504.378	0	0
Total trade debtors	390.449	896.516	9.510	0
11 Tax asset	0	0	851	0
Amounts owed by subsidiaries	0	0	98.213	7.738
Other debtors	14.946	19.900	1.203	3.708
Total debtors	405.395	916.416	109.777	11.446
Bonds	421	407	0	0
Cash at bank and in hand	314.215	254.039	2.012	31.090
Total current assets	1.304.563	2.142.472	113.865	44.612
Total assets	1.357.839	2.223.771	494.543	686.104

BALANCE SHEET AT 31 DECEMBER 2002 in DKK 1.000

LIABILITIES

Note	GROUP		PARENT-	PARENT-
	2001	2002	COMPANY	COMPANY
10 Share capital	21.774	21.913	21.774	21.913
Share premium account	73.263	75.110	73.263	75.110
Revaluation reserve, securities	0	0	0	0
Reserve for net revaluation of subsidiaries and associated undertakings	0	0	199.093	330.892
Proposed dividend for the financial year	21.774	55.000	21.774	55.000
Reserve for purchase of own shares	20.226	0	20.226	0
Portfolio of own shares at original costs	15.274	18.242	15.274	18.242
Portfolio of own shares written down to DKK 0	(15.274)	(18.242)	(15.274)	(18.242)
Profits brought forward	269.179	376.814	70.086	45.922
Total capital and reserves	406.216	528.837	406.216	528.837
11 Provision for deferred tax	11	47.313	0	5.295
12 Provision for rental guarantees	1.500	4.450	0	0
Other provisions	569	507	300	330
Total provisions	2.080	52.270	300	5.625
Creditors (amounts falling due within one year and after more than one year)				
Finance Institutions: Project financing	567.942	1.344.877	0	105.000
Other	16.292	29.444	15.434	15.145
Total				
13 Purchase price payable on properties	169.297	54.043	0	0
Trade creditors	101.412	113.928	3.081	3.785
Corporation tax	37.088	45.145	37.053	23.688
Other creditors	29.630	30.808	32.459	4.024
Accruals	27.882	24.419	0	0
14 Total creditors	949.543	1.642.664	88.027	151.642
Total liabilities	1.357.839	2.223.771	494.543	686.104

Contingent liabilities and provision of security are shown on page 50



CASH FLOW STATEMENT FOR THE GROUP in DKK 1.000

Note	2001	2002
Cash generated from operating activities		
Consolidated profit for the year	125.786	141.933
15 Adjustments	42.873	62.232
Increase/decrease in project portfolio	62.509	354.902
Increase/decrease in debtors etc.	147.902	(511.938)
Increase/decrease in financial current assets	6	14
Increase/decrease in project financing *)	147.050	132.871
Increase/decrease in trade creditors and other creditors	(206.476)	(38.025)
Cash flow from operating activities before financial item	319.650	141.989
Financial income received	7.913	10.319
Financial payments	(9.805)	(7.961)
Cash flow from ordinary activities	317.758	144.347
Corporation tax paid	(42.777)	(46.857)
Cash flow from operating activities	274.981	97.490
Impact of investment on liquidity		
Purchase of machinery and equipment, net	(2.718)	(3.180)
16 Investment in subsidiaries	(17.082)	(109.559)
17 Sale of associated undertakings	0	10.424
Investment in associated undertakings	2.219	13.679
Subordinated loan capital in associated undertakings	250	(48.516)
Investment in property (headquarters), net	0	0
Investment in shares and other securities, net	5.072	2.220
Cash flow from investing activities	(12.259)	(134.932)
Cash generated from financing activities		
Net increase of loans for financing of fixed assets	(1.298)	(622)
Dividend paid	(18.172)	(21.130)
Proceeds from capital increases	1.599	1.986
Purchases/sales of own shares	(15.274)	(2.968)
Cash flow from financing activities	(33.145)	(22.734)
Net cash flow for the year from operating, investing and financing activities	229.577	(60.176)
Cash at bank and in hand at 1 January 2002	84.638	314.215
Cash at bank and in hand at 31 december 2002	314.215	254.039
Analysis of cash at bank and in hand:		
Deposits on escrow account and cover-for-liabilities account	165.125	108.769
Cash at bank and in hand available (excl. unused credit facilities)	149.090	145.270
	314.215	254.039

*) Excl. investment in subsidiaries

GROUP	Share capital	Share premium account	Revaluation reserve, securities	Profits brought forward	Proposed dividend for the financial year	Reservation for purchase of own shares	In total
Capital and reserves per 01.01.2001	21.660	71.778	1.487	184.439	0	16.228	295.592
Change in accounting policies *)	0	0	0	0	18.172	0	18.172
Capital and reserves, corrected 01.01.2001	21.660	71.778	1.487	184.439	18.172	16.228	313.764
Dividend paid in the year					(18.172)		(18.172)
Capital increase in connection with exercise of warrants	114	1.485					1.599
Revaluation reserve, securities			(1.487)				(1.487)
Profit of the year				125.786			125.786
Carried forward to reservation for purchase of own shares				(19.272)		19.272	0
Purchase of own shares, valued at DKK 0						(15.274)	(15.274)
Proposed dividend for the year				(21.774)	21.774		0
Capital and reserves per 01.01.2002	21.774	73.263	0	269.179	21.774	20.226	406.216
Change in accounting policies *)	0	0	0	2.800	0	0	2.800
Capital and reserves, corrected 01.01.2002	21.774	73.263	0	271.979	21.774	20.226	409.016
Dividend paid in the year					(21.774)		(21.774)
Corrected dividend regarding own shares				644			644
Capital increase in connection with exercise of warrants	139	1.847					1.986
Profit of the year				141.933			141.933
Purchase of own shares, valued at DKK 0						(25.968)	(25.968)
Sale of own shares						23.000	23.000
Change in Preservation for own shares				17.258		(17.258)	0
Own shares				18.242			18.242
Own shares, valued at DKK 0				(18.242)			(18.242)
Proposed dividend				(55.000)	55.000		0
Capital and shares per 31.12.2002	21.913	75.110	0	376.814	55.000	0	528.837

*) As a consequence of the new Annual Accounts Act.

PARENT COMPANY	Share capital	Share premium account	Net revaluation of subsidiaries and ass. undertakings	Profits brought forward	Proposed dividend for the financial year	Reservation for purchase of own shares	In total
Capital and reserves per 01.01.2001	21.660	71.778	176.486	9.440	0	16.228	295.592
Change in accounting policies *)	0	0	0	0	18.172	0	18.172
Capital and reserves, corrected 01.01.2001	21.660	71.778	176.486	9.440	18.172	16.228	313.764
Dividend paid in the year					(18.172)		(18.172)
Capital increase in connection with exercise of warrants	114	1.485					1.599
Revaluation reserve, securities			(1.487)				(1.487)
Profit of the year			24.094	101.692			125.786
Carried forward to reservation for purchase of own shares				(19.272)		19.272	0
Purchase of own shares, valued at DKK 0						(15.274)	(15.274)
Proposed dividend for the year				(21.774)	21.774		0
Capital and reserves per 01.01.2002	21.774	73.263	199.093	70.086	21.774	20.226	406.216
Change in accounting policies *)	0	0	2.800	0	0	0	2.800
Capital and reserves, corrected 01.01.2002	21.774	73.263	201.893	70.086	21.774	20.226	409.016
Dividend paid in the year					(21.774)		(21.774)
Corrected dividend regarding own shares				644			644
Capital increase in connection with exercise of warrants	139	1.847					1.986
Profit of the year			128.999	12.934			141.933
Purchase of own shares, valued at DKK 0						(25.968)	(25.968)
Sale of own shares						23.000	23.000
Change in reservation for own shares				17.258		(17.258)	0
Own shares				18.242			18.242
Own shares, valued at DKK 0				(18.242)			(18.242)
Proposed dividend				(55.000)	55.000		0
Capital and shares per 31.12.2002	21.913	75.110	330.892	45.922	55.000	0	528.837

*) As a consequence of the new Annual Accounts Act.

CONTINGENT LIABILITIES AND PROVISION OF SECURITY

CONTINGENT LIABILITIES ETC.

The group is involved in some legal actions. In the annual accounts 2002 DKK 507,000 (parent company DKK 330,000) has been set aside for covering claims and amounts not yet closed at 31 December 2002.

LEASING OBLIGATIONS

Sjælsø Gruppen A/S has signed an operational leasing agreement with Nordania for its new headquarters, Ny Allerødgaard. The annual leasing instalment is in the region of DKK 4.5 million and subject to an 2.5% increase per year. At the close of the 10 year lease, Sjælsø Gruppen has an option to purchase the property.

GUARANTEE AND SURETY COMMITMENTS

The usual performance guarantees have been issued on completed building projects. The guarantees have been issued through a credit insurance company. Any guarantee works are to a great extent related to subcontractors.

MORTGAGED AND PLEDGED ASSETS AND PROVISION OF SECURITY

The following assets (at book value) have been provided as security for mortgage debt, bank debt and purchase prices payable on properties in the total amount of DKK 1,428,364 (parent company DKK 120,145,000):

In DKK 1.000	Subsidiaries	Parent-company	Group
Property headquarter	0	15.478	15.478
Machinery and equipment	734	0	734
Shares in subsidiaries	0	150.379	150.379
Project portfolio	825.838	0	825.838
Trade debtors and deposits from sales and sold projects			
in progress	822.918	0	822.918
	1.649.490	165.857	1.815.347

Rental income and sales proceeds regarding sold projects in progress, DKK 455,000,000 have been assigned as security for project financing.

INTERCOMPANY COMMITMENTS AND PROVISION OF SECURITY

The parent company has guaranteed guarantees and a construction loan of DKK 239,000,000 in a subsidiary and DKK 40,000,000 in joint ventures companies. The parent company is jointly and severally liable with the other jointly taxed group companies for the total tax liability of the jointly taxed group.

*Kajplads 24, Havnestad Syd, Copenhagen
Residential project*





 **SJÆLSØ GRUPPEN**

NOTES, ACCOUNTING POLICIES ETC.

		DIRECT	GROSS	GROSS
	TURNOVER	COSTS	PROFIT	PROFIT
1. GROSS PROFIT (GROUP)			2002	2001
Sold projects	998.600	(779.111)	219.489	215.254
Project properties (incl. financing) and land	39.454	(33.354)	6.100	(10.748)
Property transactions during the year	132.206	(115.659)	16.547	12.348
Other activities	3.205	(2.285)	920	1.509
	1.173.465	(930.409)	243.056	218.363

	GROUP	GROUP	PARENT-	PARENT
	2001	2002	COMPANY	COMPANY
2. STAFF COSTS			2001	2002
Wages and salaries amount to:				
Board of Management (excl. value of car provided)	4.904	6.216	4.904	6.216
Other employees	25.081	30.563	25.081	30.562
Pension and other social security costs	3.041	3.449	3.041	2.968
Staff costs before changes in activated indirect costs	33.026	40.228	33.026	39.746
Changes in activated indirect costs	0	(4.500)	0	(4.500)
Staff costs total	33.026	35.728	33.026	35.246

The average number of people employed by the group during the year was 50 (2001:43 persons) including the Board of Directors. At year-end the number was 51.

Remuneration of DKK 800.000 was paid to the Board of Directors (2001: DKK 700.000)

3. OTHER OPERATING EXPENCES	2001	2002
This includes:		
Statutory audit		
Deloitte & Touche	525	575
Nielsen & Christensen	235	250
	760	825
Other services		
Deloitte & Touche	395	436
Nielsen & Christensen	118	265
	513	701
Total remuneration	1.273	1.526



4. FIXED ASSETS - GROUP	Property headquarter	Machinery & equipment	Mortgage deeds & instr. of debts	Ass. company	Liable loan ass. company
Cost at 1 January 2002	18.058	11.287	2.250	250	14.750
Additions	0	3.284	0	4.101	48.516
Disposals	0	(502)	(2.050)	(250)	(14.750)
Cost at 31 December 2002	18.058	14.069	200	4.101	48.516
Revaluations at 1 January 2002	0	0	0	12.484	0
Additions	0	0	0	13.090	0
Disposals/value adjustment	0	0	0	(21.022)	0
Revaluation at 31 December 2002	0	0	0	4.552	0
Depreciation and writedowns at 1 January 2002	(2.080)	(3.693)	(30)	(62)	0
Depreciation and writedowns, disposals assets	0	398	0	62	0
Depreciation and writedowns of the year	(500)	(2.292)	0	0	0
Depreciation and writedowns at 31. December 2002	(2.580)	(5.587)	(30)	0	0
Book value at 31 December 2002	15.478	8.482	170	8.653	48.516
Book value at 31 december 2001	15.978	7.594	2.220	12.732	14.750
Public land assessment value at 1. January 2002	13.700				

Machinery and equipment for the Group and the Parent company includes leasing assets, value of which as per 31.12.2002 counts DKK 146,000

4. FIXED ASSETS - PARENT COMPANY	Property headquarter	Machinery & equipment	Mortgage deeds & instr. of debts	Subsi- diaries	Ass. company	Liable loan ass. company
Cost at 1 January 2002	18.058	9.021	2.250	129.532	250	14.750
Additions	0	3.284	0	90.250	4.101	63.266
Disposals	0	0	(2.050)	(14.937)	0	0
Retained	0	0	0	250	(250)	0
Cost at 31 December 2002	18.058	12.305	200	205.095	4.101	78.016
Revaluations at 1 January 2002	0	0	0	211.826	12.484	0
Ajustment change in accounting policy	0	0	0	4.000	0	0
Additions	0	0	0	113.502	13.090	0
Differential value realised at acquisition date	0	0	0	(15.000)	0	0
Retained	0	0	0	21.022	(21.022)	0
Disposals	0	0	0	1.343	0	0
Revaluations at 31 December 2002	0	0	0	336.693	4552	0
Depreciation and writedowns at 1 January 2002	(2.080)	(2.650)	(30)	(12.731)	0	0
Additions	0	0	0	0	0	0
Disposals	(500)	(1.915)	0	2.378	0	0
Depreciation and writedowns at 31 December 2002	(3.080)	(4.565)	(30)	(10.353)	0	0
Book value at 31 December 2002	15.478	7.740	170	531.435	8.653	78.016
Book value at 31 December 2001	15.978	6.371	2.220	328.627	12.732	14.750
Public land assessment value at 1 January 2002	13.700					



Visualization of TV-Byen, Gladsaxe

NOTES, ACCOUNTING POLICIES ETC.

in DKK 1,000

5. PROFITS OF SUBSIDIARIES, ALL WHOLLY OWNED	2001	2002
Ordinary profit before tax		
Sjælsø Entreprise A/S,. Allerød	69.234	44.864
Sjælsø Totalentreprise A/S, Allerød	41	31
Aps Tobaksvejen 12 -14, Allerød	(1.011)	(1.678)
Sjælsø Havnestaden A/S, Allerød	15.721	16.457
Sjælsø Property Aps. Allerød	16.153	2.420
Havnestad Syd A/S, Allerød	(1.913)	0
Marine Finans Aps.	0	(34)
P.S. Marine ApS.	0	(581)
Mørkhøj Projektudvikling A/S (share of result during ownership)	0	77.121
Differential value realised at investment in subsidiaries	0	(21.428)
Intercompany profit on property transaction deal	2.653	543
Ordinary profit before tax	100.878	117.715
Tax on profit on ordinary activities	(21.695)	(16.822)
Ordinary profit after tax	79.183	100.893

Restructuring and capital affairs and conditions in the individual group companies: Mørkhøj Projektudvikling A/S which in 2001 was included as an associated company, in 2002 became a 100%owned subsidiary with the takeover of the shares owned by St. Frederikslund A/S. In 2002 the shares in Havnestad Syd A/S was sold to Waterfront SARL a 50/50 owned company by Sjælsø Gruppen A/S and Doughty Hanson & Co. Real Estate Fund. Marine Finans ApS. og P.S. Marine ApS was acquired in November 2001.

	GROUP	GROUP	PARENT-	PARENT-
6. FINANCIAL INCOME AND EXPENSES	2001	2002	COMPANY	COMPANY
			2001	2002
Financial income				
Interest income, banks etc.	25.787	13.578	146	404
Interest income and capital gains, securities	2.296	2.614	2.269	2.582
Interest income etc., other	440	367	0	59
Interest income, subsidiaries	0	0	424	0
Financial expenses	28.523	16.559	2.839	3.045
Project-related income included in gross profit	(18.976)	(6.240)	0	0
Financial expenses, hereafter	9.547	10.319	2.839	3.045
Financial expenses				
Interest expenses, banks etc.	57.837	80.110	5	474
Interest expenses, subsidiaries	0	0	680	2.705
Other financial expenses	12.029	11.006	4.649	5.152
Financial expenses	69.866	91.116	5.334	8.331
Project-related expenses included in gross profit	(60.061)	(83.155)	0	0
Financial expenses, hereafter	9.805	7.961	5.334	8.331

NOTES, ACCOUNTING POLICIES ETC.

in DKK 1,000

	GROUP	GROUP	PARENT-	PARENT-
	2001	2002	COMPANY	COMPANY
7. TAX OF ORDINARY RESULT			2001	2002
Current tax	45.250	54.857	45.250	37.056
Change of deferred tax	6.392	3.800	(15.303)	4.946
Adjustment relating to previous years	262	57	262	57
	51.904	58.714	30.209	42.059
Share of tax in subsidiaries	0	0	21.695	16.822
Share of tax in ass. companies	5.415	4.112	5.415	3.945
Tax on ordinary profit	57.319	62.826	57.319	62.826
Taxes paid on account relating the year	8.197	13.374	8.197	13.374
Taxes on account paid relating previous years	34.580	37.110	34.580	37.110
Total tax paid	42.777	50.484	42.777	50.484

	GROUP		GROUP	
	2001		2002	
RECONSILIATION OF EFFECTIVE TAX RATE	DKK 1.000	%	DKK 1.000	%
Profit before tax	183.105		204.759	
Calculated tax hereof 30%	54.932	30,0%	61.428	30,0%
Tax impact of non deductible costs/non taxable income	2.125	1,2%	1.341	0,7%
Adjustments previous years	262	0,1%	57	0,0%
The effective tax of the profit for the year	57.319	31,3%	62.826	30,7%

	GROUP	GROUP	PARENT-	PARENT-
	2001	2002	COMPANY	COMPANY
8. PROPERTIES FOR RESALE			2001	2002
Land	251.838	166.801	2.076	2.076
Project properties	220.074	704.365	0	0
Total	471.912	871.166	2.076	2.076
Analyses as a %				
Land	53,4%	19,1%	100,0%	100,0%
Project properties	46,6%	80,9%	0,0%	0,0%
	100,0%	100,0%	100,0%	100,0%
Public land assessment value at 1 January 2002	230.282	725.726	420	2.993
Book value of properties which have not been separately valued	326.336	55.614	0	0
	556.618	781.340	420	2.993

NOTES, ACCOUNTING POLICIES ETC.

in DKK 1,000

	GROUP 2001	GROUP 2002	PARENT- COMPANY 2001	PARENT- COMPANY 2002
9. SOLD PROJECTS IN PROGRESS				
Projects in progress	377.489	504.378	0	0
Invoiced on account	(376.766)	0	0	0
Accruals under other creditors	27.882	0	0	0
Projects in progress, net	28.605	504.378	0	0

10. PROFITS IN SHARE CAPITAL, OWN SHARES AND

ASSIGNED WARRANT	1998	1999	2000	2001	2002
Share capital at 1 January 2002	17.550	21.650	21.650	21.660	21.774
Increase in connection with stock-exchange introduction	4.100	0	0	0	0
Capital increase in connection with conversion of warrant to shares	0	0	10	114	139
Share capital at 31 December 2002	21.650	21.650	21.660	21.774	21.913

The share capital consists of 2.191.300 shares of DKK 10,00 (2001 2.177.398)

	NUMBERS OF SHARES	NOMINEL VALUE DKK 1,000	% OF TOTALLY SHARE CAPITAL
Holding of own shares			
Holding at 1 January 2002	42.423	424	1,95%
Purchased in current year	90.600	906	4,13%
Sold in current year	(74.193)	(742)	3,39%
Holding at 31 December 2002	58.830	588	2,71%

At 31 December the value market of the companies holdings of own shares composed DKK 14.600.000

The following share subscription options (warrants) have been issued (in numbers)	BOARD OF DIRECTORS	BOARD OF MANAGEMENT	OTHERS	TOTAL
Issued at 1 January 2002	11.322	45.283	89.522	146.127
Issued at 7 January 2002			21.481	21.481
Issued at 20 February 2002			2.501	2.501
Issued at 13 August 2002			2.275	2.275
Issued at 4 December 2002			7.500	7.500
Issued totally at 31 December 2002	11.322	45.283	123.279	179.884
Utilization at 1 Januar 2002			16.415	16.415
Utilization in current year			13.902	13.902
Expired in current year		11.069	15.782	26.851
Utilized totally at 31 December 2002	0	11.069	46.099	57.168
Outstanding warrants totally at 31 December 2002	11.322	34.214	77.180	122.716
Outstanding warrant totally at 31 December 2001	11.322	45.283	73.107	129.712



Havnestad Syd, Copenhagen

NOTES, ACCOUNTING POLICIES ETC.

in DKK 1,000

10. PROFITS IN SHARE CAPITAL, OWN SHARES AND ASSIGNED WARRANT (continued)

Specifikations of outstanding warrants at 31 December 2002	ALLOCATION YEAR	AVERAGE RATE OF ISSUE	OUTSTANDING NUMBERS OF WARRANTS	PERIOD OF UTILIZATION (PRO RATA)
Board of Directors	2000	265	11.322	2003
Board of Managers	2000	265	34.214	2003-2006
Other employees	1998	140	9.520	2003
	1999	146	343	2003
	1999	150	3.735	2003-2006
	1999	161	6.134	2003-2006
	1999	135	617	2003
	2000	250	6.000	2003-2005
	2000	265	16.389	2003-2005
	2000	331	1.055	2003-2006
	2002	270	21.111	2003-2007
	2002	308	2.275	2005-2007
	2002	260	2.501	2004-2006
	2002	240	7.500	2005-2007
			<u>122.716</u>	

The Board of Directors has the power to issue further 120.116 warrants. Current value of outstanding warrants at 31. December 2002 are balanced to DKK 3.500.000 by use of Black & Scholes method of calculation. With the calculation there are applied a risk-free interest rate at 4% as per year, unchanged policy of payment of dividend plus a volatility on the share at 27,3% based on the development in the stock prices at the latest 12 months.

	GROUP 2001	GROUP 2002	PARENT- COMPANY 2001	PARENT- COMPANY 2002
11. DEFERRED TAX				
Deferred tax/tax assets 1 Januar 2002	(7.176)	11	15.089	(851)
Adjustment at beginning of year due to change tax rate	0	1.200	0	1.200
Tax assets in acquired subsidiary	1.432	42.302	0	0
Change of deferred tax, see note 7	6.392	3.800	(15.303)	4.946
Change of deferred tax on revaluation reserve	(637)	0	(637)	0
Provision/tax asset at 31 December	11	47.313	(851)	5.295
The following items are subject to deferred tax				
Sold projects in progress	421	6.177	0	0
Rental guarantees and rental guarantee commitments	(1.490)	(3.375)	(90)	(90)
Machinery and equipment etc.	424	365	294	265
Tax loss to be carried forward	(574)	0	0	0
Capitalized indirect costs	0	2.550	0	1.050
Jointly taxed subsidiaries	0	0	(1.055)	4.070
Properties for resale	1.230	41.596	0	0
Provision/tax asset at 31 December	11	47.313	(851)	5.295

NOTES, ACCOUNTING POLICIES ETC.

in DKK 1,000

	GROUP	GROUP	PARENT-COMPANY	PARENT-COMPANY
	2001	2002	2001	2002
12. PROVISION FOR RENTAL GUARANTEES				
Provision at 1 January	790	1.500	0	0
Applied during the year	(790)	(1.500)	0	0
Provision relating to project sales during the year	500	1.000	0	0
Adjustment relation to previous years	1.000	3.450	0	0
Provision at 31 December 2002	1.500	4.450	0	0

13. PURCHASE PRICE PAYABLE ON PROPERTIES

This item relates to purchase prices not yet paid on properties purchased for project development.

The Group's bankers have in all cases made finance available and issued a guarantee for the payments.

	Short-term liabilities	Long-term liabilities	Of which amounts falling due after 5 years
14. DEBTS TOTALLY (GROUP)			
Credit institutions			
Debts re financing of project for sale	927.964	416.913	358.200
Other debts	1.535	27.909	17.208
Credit institutions totally	929.499	444.822	375.408
Other creditors			
Purchase price payable on properties	54.043	0	0
Trade creditors	113.928	0	0
Other creditors	100.372	0	0
31 December 2002	1.197.842	444.822	375.408
31 December 2001	856.883	92.660	79.763

From the totally debts re projects financing yields DKK mill. 419 on non-ressource terms.

	Short-term liabilities	Long-term liabilities	Of which amounts falling due after 5 years
14. DEBTS TOTALLY (PARENT-COMPANY)			
Credit institutions			
Debts re financing of projects for sale and properties for resale	105.000	0	0
Other debts	306	14.839	9.121
Credit institutions totally	105.306	14.839	9.121
Other creditors	31.497	0	0
31 December 2002	136.803	14.839	9.121
31 December 2001	72.882	15.145	0

NOTES, ACCOUNTING POLICIES ETC.

in DKK 1,000

	GROUP	GROUP
	2001	2002
15. ADJUSTMENTS (CASH FLOW STATEMENT)		
Depreciation and writedowns, fixed assets	2.249	2.792
Change in other provisions	944	2.888
Shares of result of associated undertakings	(17.897)	(13.540)
Financial income	(9.547)	(10.319)
Financial expenses	9.805	7.961
Tax of ordinary result	57.319	62.826
Other adjustments	0	9.624
	42.873	62.232

	GROUP	GROUP
	2001	2002
16. INVESTMENT IN SUBSIDIARIES (CASH FLOW STATEMENT)		
Property for resale	137.263	(863.860)
Other debtors	(247)	0
Liquid assets	(4.531)	(16.721)
Deferred tax	1.431	29.558
Liability loan	0	45.099
Credit institutions	17.736	659.195
Purchase price payable on properties	101.072	0
Other debts	189	35.199
	(21.613)	(111.530)
Hereof liquid assets	4.531	16.721
Intercompany elimination	0	(14.750)
	(17.082)	(109.559)

	GROUP	GROUP
	2001	2002
17. DISPOSAL OF SUBSIDIARIES (CASH FLOW STATEMENT)		
Properties for resale	0	125.880
Other debtors	0	747
Liquid assets	0	3.233
Credit institutions	0	(15.131)
Other debts	0	(101.072)
	0	13.657
Hereof liquid assets	0	(3.233)
	0	10.424

INFORMATION ON SJÆLSØ GRUPPEN'S CLOSE ASSOCIATES



Close associates are individuals or companies which, directly or indirectly, exercise decisive or significant influence on the Group's operating or financial management. No parties exert decisive influence. The following are regarded as close associates of Sjælsø Gruppen.

- The Board of Directors
- The Management Board
- Brd. Rønje Holding A/S, DK- 3450 Allerød
- Associated companies (Waterfront SARL et al.)

At a meeting in early December 2002, the Board approved the sale of the property at Islands Brygge 69, 2300 Copenhagen S to Brdr. Rønje at a price of approx. DKK 240 million. In connection with the sale - and due to the nature of the transaction between closely linked parties, the Board placed considerable emphasis on ensuring that the transaction took place - based on normal market conditions.

In addition, salary has been paid to the Board of Management and remuneration to the Board of Directors, cf. note 2.

In connection with the establishment of Porcelænsø A/S and Havnestad Syd A/S (owned by Waterfront SARL) it has been agreed that the project's profits be distributed in accordance with a management and development agreement.

Kalkbrænderihavnen, Copenhagen

OFFICES HELD BY MEMBERS OF THE BOARD OF DIRECTORS AND THE BOARD OF MANAGEMENT

CHAIRMAN OF THE BOARD OF DIRECTORS, JØRN MELDGAARD

Chairman of the board of directors of Sveda Kemi A/S

Member of the board of directors of Columbus IT Partner A/S
Hjelm Bang A/S
Bruhn NewTech A/S

MEMBER OF THE BOARD OF DIRECTORS, NIELS FRIIS PEDERSEN

Chairman of the board of directors of Danske Finansieringsselskabers Forening
EMCE Holding Aktieselskab
ALPO Stempler A/S
Herfølge Kleinsmedie A/S

Member of the board of directors of A. ARP-Hansen Hotel A/S
Foras Holding A/S
Hasle Industri af 1997 A/S
Kähler A/S
Metropak A/S

DIRECTOR FLEMMING JENSEN

Director and member of the board of directors of Havnestad Syd A/S
PorcelænsHAVEN A/S

Member of the board of directors of Waterfront SARL, Luxembourg

MEMBER OF THE BOARD OF DIRECTORS, HENRIK KRISTIAN MOLTKE

Head of Investor relations
NeuroSearch A/S

Chairman of the board of directors of Plantware A/S

Member of the board of directors of Hartmanns A/S

MEMBER OF THE BOARD OF DIRECTORS, STEEN RAAGAARD ANDERSEN

Chairman of the board of directors of Action Nordic A/S
Action International A/S
Audio Media A/S
Delcom A/S
Innoventure A/S
Joal Invest A/S
Atlas Ejendomme A/S
M. Goldschmidt Holding A/S
Larsen & Rømer Grafisk A/S

Member of the board of directors of BNP Components A/S
Brdr. Rønje Holding A/S
Delcom Holding A/S
Grundstenen A/S
IHR Holding A/S
John Kirketerp Jensen A/S
Kapitalformidlings Institutet A/S
Kontant Foto A/S
Lübcke Rail A/S
Taora A/S
V.K. Goel Holding A/S
Group Networks A/S

MEMBER OF THE BOARD OF DIRECTORS, JOHN R. FREDERIKSEN

Director and member of the board of directors of Fortunen A/S
Oak Property Invest A/S

Chairman of the board of directors of Ejendomsselskabet Norden A/S
Ejendomsselskabet Uglen A/S
A/S Kollektivhuset Hellebo
Jacob Holm & Sønner A/S
Tema Kapital Management A/S
Tema Kapital A/S
Ejendomsforeningen Danmark

Member of the board of directors of Ejendomsaktieselskabet Helleholm
Freja Ejendomme A/S
Danarota Technic A/S
Renholdningsselskabet af 1898
Råstof og Genanvendelse Selskabet af 1990 A/S
Tryk i Danmark smba
Tryk Vesta Group A/S

MEMBER OF THE BOARD OF DIRECTORS, TORBEN RØNJE

Director and member of the board of directors of

Kapitalformidlings Institutet A/S
Brdr. Rønje Holding A/S, med datterselskaber

Member of the board of directors of or chairman of the board of directors of

Oxford Research A/S
DataFlight Europe A/S
Museumsaktieselskabet af 30.02.1992
København A/S
B.I.O.N. Museum A/S
I.H.R. Holding A/S
Exploratoriet A/S

DIRECTOR AND MEMBER OF THE BOARD OF DIRECTORS, IB HENRIK RØNJE

Director and member of the board of directors of I.H.R. Holding A/S
Fureskov A/S
Brdr. Rønje Holding A/S, med datterselskaber

Member of the board of directors of Museumsaktieselskabet af 30.02.1992
København A/S
Kapitalformidlings Institutet A/S
PorcelænsHAVEN A/S
Havnestad Syd A/S

DEFINITIONS AND TERMS

Sjælsø Gruppen A/S' Annual Report has been prepared in accordance with the provisions applying to Class D companies under the new Danish Annual Accounts Act, Danish accounting standards and the requirements of the Copenhagen Stock Exchange with respect to the financial reporting of listed companies.

The change to financial reporting in accordance with the new Annual Accounts Act has not had any significant impact on the Group's result and equity. Dividend, which is expected to be paid for the year, is shown as a separate item under Equity and is not entered as a debt liability until the time of its approval by the AGM (the declaration point). The comparative figures for previous years have been adjusted.

Page 41 of the Annual Report lists other areas in which the new Annual Accounts Act has impacted on the profit/loss and the equity.

General

Assets are entered in the balance sheet when it is deemed likely that future financial benefits will accrue to the Group and when the value of the asset can be reliably ascertained.

Liabilities are entered in the balance sheet when they are deemed likely and can be reliably stated.

When first entered, assets and liabilities are stated at cost price. Subsequently assets and liabilities are stated as described under each item below.

Certain financial assets and liabilities are stated at amortized cost price so that a constant effective rate of interest is entered over the maturity. With regard to inclusion in calculations, due attention is given to gains, losses and risks which may occur before the presentation of the Annual Report and which may confirm or invalidate conditions prevailing on the balance sheet date.

Earnings are entered into the profit and loss account as they are realised, including value adjustments in respect of financial assets and liabilities stated at fair value or amortised cost price. In addition, costs incurred for the purpose of achieving earnings for the year, including depreciation, write-downs and provisions as well as carry-back due to changed accounting assessments of amounts, which have previously been entered in the profit and loss account.

Consolidated accounts

The consolidated accounts comprise the parent company Sjælsø Gruppen A/S and subsidiaries in which Sjælsø Gruppen A/S directly or indirectly holds more than 50% of the voting rights or in other ways has a controlling interest.

Companies in which the Group owns less than 50% of the voting rights and have a significant,

albeit not controlling, interest are regarded as associated undertakings, cf. the Group chart.

In respect of the consolidation, elimination of inter-company earnings and costs, shareholdings, internal accounts and dividends and realised and unrealised gains and losses deriving from transactions between the consolidated companies is carried out.

Shares in subsidiaries are offset by the proportional share of the subsidiaries' market value of net assets and liabilities at the date of acquisition. Newly acquired or newly formed companies are entered in the consolidated accounts from the time of acquisition. Companies sold or disposed of are entered in the consolidated profit and loss account up to the time of transfer. Comparative figures are not adjusted for companies newly acquired, sold or disposed of.

In respect of the acquisition of new companies, the acquisition method applies under which the acquired companies' identified assets and liabilities are stated at the fair value at the date of acquisition. Provisions are made for covering costs in connection with approved and announced restructuring in the acquired company in connection with the acquisition. The tax effect of these revisions will also be considered.

Positive differences (goodwill) between the acquisition value and the fair value of the acquired, identified assets and liabilities, including provisions for restructuring are included under intangible fixed assets and are depreciated systematically over the profit and loss account in accordance with an individual valuation of the economic lifetime although not exceeding 20 years. Negative difference (negative goodwill) that offsets an expected, unfavourable development in the companies in question are included in the balance sheet under accruals and are included in the profit and loss account as the unfavourable development is realised. Of negative goodwill which does not relate to expected, unfavourable developments, an amount is included in the balance sheet corresponding to the market value of non-monetary assets which are subsequently included in the profit and loss account over the non-monetary assets' average lifetime.

Goodwill and negative goodwill from acquired companies can be adjusted until the end of the year following the acquisition.

Gains or losses from disposal of subsidiaries or associated undertakings are calculated as the difference between the sale price or the disposal price and the accounting value of net assets at the time of the sale and expected costs relating to the sale or disposal.

Intragroup payments

The parent company is responsible for the administration of affiliated undertakings. Administrative payments are settled on a cost-

covering basis. The parent company also handles project development and construction management for the affiliated undertakings and receives project development and construction management fees that have been agreed as a proportion of the project profit margin that is realised in the affiliated undertakings. The parent company's project development and construction management fees are included in the parent company's turnover as the project is completed. When a subsidiary undertakes construction contracts etc. for other affiliated and associated undertakings, this is settled on a commercial basis.

Translation of foreign currencies

Transactions in foreign currencies are initially translated at the exchange rate at the transaction date. Foreign exchange differences arising between the exchange rate at the transaction date and the exchange rate on the day of settlement are entered in the profit and loss account as a financial item.

Receivables, debt and other monetary items in foreign currency which are not settled on the balance sheet date are translated to the exchange rate on the balance sheet date. The difference between the exchange rate at the balance sheet date and the rate at the time when the receivable or the debt arose or inclusion in the most recent annual accounts is included in the profit and loss account under financial receipts and costs.

At the inclusion of foreign subsidiaries and associated companies that are independent units, the profit and loss accounts are translated at an average exchange rate and the balance sheet items are translated at the exchange rates on the balance sheet date. Exchange differences deriving from translation of foreign subsidiaries' equity at the beginning of the year to the foreign exchange rates on the balance sheet date and in connection with the translation of profit and loss accounts from average foreign exchange rates to the foreign exchange rates prevailing on the balance sheet date are included directly in the equity.

PROFIT AND LOSS ACCOUNT

Net turnover

Turnover comprises revenue from sold projects, property transactions, leasing activities and fee income. Sold building projects are included as the project is completed. (the production criteria). The completion rate is determined by calculating the proportion that resources actually used by Sjælsø Gruppen bears to the estimated total use of resources for each project. Usually, most resources are used for contracting, leasing and sale of the project. This means that the relatively large proportion of the pre-calculated profit



is included before the start of the construction (project development fee). Income from property transactions and income from sold projects are included in the turnover once a sales contract between buyer and seller has been signed and any conditions concerning the completion of the transaction have been met at the time of the presentation of the accounts.

Direct expenses

Direct expenses comprise costs directly attributable to the turnover, including the booked value of sold properties, transaction costs, improvement expenses and financing costs during the construction period. Moreover, costs relating to issued rental guarantees are included.

In addition, direct expenses include costs for possible new projects.

Profits or losses of subsidiaries and associated undertakings.

The parent company's profit and loss account includes the proportionate share of the subsidiaries' profit/loss before tax after full elimination of intercompany gains/losses and changes in the difference in connection with investments in the subsidiary. Share of the subsidiaries' tax and extraordinary items are included under tax on ordinary profit or loss or extraordinary profit/loss after tax.

Both the parent company's and the Group's profit and loss accounts include the proportionate share of the associated undertakings' pre-tax profits or loss after elimination of the proportionate share of intercompany gains/losses. Share of the associated undertakings' tax and extraordinary items are included under tax on ordinary profit or loss or extraordinary profit/loss after tax.

Financial receipts and costs

Financial receipts and costs include interest income and costs, capital gains and losses relating to securities, debt and foreign exchange transactions, amortization of financial assets and liabilities and additions and refunds under taxation on account system etc. Financial receipts and costs are included with the amounts that relate to the financial year. Financial items that are directly attributable to current construction projects are included in the gross profit/loss.

Extraordinary income and costs

Extraordinary income and costs comprise income and costs arising from events or transactions that clearly deviate from ordinary operations.

Corporation tax

Sjælsø Gruppen A/S is jointly taxed with a number of wholly-owned Danish subsidiaries. The jointly taxed companies are included in the taxation on account system.

The parent company makes provision for and pays the total current tax on the taxable income of the jointly taxed companies (the parent company method). Further, the parent company calculates and makes provision in respect of all deferred tax assets and liabilities for the jointly taxed companies.

The tax for the year, which comprises the year's current tax and difference in deferred tax, is included in the profit and loss account with the part which can be attributed to the profit/loss for the year and directly on the equity with that part which can be attributed to items directly on the equity capital. The share of the entered tax relating to the extraordinary result for the year is attributed to this while the remaining share is attributed to the ordinary profit/loss for the year.

BALANCE SHEET

Intangible fixed assets - Goodwill

Goodwill is depreciated on a straightline basis over the estimated economic lifetime, albeit a maximum of 20 years. The accounting value of goodwill is estimated on an ongoing basis and written down to the recovery value over the profit and loss account if the accounting value exceeds the expected future net income from the company or activity to which the goodwill relates.

Tangible fixed assets

Land and buildings, technical equipment and machinery and other plant, operating machinery and fixtures and fittings are stated at cost less accumulated depreciation.

The cost price comprises the original cost and costs directly related to the acquisition until the time when the asset is ready for use.

For financial leasing contracts, the cost price is calculated at the lowest value of the fair value and the present value of the future leasing instalments. For the calculation of the present value, the leasing agreement's internal interest rate as a discounting factor is used or an approximation for this.

Depreciation is provided on a straight-line basis over the assets' expected useful lives which have been fixed as follows:

Headquarters

- Buildings (excl. scrap value) 50 years
- Installations 10 years

Operating machinery

- Computer equipment 3 years
- Motor vehicles (excl. scrap value) 3-5 years
- Fixtures and fittings 8 years
- No depreciation is provided on art

Assets with a cost price which do not exceed the taxable limit for minor assets are included as costs in the profit and loss account at the time of acquisition.

Property plant and equipment are written down at recovery value if this is lower than the accounting value.

Profits or losses are included in the profit and loss account together with the depreciation and write-downs or under other operating income to the extent that the sales prices exceeds the original cost price.

Shares in subsidiaries and associated undertakings

Shares in subsidiaries and associated undertakings are stated in accordance with the intrinsic value method.

Shares in subsidiaries and associated undertakings are stated in the balance sheet at the proportionate share of the companies' intrinsic value calculated in accordance with the parent company's accounting policy with deduction or addition of unrealised intercompany profits and loss. Subsidiaries and associated undertakings with negative accounting intrinsic value are stated at DKK 0 and a receivables from these companies are written down with the parent company's share of the negative intrinsic value to the extent that it is deemed irrecoverable. If the accounting negative intrinsic value exceeds receivables, the remaining amount is included under allocated liabilities to the extent that the parent company has a legal or actual commitment to cover the company's deficit.

Net revaluation of shares in subsidiaries and associated undertakings are carried forward under the equity to reserve for net revaluation in accordance with the intrinsic value method to the extent that the accounting value exceeds the original cost price.

In respect of acquisition of subsidiaries, the acquisition method is applied, c.f. above under consolidated accounts.

Project portfolio

The project portfolio comprises land and completed property projects for resale and construction projects in progress on own account.

Land is stated at original cost. Completed property projects for resale and construction projects in progress for own account are stated at original cost with the addition of actual project and construction costs, including financing costs and indirect costs until the completion of the project. If the net realizable value is estimated to be less than the booked value, the write-down is carried out at this value.

Sold projects in progress

Sold projects in progress are stated at the sales value. This value includes the share of the expected profit calculated on the basis of the completion rate which is determined by calculating the proportion between the resources actually used and the total pre-calculated use of resources for each project.

The individual project in progress is included in the balance sheet under receivables or debt depending on the net value of the sales sum less on account payments and pre-payments.

With regard to projects where it is likely that the overall costs will exceed the total revenue, the expected loss is included as an allocated liability.

Receivables

Receivables are stated at the amortized cost price which is, in most cases, the equivalent of the nominal value. Write-downs are made to offset expected losses.

Accruals

Accruals included under assets comprise costs relating to the subsequent financial year.

Accruals included under debt liabilities comprise income relating to the subsequent financial year.

Other securities and shares

Listed securities and shares, included under current assets, are entered under property for sale and stated at the fair value on the balance sheet date. Securities which are expected to be retained until maturity are included under fixed assets and stated at the amortised cost price. Shares included under fixed assets are stated at the fair value on the balance sheet date.

EQUITY

Dividend

Dividend, which is expected to be paid for the year, is shown as a separate item under the equity and is first included as a debt liability at the time of adoption at the Annual General Meeting (the declaration time).

Own shares

Acquisition and disposal amounts and dividend for own shares are included directly in the accumulated profit under the equity. Gains and loss on sale are not included in the profit and loss account.

LIABILITIES

Corporation tax and deferred tax

Current tax liabilities and current tax receivables are included in the balance sheet as calculated tax on the year's taxable income, adjusted for tax on the previous year's taxable income and for tax paid on account.

Deferred tax is stated in accordance with the balance sheet oriented debt method of all temporary differences between the accounting and taxable value of assets and liabilities. However, deferred tax on shares is not included, including shares in subsidiaries, which are expected to be owned for more than 3 years as a subsequent taxable profit will be tax-exempt. Deferred tax assets, including the taxable value of tax losses

qualifying for carry-forward are included at the value at which they are expected to be used, either by adjustment in tax of future earnings or by offsetting deferred tax liabilities within the same legal tax entity and jurisdiction.

Adjustment of deferred tax is made with regard to eliminations of unrealised intercompany gains and losses.

Deferred tax is stated on the basis of the tax regulations and tax rates prevailing on the balance sheet date as the deferred tax is expected to result in actual tax. The change in deferred tax as a result of changes in the tax rates is included in the profit and loss account.

If the deferred tax assets exceed the deferred tax liabilities, the net tax asset is included in the balance sheet.

Leasing guarantee commitments

In connection with leasing guarantee commitments in respect of project sales, an assessment of the possible future leasing guarantee payments is made. Expected payments concerning vacant leases up to the time of occupancy and payments due to discounts on current leases are included as debt liabilities in the balance sheet. Experience shows that amounts covering likely re-leasing risks are included in the balance sheet under provisions

Other provisions

Provisions are included when the Group, owing to a previous event, has a legal or actual commitment and when it is deemed likely that the payment of the commitment will draw on the company's financial resources.

Provisions with an expected maturity in excess of one year from the balance sheet date are discounted back at the average bond interest.

When it is deemed likely that the total costs will exceed the total proceeds from a sold project in progress, the total expected loss on the contract is allocated. The allocation is included as a direct cost in the profit and loss account.

Leasing commitments

Leasing commitments relating to financially leased assets are included in the balance sheet as debt liabilities and stated at the time of the signing of the contract at the present value of the future leasing instalments. Subsequent to the first inclusion, the leasing commitments are stated at the amortised cost price. The leasing instalments' interest proportion is included over the term of the contracts in the profit and loss account as a financial cost.

Other financial debt liabilities

Debt to mortgage credit institutes and financial institutions which are part of the property for sale are stated at the fair value at the balance sheet date.

In connection with borrowings, other financial debt liabilities are included at the received proceeds after deduction of transaction costs. In subsequent periods, the financial liabilities are included at the amortized cost price, corresponding to the capitalised value through the use of the effective interest such that the difference between the proceeds and the nominal value is included in the profit and loss account over the period of the loan.

Other debt liabilities, which include amounts owed to suppliers, affiliated and associated undertakings and other debt are stated at the amortised cost price which usually corresponds to nominal value.

CASH FLOW STATEMENT

The cash flow statement shows the Group's cash flow for the year from operating, investment and financing activities, the year's difference in cash at bank and in hand and the Group's cash at bank and in hand at the beginning and end of the year. The cash flow impact from purchase and sale of companies is shown separately under cash flow from investment activities. In the cash flow statement, cash flow relating to purchased companies is included from the time of acquisition and the cash flow relating to sold companies is entered from the time of sale.

Cash flow from operating activities

Cash flow from operating activities is calculated as the Group's share of profit/loss for the year adjusted for non-cash operating items, movements in working capital and corporation taxes paid. Project portfolio and project financing are regarded as a part of the Group's operating capital. Consequently, the changes are included in the calculation of the cash flow from the operating activity.

Cash flow from investment activities

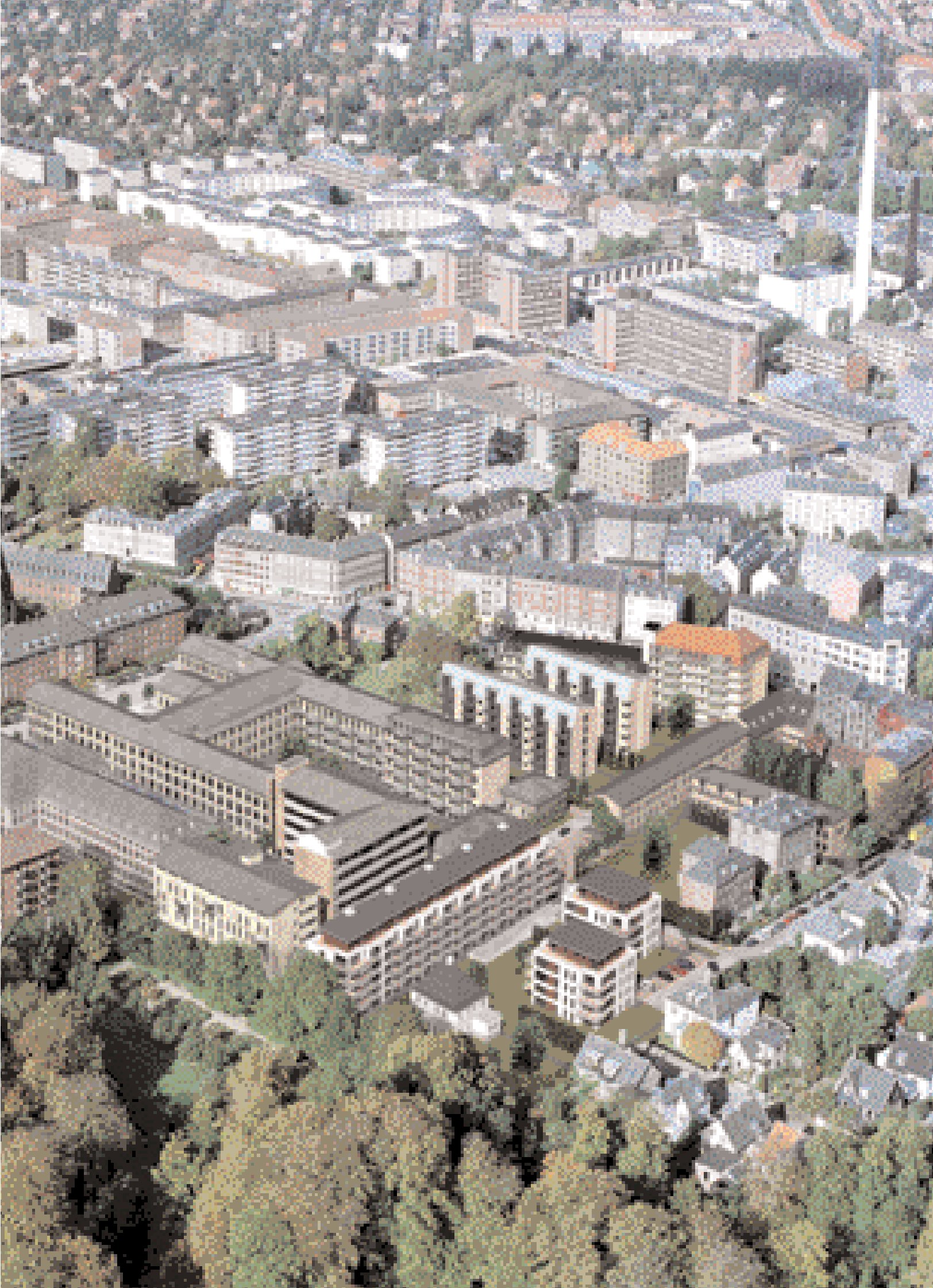
Cash flow from investment activities includes payment in connection with purchase and sale of companies and activities and purchase and sale of intangible, tangible and financial fixed assets.

Cash flow from financing activities

Cash flow from financing activities comprise changes in size or composition of the Group's share capital and associated costs, borrowings for financing fixed assets and payment of dividend to the members and shareholders.

Liquid assets

Liquid assets include cash at bank and in hand and short-term securities with a term of less than 3 months which can readily be converted to liquid assets and which only carry an insignificant risk of changes in value.



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