

Statement by the board of directors of Keops A/S concerning a public tender offer submitted by Fasteignafélagid Stodir HF

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Expectations for FY2006/2007 are maintained

Modification of share option programme

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1. Expectations for FY2006/2007

In a stock exchange announcement issued on 23 May 2007, Keops stated that its earnings expectations for the entire FY2006/2007 are between DKK 350 million – 450 million. Apart from the realised profit and value adjustments of investment properties and debt already recognised during the first half of the financial year, the earnings expectations include a positive value adjustment of DKK 100 million.

In light of the information that a public tender offer (the Offer, cf. below) would be submitted, the board of directors has reassessed the earnings expectations. The conclusion of the assessment is that most recently announced earnings expectations as stated above are maintained. The expectations are exclusive of non-recurring costs as a result of the Offer.

2. Modification of share option programme

At present, Keops has issued warrants/share options comprising 2,800,000 shares of DKK 1 each in Keops of which only 500,000 have vested for immediate exercise by the holder and for sale in connection with the Offer if so desired.

It has been the wish of the board of directors of Keops that the holders of the remaining share options comprising 2,300,000 shares in Keops be allowed to exercise such options in connection with a sale. As the share options in question are non-transferable, Keops has not sought to have these comprised by the Offer. In accordance with the terms of these share options, the board of directors has decided – **subject to** completion of the Offer – to inform the holders of the share options that they may exercise the options immediately following Stodir's completion of the Offer. Further, the board of directors has – also subject to completion of the Offer – decided that settlement of the share options may be effected against delivery of Keops shares from its holding of treasury shares.

3. Statement by the board of directors of Keops A/S concerning a public tender offer submitted by Fasteignafélagid Stodir hf.

The board of directors of Keops A/S (the "Board") hereby makes a statement concerning the tender offer (the "Offer") submitted by Fasteignafélagid Stodir hf. ("Stodir") on 27 July 2007 to acquire the entire share capital of Keops A/S ("Keops" or the "Company"). The Offer is described in detail in the offer document dated 27 July 2008 (the "Offer Document").

The statement is made in accordance with Executive Order No. 416 of 8 May 2006 on tender offers, as the decision to submit the Offer was published on 29 June 2007.

The board members Mr Skarphedinn Berg Steinarsson, board member and CEO of Stodir, and Mr Eirikur S. Jóhannsson, general manager of the Baugur Group, have neither participate in the in the treatment by the Board of the earnings expectations for



**Notice to the Stock Exchange no. 305
Keops A/S**

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FY2006/2007 and modification of the share option programme nor in relation to the preparation of the statement and the Board's consideration of the Offer.

The Offer

The Offer concerns the entire share capital of Keops with the exception of shares held by shareholders resident in the USA, Canada, Australia and Japan. The following consideration is offered:

- DKK 24.00 in cash per Keops share of DKK 1 nominal value each; or
- 19.23139 (to be rounded up) Stodir shares of ISK 1 nominal value each.

It appears from the Offer Document that Stodir has agreed with Keops' two largest shareholders that they will accept the Offer against payment in Stodir shares.

Conclusion

The Board's conclusion regarding the Offer, which is set out below and which should be read in its entirety together with this statement, is as follows:

The Board recommends the shareholders of Keops to accept Stodir's offer of DKK 24.00 in cash for each Keops share.

The Board considers itself unable to comment on Stodir's offer of 19.23139 Stodir shares for each Keops share as the Board has not been in a position to assess the value of Stodir's shares.

The content and rationale of the statement in detail

Stodir's expectations

In its Offer Document, Stodir states that, if the Offer is accepted, Stodir expects to support the continued development and growth of Keops. The Board notes that Stodir considers to divest certain activities, specified as Keops Development A/S and the Company's stake in Capinordic A/S. A divestment of the stake in Capinordic A/S already forms part of Keops' existing strategy. The Board also notes that Stodir attaches great importance to the continued employment of the executives of Keops by the new owners, and that, except for the natural staff reduction resulting from a potential divestment of Keops Development A/S, Stodir is not planning to reduce the number of employees.

Additional background information

The Board emphasises that Keops has not engaged in any communication with Stodir about the Offer prior to Stodir's announcement of the Offer on 29 June 2007.

Prior to publication of the Offer Document, Stodir has, however, at a board meeting in Keops presented the background and rationale behind the Offer. In addition hereto, Stodir and Keops have discussed the warrant program of Keops, as described in section 2.9 of the Offer Document. Keops is not a party to any agreement with Stodir in relation to the Offer or any future transactions in Keops, and Keops has not been involved in Stodir's conclusion of agreements on acceptance of the Offer against payment in Stodir shares with any shareholders in Keops mentioned in the Offer Document. Stodir has not been allowed to conduct a due diligence investigation on Keops.

The Board states that immediately after publication of its preliminary announcement of interim financial statements on 23 May 2007, the Keops shares were traded on the OMX Nordic Exchange Copenhagen at a price of DKK 17.70. The Board further states that later on 23 May 2007 the former major shareholder of Keops, Vagner Holding ApS, sold Keops shares of DKK 52,244,942 nominal value at a price of DKK 24.00 each. Finally, the Board states that on 28 June 2007, the day before Stodir's announcement of its intention to submit the Offer on 29 June 2007, the closing price was DKK 22.00 for each share.



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Cash contribution of DKK 24.00 for each Keops share

The Board refers to the introduction of this statement and to its confirmation of the most recently announced earnings expectations for FY2006/2007. The Board has in previous announcements informed of its intentions to prepare a 5 year strategy plan as part of a six point plan for Keops. This strategy plan is not expected to be available until at the end of the current financial year at the earliest.

To assess the consideration offered, the Board has further obtained a fairness opinion from Carnegie Bank A/S. According to the opinion, Carnegie Bank has informed the Board that, based on the information and reservations provided by Keops or contained in the Offer Document, the cash consideration of DKK 24 per Keops share is fair to the shareholders from a financial point of view. Carnegie Bank has not expressed any opinion on the consideration offered in Stodir shares.

As can be seen from the Offer Document, the Offer is conditional. In the Board's view, it is very positive that the Offer as described in the Offer Document contains fewer conditions than indicated in connection with the announcement on 29 June 2007. The Board also notes that Stodir has offered the holders of share options to buy such number of Keops shares as the holders were to acquire after completion of the Offer and that terms have been offered for the exercise of the Offer by employees with tied-up employee shares.

Based on the above, the Board recommends the shareholders to accept Stodir's offer of DKK 24.00 in cash for each Keops share.

19.23139 Stodir shares for each Keops share

As regards the alternative consideration consisting of **shares issued by Stodir** a number of special circumstances exist in addition to the mere assessment of the value of the Keops shares. In connection with the assessment of the special circumstances relating to the consideration in Stodir shares, the Board has received a fairness opinion from Glitnir Banki hf. at the initiative of Stodir. According to the opinion, the corporate finance department of Glitnir Banki in Reykjavik ("Glitnir") has prepared a valuation of Stodir's shares in connection with the Offer. Glitnir states that a value of ISK 14.00 per Stodir share of ISK 1.00 nominal value each is fair from a financial point of view and based on certain assumptions on Stodir's activities and a number of components related thereto. The Board has no information on the specific terms of the valuation carried out by Glitnir and thus no information on the assumptions on which the opinion is based.

Certain information on Stodir may be obtained from Stodir or is available at www.stodir.is.

The Board has not obtained specific information on Stodir, but Mr Skarphedinn Berg Steinarsson, CEO of Stodir, has elaborated before the Board on the rationale behind the Offer and Mr Eirikur S. Jóhannsson, general manager of the Baugur Group, has given an account of the Baugur Group's decision to accept the Offer against the issuance of Stodir shares as consideration. The Board has not verified the information provided by Stodir in the Offer Document, including information on Stodir's existing business, its real estate portfolio, financing and other resources, such as employees, nor has the Board made an assessment of Stodir's historical results and the basis of its future strategy and the dependence of its future strategy on certain market developments. The Board notes that the Offer Document contains certain information on Stodir's provision of shares to complete the Offer and on the tax consequences if the Offer is accepted against payment in Stodir shares, but the Board has not verified the correctness or completeness of the information.

The Offer Document contains a description of a number of risk factors that Stodir believes may affect its future business. The Board has not assessed whether all relevant risks have been disclosed, and the Board encourages all shareholders that consider accepting the Offer against payment in new Stodir shares to thoroughly consider the risks involved before accepting the Offer. It appears from the Offer Document that Stodir aims to list its

shares, but that nothing definite can be said as to whether, exactly where and when Stodir's shares will be listed.

Considering the Board's limited knowledge of Stodir's business, the Board considers itself unable to comment on the Offer against payment in Stodir shares.

The Offer Document may be obtained from Glitnir Banki hf., Corporate Finance Copenhagen, Frederiksgade 19, 2. sal, DK-1265 Copenhagen K, Denmark, tel. +45 88 33 50 00 or downloaded from www.keops.dk.

Please address questions relating to this Notice to Chairman Steen Hundevad Knudsen, on tel. +45 3341 0000.

This document in the English language is a translation of the Danish original document. In the event of inconsistency, the Danish version shall apply.

Forward-looking Statements

This Notice to the Stock Exchange may contain forward-looking statements within the meaning of US Private Securities Litigation Act of 1995 and similar laws and regulations in other countries regarding expectations of the future development. Forward-looking statements provide our expectations or forecasts of future events. You can identify these statements by the fact that they do not relate strictly to historical or current facts. They use words such as anticipate, estimate, expect, project, intend, plan, believe and other words and terms of similar meaning in connection with a discussion of future operating or financial performance. Such forward-looking statements are subject to risks, uncertainties and inaccurate assumptions. This may cause actual results to differ materially from expectations, and it may cause any or all of our forward-looking statements here or in other publications to be wrong. Factors that might affect such expectations include, but are not limited to, general economic and business conditions and interest rate and currency exchange rate fluctuations. As a result you should not rely on these forward-looking statements. Keops is under no duty to update any of the forward-looking statements or to confirm such statements to actual results, except to the extent required by law. Please also refer to the description of risk factors on pages 30 to 33 of Keops' Annual Report 2005/06, which is available from www.keops.dk.