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Sjælsø Gruppen A/S, Sjælsø Danmark A/S and Sjælsø Retail A/S file for reconstruction

At a Board meeting just finished, the Board of Directors resolved to file for reconstruction of the companies Sjælsø Gruppen A/S, Sjælsø Danmark A/S and Sjælsø Retail A/S with the court in Hillerød.

A number of subsidiaries with ongoing construction activities at Margretheholm, Teglholmen and in the former TV Byen, Copenhagen, and at other locations, are expected to be continued in collaboration with the banks and investors involved. Sjælsø has received positive indications in that respect from the banks involved.

As regularly highlighted in its interim and full-year financial reports and elsewhere, it has been crucial for Sjælsø to regularly obtain financing for new projects and extension of loans relating to existing projects currently being developed or offered for sale and that its liquidity is strengthened through the sale of projects, repayment of receivables and refinancing of assets.

As the necessary strengthening of the Group's liquidity cannot be carried out, the Board of Directors and the Management Board have come to the conclusion that there is no basis for continuing the Group's activities in their present form.

The financial crisis has led to significantly changed business conditions for the property developer industry resulting in reduced revenue, significantly restricted access to financing and guarantees and lower margins on completed projects.

In recent years, Sjælsø has continually sought to align the Group's activity level with the new market conditions, e.g. by continuously focusing on reducing the Group's total assets by completing and selling projects in the Group's pipeline and repaying debt. Despite the difficult market environment, the Group has successfully sold a number of significant projects, and over the past five years it has reduced its debt from approx. DKK 7 billion to approx. DKK 3 billion.

However, the current market conditions have forced Sjælsø to sell projects at significantly reduced margins and on terms under which most of the proceeds have been applied against reducing the debt raised with the banks that provided financing for the projects.

In addition to the sale and completion of such projects, it has thus been crucial for Sjælsø to free up cash from receivables (including, not least, the receivable from PG Scandinavian Invest, formerly Property Group), cost savings and refinancing of assets to support ongoing operations.

Due to the current market environment, PG Scandinavian Invest has as yet been unable to sell the projects to which Sjælsø's receivable relates on acceptable terms and thus repay the receivable to Sjælsø.

As part of the Group's focus on its core activities in the Nordic region, Sjælsø announced in August 2011 that Sjælsø was seeking a sale of its Polish operations. It has not yet been possible to find buyers to all remaining Polish projects on acceptable terms.

As a result, it has been extremely difficult for Sjælsø to obtain the necessary liquidity to support operations.

In that situation, the Board of Directors and the Management Board of Sjælsø Gruppen see no other alternative than to file for reconstruction.

Sjælsø Gruppen hereby requests that NASDAQ OMX suspend trading in the Company's shares.

For more information, contact Chairman John R. Frederiksen or CEO Flemming Joseph Jensen.

Allerød, 7 August 2013

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This announcement is a translation from the Danish version. If there is any doubt as to the understanding or interpretation of the English version, the Danish version shall prevail.