

SJÆLSØ SELLS 275 APARTMENTS TO ESSEX FOR DKK 900 MILLION

SJÆLSØ BUYS A RESIDENTIAL/COMMERCIAL SITE AT ØRESTAD SYD FOR DKK 152 MILLION FROM ESSEX

SJÆLSØ EXPECTS PROFITS BEFORE TAX FOR 2008 TO BE DKK 500-700 MILLION EXCLUDING ANY VALUE ADJUSTMENTS

SALES OF RESIDENTIAL PROPERTIES FOR DKK 900 MILLION

Sjælsø has signed a final agreement with Essex for the sale of 275 residential units in Greater Copenhagen for DKK 900 million.

Comprising approximately 30,000 m², the agreement covers projects in progress where Sjælsø has already sold 50-95% to individual buyers. Under the agreement, Essex acquires the project's remaining units in the projects. These are apportioned as follows:

Zinkhuset, Amerika Plads	27
Magnolia Husene, Frederiksberg	16
Kirsebærparken, Valby	24
Ørestadshuset, Ørestad City	5
Æblelunden, TV-Byen, phase 1	27
Åhaven, Vallensbæk	76
Bøgebakken, Værløse	28
Properties sold for takeover in December 2008	<u>203</u>
Stævnen, Ørestad Syd	44
Æblelunden, TV-Byen, phase 2	28
Properties sold for takeover in June 2009	<u>72</u>

Sjælsø previously offered the homes for sale as owner-occupied housing at a total price of DKK 1,018 million. In connection with the sale to Essex, a portfolio discount of DKK 118 million has been agreed whereafter the sales price has been determined at DKK 900 million. In addition, Sjælsø has issued a limited rental guarantee on more specifically agreed conditions.

In accordance with Sjælsø's usual accounting policies, the properties have been booked at cost. This ensures that, despite the discount agreed and the guarantee issued, the sale will generate a limited profit. The profit will be recognised in the income statement as the properties are delivered to Essex.

Overall, the sale is regarded as an optimum solution for Sjælsø in that it reduces the company's exposure to the residential market and, following redemption of the construction loans, releases substantial liquidity and resources for other activities.

ACTIVITIES IN THE RESIDENTIAL MARKET REDUCED

The sale to Essex further reduces Sjælsø's exposure to the residential market in Greater Copenhagen. The transaction comprises all properties already completed or due for completion within the next 12 months.

As a result, Sjælsø's projects in progress in Greater Copenhagen are concentrated on the company's 50% joint venture part in Havneholmen comprising approximately 160 properties which will be completed in 2008 and 2009, 21 unsold apartments in Solbærparken in Valby, scheduled for completion in the second half of 2009 and 34 unsold apartments in Lyngby Søpark due for completion in 2010.

In addition, Sjælsø owns 50% of Copenhagen Residential comprising a portfolio of 378 rental apartments for scheduled for completion in 2009 and 2010. As previously announced, Sjælsø intends to reduce its stake in Copenhagen Residential to approximately 20%.

ACQUISITION OF SITE AT ØRESTAD SYD

In February 2009, Sjælsø will takeover Essex' site at Ørestad Syd where there is permission to build 30,500 m² residential and commercial property.

The site will be acquired for DKK 152 million which equates to the purchase price paid by Essex to By & Havn and the development costs incurred.

Sjælsø will take over the development project in progress. There is an understanding between the parties that Sjælsø will develop a rental project for Essex on part of the site.

Facing the recreational area of Kalvebod Fælled, the site is attractively located in Ørestad Syd. Currently under development, Ørestad Syd will be home to some 10,000 residents when completed.

FOCUS ON CORE ACTIVITIES

With the sale of the properties to Essex and Essex' concurrent sale of its site in Ørestad Syd to Sjælsø, both companies are refocusing on their core businesses.

FLEMMING JOSEPH JENSEN, CEO, SJÆLSØ, COMMENTS:

"We welcome the fact that two well-established and well-consolidated companies have agreed to work together and focus on our respective core businesses at a challenging time for the market.

With the sale of the residential properties to Essex, we will be able to focus even more on the development and sale of property and will not need to invest resources in letting and administration of the properties.

From a financial as well as from a market perspective, the agreement with Essex represents a good solution for Sjælsø which will release resources for the further development of our activities within the project development area - both in Denmark and abroad."

PETER HALVORSEN, CEO, ESSEX, COMMENTS:

"Essex already owns approx. 5,000 residential units and the purchase of the Sjælsø portfolio will provide us with an attractive portfolio in Greater Copenhagen.

The rental market has seen highly positive developments in recent years - in contrast to the more troubled owner/occupied market. Under the current market conditions, we wish to focus on investment in - and rental of - properties. The sale of our construction site in Ørestad Syd to Sjælsø is, therefore, a logical consequence of our focus on investments in late-stage projects.

It is very pleasant with a positive agreement between two strong companies in the market. An agreement we are convinced will be for the benefit of both companies in future."

CHANGES TO 2008 PROFIT FORECAST

The volatility in the financial sector is impacting on the property sector. Rising funding costs and a tougher lending market has led to falling revenues in the property market. Sjælsø has therefore noted that tenants and property investors have become more reluctant to sign rental agreements and purchasing agreements.

Therefore, it is expected that some of Sjælsø's projects will be postponed to 2009, resulting in lower profits for the current year. Moreover, a few projects may have to be sold at reduced margins, e.g. the sale of the portfolio to Essex.

Profits before tax for 2008 are now expected to be DKK 500-700 million, excluding any value adjustments, against the previous forecast of approx. DKK 800 million before tax.

Expectations with regard to market development as well as the company's profits will be detailed in the Interim Report for 2008 which, as previously announced, will be published on August 28, 2008.

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