

Sjælsø sells two retail projects in Sweden, 75% of the residential project in Poland and 50% of a new residential investment company.

As a result of the continued slow activities on the Danish residential market and the pending instability on the international credit markets, Sjælsø now expects profit before tax at the level of DKK 700 million for 2007.

Profit before tax at the level of DKK 800 million is expected for 2008.

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SALE OF 75% OF RESIDENTIAL PROJECT IN WARSAW

Sjælsø has entered into an agreement with a group of investors about sale of 75% of Sjælsø's residential project in the Wilanow district in Warsaw. As a part of the agreement, Sjælsø retains a 25% ownership of the project and will be in charge of the completion of the development and the construction management of the project. The parties share earnings and risk in relation to ownership share, however, Sjælsø will be receiving a current management fee, and Sjælsø is eligible for a success fee in connection with completion of the project. Accordingly, a significant part of Sjælsø's earnings on the project will be realised in connection with the completion of the project.

With the concluded agreement, the development and initiation of the project can be sped up in due consideration of Sjælsø's financial targets of solvency, and the agreement creates potential for Sjælsø initiating further projects.

The residential project in Warsaw is Sjælsø's first residential project in Poland and comprises a total of approx. 600 apartments. As a result of the agreement, stage 1 of the project of approx. 300

apartments will be initiated in 2008. The remaining 300 apartments will be initiated when a satisfactory sales rate of stage 1 has been achieved. The project value of the total project represents approx. DKK 1 billion.

Sjælsø sees considerable demand for new residential projects in Poland from residential buyers as well as from investors. Accordingly, Sjælsø expects to be carrying through more residential projects in Poland in 2008 and the following years.

SALE OF TWO RETAIL PROJECTS IN SWEDEN

Sjælsø has entered into agreement with Investea about the sale of two retail projects in Katrineholm and Linköping in Sweden.

The projects which are expected ready for use in the autumn of 2008 comprise a total area of approx. 10,000 square metres and have been let to Coop and Swedol, among others. The total project value of the projects amounts to approx. DKK 150 million.



SJÆLSØ SELLS 50% OF RESIDENTIAL INVESTMENT COMPANY

During some time Sjælsø has noted a good market for rental residences, thus because of the weak sale of owner-occupied residences.

Therefore, Sjælsø has developed a new concept for a residential investment company, Copenhagen Residential, which purchases approx. 400 apartments at seven different locations in Copenhagen according to the completion during 2009 and 2010. The project value of the total project represents approx. DKK 1,3 billion.

The projects have been developed particular to this investment company and the purpose is both rental and resale. The strategy is to rent out the apartments when they are completed and afterwards to sell the apartments when the tenants move or the tenants can use the right of preemption, which they will get when renting the apartment.

Sjælsø will be a co-investor and have a share of about 20%. Other investors have for the time being signed for 50% of the share capital and negotiations are in progress regarding the last 30%. These negotiations are expected to be completed in 1st half of 2008.

FINANCIAL INSTABILITY AFFECTS THE CONCLUSION OF AGREEMENTS

Sjælsø states that the current instability on the financial markets means that also property investors in recent months have been more reluctant as to acquiring new investment projects.

Sjælsø formerly expected that the weak sale of residences in Denmark in the autumn of 2007 would be balanced out by increased sale within the commercial and retail markets as well as by sale of residential rental projects to investors.

Negotiations of sale for several of Sjælsø's projects, however, have been significantly lengthier than usual. Accordingly, it has not been possible to complete negotiations on satisfactory terms in the aggravated market towards the New Year for which reason Sjælsø has decided to postpone the sale of several projects until 2008.

SJÆLSØ HAS STRONG CASH FLOW AND GOOD FINANCIAL RESOURCES

It is emphasised that Sjælsø has ensured reasonable coverage of own financing requirements and, accordingly, is not directly affected by the situation on the financial markets, and Sjælsø's ability to raise satisfactory financing of new project opportunities has been unchanged.

Sjælsø has continuous focus on optimising its liquidity and cash flow. In 2007, Sjælsø has released approx. DKK 1 billion of available liquidity from completed projects which ensures that Sjælsø still has the strength to establish and carry out new projects on all Sjælsø's markets, irrespective of the financial instability.

EXPECTATIONS OF PROFIT FOR 2007 AND 2008

Based on the development on Sjælsø's markets, especially the current situation on the financial markets and the owner-occupied residential market in Denmark, Sjælsø now expects profit before tax for 2007 of approx. DKK 700 million compared with previous expectations of DKK 800-900 million.

The current dullness in the inception of agreements as a result of the credit crisis is expected to improve during 2008. Sjælsø has adjusted its sales strategy and profit expectations to the present market situation.

For 2008, Sjælsø generally expects a high activity level on commercial as well as retail markets with establishment of several new projects on all Sjælsø's geographic markets. On the residential market, Sjælsø expects to establish several new projects in Sweden as well as Poland during 2008. On the Danish residential market, continued limited sale of new owner-occupied residences is expected. On the other hand, the rental market is expected to remain positive with possibility of carrying through new residential rental projects.

The contracting market, too, has been difficult in 2007 with trouble of capacity and a high price level. For several of Sjælsø's projects, it has therefore currently been necessary to make

reservations for the hedging of this risk. However, Sjælsø finds that the balance of supply and demand has again improved on the contracting market. As such, it has lately been possible to conclude agreements on a better basis than for the last years. Sjælsø expects this trend to continue in 2008 as capacity is released in the contracting business.

Based on the above market expectations, Sjælsø expects to realise profit before tax at the level of DKK 800 million exclusive of value adjustments in 2008.

**FOR FURTHER INFORMATION, PLEASE
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