

Annual report for 2005/06

Keops EjendomsObligationer III (PBA) A/S



Reported to the Copenhagen Stock Exchange via StockWise on 19 January 2007

Summary:

Very satisfactory profit for Keops EjendomsObligationer III (PBA) A/S

Income statement and balance sheet in this annual report have not been changed compared with the published preliminary announcement of financial statements of 15 December 2006. The sale of properties to Essex Invest Sverige AB has not been carried through as expected in the preliminary announcement of financial statements, which has resulted in changes in terms of text compared with the previously published preliminary announcement of financial statements.

Keops EjendomsObligationer III (PBA) A/S achieved profit before tax for the year 2005/06 of DKK 230.7 million. The profit is the result of revaluation of the Company's properties. The operation of the Company's properties, however, has been less satisfactory by reason of a cold winter season in Sweden, increased maintenance costs and high energy prices.

The properties' value at 30 September 2006 constitutes DKK 1,292 million including value adjustment to fair value of DKK 259 million since 30 September 2005. This means that equity of DKK 340.7 million is considerably higher than expected in the prospectus from May 2004.

The properties in the portfolio are still up for sale as the properties have been in favourable development since the acquisition in 2004. The sale is to be considered on the basis of Keops Group's wish for financial consolidation.

Please address questions relating to this Notice to Head of Communications Susanne Lindø or Head of Corporate Affairs Karina Deacon on telephone +45 3341 0000.



Notice to the Stock Exchange no. 30
Keops EjendomsObligationer III (PBA) A/S
Central Business Registration no. 27679331

Scandiagade 8
2450 Copenhagen SV

T +45 3341 0000
F +45 3341 0010

W www.Keops.dk
E Keops@Keops.dk

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Disclaimer:

This is an authorised translation of the Danish original document. In the event of inconsistency, the Danish version shall apply.



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Company details

Keops EjendomsObligationer III (PBA) A/S
c/o Keops A/S
Scandiagade 8
2450 Copenhagen SV

Telephone: 3341 0000

Fax: 3341 0010

www.keops.dk

www.ejendomsobligationer.dk

keops@keops.dk

Central Business

Registration no.: 27 67 93 31

Established: 30 March 2004

Registered in: Copenhagen

Supervisory Board

Torben Schultz (Chairman)

Klaus T. W. Lund

Michael Sheikh

Executive Board

Michael Sheikh

Company auditor

Deloitte Statsautoriseret Revisionsaktieselskab

Datavej 58

3460 Birkerød

Annual General Meeting will be held on 29 January 2007.



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Financial highlights

Group financial highlights in DKK '000 ¹⁾			
	2005/06	2004/05	2004
	12 months	12 months	6 months
Revenue	116,633	116,326	58,487
Operating expenses	(84,075)	(48,487)	(22,433)
Value adjustment of investment properties and debt, net	250,832	133,315	11,008
Gross profit	283,390	201,154	47,062
Administrative expenses	(6,882)	(10,586)	(4,085)
Financial items, net	(45,789)	(51,979)	(21,351)
Profit before tax	230,719	138,589	21,626
Tax on profit for the year	(17,303)	(42,102)	(2,320)
Profit for the year	213,416	96,487	19,306
Fixed assets	874	1,024,751	898,331
Current assets	1,315,331	27,432	52,396
Total assets	1,316,205	1,052,183	950,727
Share capital	10,000	10,000	10,000
Equity	340,694	125,373	29,316
Provisions	61,701	44,414	2,326
Liabilities other than provisions	913,810	882,396	919,085
Cash flows from operating activities	8,438	4,254	46,968
Cash flows for investing activities, net	(5,400)	(7,935)	(872,962)
Cash flows from financing activities	(10,361)	(12,002)	863,567
Total cash flows	(7,323)	(15,683)	37,573
Ratios			
Return on equity (after tax)	91.6%	124.7%	196.4%
Solvency ratio	25.9%	11.9%	3.1%
Equity value	34.1	12.5	2.9
Earnings per share, DKK	21.3	9.6	1.9
Dividend	0%	0%	0%
Number of employees at year-end	18	18	18

The ratios have been compiled in accordance with "Recommendations and Ratios 2005" by the Danish Society of Financial Analysts. Please refer to definitions and concepts in accounting policies.

1) The Company was established on 30 March 2004.



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Management's review

Business concept

The purpose of the Company is, via investments in other companies, to own and operate letting business with residential and commercial properties located in large cities in southern Sweden as well as to raise the necessary financing for the Group's enterprise.

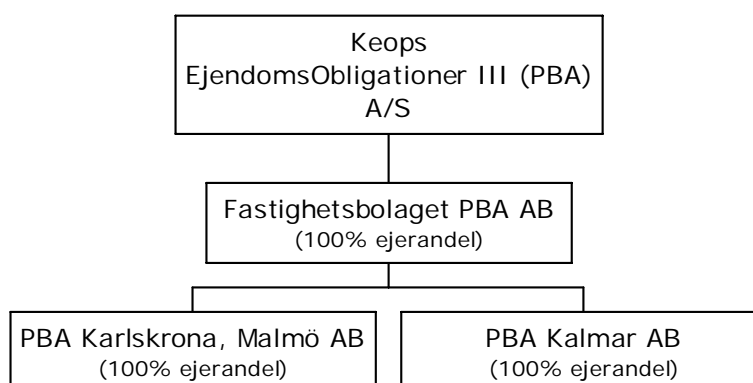
As a part of raising the financing for acquisition of the properties, the Company has issued fixed-yield commercial bonds at a total of DKK 200 million in May 2004. The bonds are listed on the Copenhagen Stock Exchange and have been issued in two series with terms of 7 and 10 years, respectively.

Financial objective

The ambition is to achieve annual operating profit before interest of approx. 7.5% of the original acquisition price of the properties. The Company furthermore has an ambition of generating sufficient cash flows from operations to be able to repay the bond loans on expiry without taking out other financing.

Group structure

The Group consists of the following companies:



Activities

In the financial period, the properties in the portfolio were put up for sale as the properties have been in favourable development since the acquisition in 2004. The sale is to be considered on the basis of Keops Group's wish for financial consolidation. The sale is expected carried through in 2007.

Keops EjendomsObligationer III (PBA) A/S

The Company has issued commercial bonds of a total of DKK 200 million which are listed on the Copenhagen Stock Exchange. The proceeds from the issue have been lent to PBA Karlskrona, Malmö AB and PBA Kalmar AB. Further to this, the Company only operates as a holding company for the subsidiaries.

Fastighetsbolaget PBA AB

The Company functions as holding company of the two subsidiaries.

PBA Karlskrona, Malmö AB

In April 2004, the Company acquired a total of 25 properties of which six are located in Malmö and 19 are located in Karlskrona. The total area of the properties is approx. 138,000 sqm. and comprises approx. 85% residences (a total of 1,960 flats) and approx. 15% commercial area (shops, offices, institutions, etc). The rental rate is approx. 96%. Rent is adjusted on an ongoing basis and is all-inclusive, as the owner incurs all operating expenses, incl. heating, electricity, water and maintenance.



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Management's review

The Company has 18 employees in Sweden who handle property administration, etc.

PBA Kalmar AB

In April 2004, the Company has acquired a total of 12 properties located in Kalmar. The total area of the properties is approx. 39,000 sqm. and comprises approx. 64% residences (a total of 359 flats) and approx. 36% commercial area (shops, offices, institutions, etc). The rental rate is approx. 98%. Rent is adjusted on an ongoing basis and is all-inclusive, as the owner incurs all operating expenses, incl. heating, electricity, water and maintenance.

Financing

Financing of the properties has been made partly by taking out a loan with German credit institution, and partly by a loan with Keops EjendomsObligationer III (PBA) A/S of DKK 200 million. Both loans are mortgaged in the properties.

The past year in main features

Profit for the year amounts to DKK 230.7 million before tax. The Supervisory Board considers the total achieved profit extremely satisfactory. In prospectus of 12 May 2004, the Supervisory Board expected profit before value adjustments and tax of DKK 15.4 million for the full year 2006. Profit before tax, adjusted for value adjustments of investment properties and debt, net and selling costs amounts to DKK 6.4 million and accordingly is lower than expected in the prospectus. This may be explained by higher vacancy rate and higher maintenance and energy costs. Profit for the year is correspondingly lower than the previously announced expectations of profit before tax and value adjustments at the level of DKK 13 million. The profit for the period is influenced by value adjustments of properties and debt by net DKK 250.8 million before selling costs.

Revenue amounts to DKK 116.6 million compared with budgeted DKK 119.4 million, and consists of rental income from a total of 37 residential and commercial properties located in Karlskrona, Kalmar and Malmö. The deviation is primarily caused by higher vacancy rate than budgeted.

Operating expenses amount to DKK 84.1 million compared with budgeted DKK 54.6 million and the difference materially consists of non-budgeted selling costs of DKK 26.6 million relating to the expected sale of properties. Without sales costs, the operating expenses amounted to DKK 57.5 million.

Financial income, DKK 1.0 million, includes interest income of cash as well as exchange adjustment of DKK 0.9 million. Net financial expenses, DKK 46.8 million, include interest expenses to banks and yield on mortgage debt. Net financial expenses amount to DKK (45.8) million compared with budgeted DKK (46.9) million. The deviation is caused by unrealised exchange adjustments.

In the financial year 2005/06, the value of the properties has been revalued by DKK 259.2 million. The valuation is based on a return requirement of 5.24% which is supported by an assessment of return spread from CBRE. The Group's liabilities have been adjusted to fair value by DKK 8.4 million at 30 September 2006. The adjustment has been recognised in the income statement under "Value adjustment of investment properties and debt, net". The bond debt has been recognised based on the redemption price on extraordinary redemption, and the adjustment has been taken to the income statement under "Value adjustment of investment properties and debt, net".

The property management, including rent collection, landlord function, etc. is handled by 18 persons who are employed directly in the Swedish property companies. The company management is carried out by a company in Keops Group.



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Tax on profit for the year is an expense of DKK 17.3 million and primarily consists of adjustment of deferred tax. The effective tax rate amounts to 7% as the expected sale of the property is expected to be performed without tax consequences.

Balance sheet

In terms of assets, the predominant item is investment properties for sale which constitute DKK 1,292.5 million. Investment properties have been measured at estimated fair value at 30 September 2006 on the basis of a discounted cash flow model. The return spread is assessed by CBRE. The main elements of the model are 10-year operating and cash flow budgets for the portfolio and a discount factor determined as return requirement plus expected inflation.

Equity amounts to DKK 340.7 million, of which share capital amounts to DKK 10.0 million.

Debt on the property amounts to a total of DKK 846.8 million and has been taken out, partly by loan in a German credit institution in SEK, partly by issue of bonds in DKK listed on the Copenhagen Stock Exchange.

The Company has issued two series of fixed-yield commercial bonds (KEO III), which are listed on the Copenhagen Stock Exchange. The price of the bonds has developed as follows:

	30/9-06	30/9-05
KEO III, 8.5%, 2011	105,00	103,75
KEO III, 9.0%, 2014	109,03	103,75

All bonds were originally offered at a price of 100 on issue on 12 May 2004. The redemption price is 100.00 on expiry for both series.

Risk factors

The Company's Management will currently monitor the risks which the Group is facing and attempt to hedge such risks in due consideration of the Company's overall objective of creating value for the Company's shareholders. Below, a number of the risk factors, which the Company's Management assesses to have particular significance are listed as well as Management's present assessment of the actual risk:

External risks:

Rental income: Two uncertainties have been identified which may influence rental income significantly. Firstly, vacancies in the property portfolio and, secondly, the development in the rental income level. The property has so far been fully let out, and this uncertainty is still expected to be low. The rental income level depends on the indexing of prices, and the uncertainty is also estimated to be low in the long term.

Interest level: The Group's mortgage debt is linked to a floating rate of interest. The Company has concluded agreement on interest cap which limits the interest rate until the expiry of the loan, and therefore, uncertainty about increasing interest rate is estimated to be low until refinancing.

Exchange rate: As the Group's income is in SEK, a weakening of SEK in relation to DKK will result in lower income of which to pay yield on the bond debt taken out in DKK. However, Management presently estimates this risk to be low.

Internal risk factors:

According to Swedish custom, all maintenance is incumbent on the lessor of the property. Any insufficient current maintenance may impair the Group's investment property as the rent level may drop in a possible reletting situation. In the Group's long-term budget, funds have been provided for current maintenance which in the Supervisory Board's estimate are sufficient to be able to maintain the budgeted rent level.



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Management's review

Events after the balance sheet date

The operations after the balance sheet date have been satisfactory. Apart from this, in the Supervisory Board's estimate, no events have occurred which may materially influence the Company's operations or financial position.

In December 2006, Michael Sheikh commenced as Director to replace Torben Schultz.

Expectations of 2006/07

Profit in the order of DKK 28 million before tax and before sale of the Group's property portfolio is expected for the financial year. This expectation of profit, however, may be materially influenced by the time of carrying through the sale of the Group's property portfolio as well as by the selling price of the properties.



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Shareholder information

Share capital

Keops EjendomsObligationer III (PBA) A/S has a share capital of a total of DKK 10,000,000 allocated into 10,000 shares of nominally DKK 1,000.

Dividends

The financial performance for the full year is proposed transferred to the consolidation of the Company.

Shareholder composition at 30 September 2006 (name and domicile):

	Number of shares	% of equity
Keops EjendomsHolding A/S, Copenhagen	<u>10,000</u>	<u>100.00%</u>
Total	<u>10,000</u>	<u>100.00%</u>

Policy for treasury shares

The Company's Articles of Association do not provide the possibility to acquire treasury shares.

Information about bonds issued

The Company has issued the following bonds listed on the Copenhagen Stock Exchange:

8.5% Bond Loan, DKK 60,000,000, maturity 2004-2011, ISIN code DK0003449908

9.0% Bond Loan, DKK 140,000,000, maturity 2004-2014, ISIN code DK0003450088

Accruing of yield is made once a year on 19 May, first time on 19 May 2005. The loan amounts and the yield rates are fixed during the maturity.

Shares and dividend ratios

See financial highlights

Notices to the Stock Exchange in the period 1 October 2005 to 15 December 2006

No.	Date	Subject
25	15 December 2006	Preliminary announcement of financial statements for the finan
24	15 December 2006	Minutes of extraordinary General Meeting
23	14 December 2006	Financial figures and notice to convene extraordinary General Meeting
22	10 December 2006	Deadline for sale of properties in postponed
21	21 November 2006	Conditional agreement on sale
20	1 November 2006	Financial calendar
19	18 August 2006	Offer may lead to early redemption of bonds
18	31 May 2006	Interim announcement for first interim 2005/06
17	19 May 2006	Financial calendar
16	2 February 2006	Statement from Special Servicer
15	20 January 2006	Minutes of Annual General Meeting for the financial year 2004/05
14	13 January 2006	Notice to convene Annual General Meeting for the financial year 2004/05
13	20 December 2005	Preliminary announcement of financial statements for the finan
12	2 November 2005	Financial calendar
11	10 October 2005	Minutes of extraordinary General Meeting



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Shareholder information

Financial calendar for 2006/07	
15 December 2006	Preliminary announcement of financial statements for the financial year 2005/06
29 January 2007	Annual General Meeting for the financial year 2005/06
30 May 2007	Interim announcement for the financial year 2006/07

Contacts

On Keops EjendomsObligationer III (PBA) A/S' website www.ejendomsobligationer.dk further information may be retrieved. Please address inquiries as to investor relations and the share market to Corporate Affairs:

Head of Corporate Affairs Karina Deacon
 Telephone 3341 0000
 Fax 3341 0010
 E-mail kde@keops.dk



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Statement by Management on the annual report

The Supervisory and Executive Boards have today presented the annual report for the Group and Keops EjendomsObligationer III (PBA) A/S for 2005/06. The annual report has today been considered and adopted.

The annual report has been prepared in accordance with the Danish Financial Statements Act, Danish Accounting Standards as well as additional requirements of the Copenhagen Stock Exchange on financial reporting of companies with listed bonds.

We consider the accounting policies appropriate and the accounting estimates reasonable, and we believe that the annual report contains the information relevant for evaluation of the Parent's and the Group's financial affairs. We therefore believe that the annual report provides a true and fair view of the Group's and the Parent's financial position and the results of their activities and cash flows for the financial year 2005/06.

We recommend the annual report for adoption at the Annual General Meeting.

Copenhagen, 15 December 2006

Executive Board

Michael Sheikh

Supervisory Board:

Torben Schultz
(Chairman)

Klaus T. W. Lund

Michael Sheikh

The Annual General Meeting adopted the annual report on 29 January 2007

Chairman of the General Meeting



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Auditors' report

To the shareholders of Keops EjendomsObligationer III (PBA) A/S

We have audited the annual report of Keops EjendomsObligationer III (PBA) A/S for the financial year 1 October 2005 to 30 September 2006. The annual report has been prepared in accordance with the Danish Financial Statements Act, Danish Accounting Standards as well as additional requirements of the Copenhagen Stock Exchange on financial reporting of companies with listed bonds.

The annual report is the responsibility of the Company's Management. Our responsibility is to express an opinion on the annual report based on our audit.

Basis of opinion

We conducted our audit in accordance with Danish Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance that the annual report is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the annual report. An audit also includes assessing the accounting policies applied and significant estimates made by Management as well as evaluating the overall annual report presentation. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not resulted in any qualification.

Opinion

In our opinion, the annual report gives a true and fair view of the Group's and the Parent's financial position at 30 September 2006 as well as of the results of the Group's and the Parent's activities and cash flows for the financial year 1 October 2005 to 30 September 2006 in accordance with the Danish Financial Statements Act and Danish Accounting Standards and additional requirements of the Copenhagen Stock Exchange on the financial reporting of companies with listed bonds.

Copenhagen, 15 December 2006

Deloitte

Statsautoriseret Revisionsaktieselskab

Britta Fladeland Iversen
State Authorised Public Accountant

Tom Rasmussen
State Authorised Public Accountant



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Accounting policies

The annual report of Keops EjendomsObligationer III (PBA) A/S has been prepared in accordance with the provisions of the Danish Financial Statements Act governing reporting class D enterprises, Danish Accounting Standards as well as additional requirements of the Copenhagen Stock Exchange on the financial reporting of companies with listed bonds. The format of financial statements is adjusted to the form of operations.

The applied accounting policies have not been changed from last year, and overall are the following:

Recognition and measurement

Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Company, and the value of the asset can be measured reliably. Liabilities are recognised in the balance sheet when the Company has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Company, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item. Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement. Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year.

Reporting currency

This annual report is presented in Danish kroner.

Foreign currency translation

On recognition of foreign subsidiaries and associates that are independent entities, the income statement items are translated using average rates, and balance sheet items are translated using the rates of exchange as at the balance sheet date. Exchange differences arising out of the translation of foreign subsidiaries' equity at the beginning of the year at the balance sheet date exchange rates as well as out of the translation of profit and loss accounts from average rates to the exchange rates at the balance sheet date are recognised directly in equity.

Consolidated financial statements

The consolidated financial statements comprise the Parent as well as subsidiaries in which Keops EjendomsObligationer III (PBA) A/S directly possesses more than 50% of the shares and the voting rights or otherwise has controlling influence.

On consolidation, intragroup income and expenses, shareholdings and intra-group balances between the consolidated enterprises are eliminated.

Business combinations

Newly acquired or newly established enterprises are recognised in the consolidated financial statements from the time of acquisition, which is the point in time when control of the enterprise is acquired. Enterprises sold or terminated are recognised in the consolidated income statement until the time of surrender, which is the time at which control of the enterprise is transferred to a third party. Comparative figures are not restated for newly acquired, sold or discontinued enterprises.

The purchase method is applied in the acquisition of new enterprises, under which the identifiable assets and liabilities and contingent liabilities of these enterprises are measured at fair value at the acquisition date. Identifiable intangible assets are recognised if they can be separated or arise out of a contractual right, and fair value can be calculated reliably. Deferred tax is recognised of the reassessments made.



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Accounting policies

Cost of an enterprise consists of fair value of the paid consideration added the costs directly attributable to the acquisition of enterprise. If the final determination of the consideration is conditioned by one or several future events, these adjustments are only recognised in cost if the relevant event is likely and the effect in cost can be calculated reliably.

Positive differences (goodwill) between cost of the acquired enterprise and fair value of the identified acquired assets, liabilities and contingent liabilities are recognised as intangible assets. Goodwill is tested annually for impairment. The initial impairment tests are performed before the end of the year of acquisition. On acquisition, goodwill is attributed to the cash generating units which subsequently form basis for the impairment test.

For negative differences (negative goodwill) between cost of the acquired enterprise and fair value of the acquired identified assets, liabilities and contingent liabilities, a reassessment is made of the calculated fair values and the calculated cost of the enterprise. If the fair value of the assets, liabilities and contingent liabilities taken over upon reassessment still exceeds cost, the difference is recognised as income in the income statement.

Profit or loss on sale or winding up of subsidiaries is calculated as the difference between price at sale or winding up and the carrying amount of net assets at the time of sale or winding up, including goodwill, accumulated exchange adjustments taken directly to equity as well as expected costs of sale or winding up. The selling price is measured at fair value of the consideration received. Deferred tax which is reversed in connection with sale of investment properties is reversed in the income statement under realised gain on sale of properties or as value adjustment of properties, if the sale has not been executed until after the end of the financial year.

Income statement

Revenue

Revenue comprises rental income which is accrued and recognised as income according to the rental agreements concluded.

Operating expenses

Operating expenses comprise expenses incurred to earn revenue for the year, including costs in connection with operation of the properties. The operating expenses comprise i.a. taxes and duties, insurance, repairs and current maintenance as well as large maintenance work.

Value adjustment of investment properties and debt, net

Change for the year in the fair value of investment properties and related debt and derivative financial instruments is recognised in the income statement in the financial statement item "Value adjustment of investment properties and debt, net".

Administrative expenses

Administrative expenses include expenses incurred during the year for management and administration of the Company.

Accounting policies

Financial income and expenses

Financial income and expenses are recognised in the income statement by the amounts attributable to the financial year. Financial income and expenses comprise interest income and expenses relating to mortgage credit institutions, banks and group enterprises as well as amortisation premium/deductions relating to mortgage debt, etc. as well as surcharges and repayments under the Tax Prepayment Scheme.

Taxation

In the income statement, the Company's current tax as well as change of provision for deferred tax is expensed.

Deferred tax is measured applying the liability method on all temporary differences between the carrying amount and tax-based value of assets and liabilities.

Balance sheet

Operating equipment

Fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation. Cost comprises acquisition price and costs directly related to acquisition until the time when the assets is ready to be put into operation. Straight-line depreciation is made over the expected useful life. Depreciation is recognised in the income statement under operating expenses. Profit and losses on sale of property, plant and equipment are measured as the difference between selling price less sales costs and the carrying amount at the time of sales. Profit or losses are recognised in the income statement under operating expenses.

Investment properties

Investment properties are measured property by property at estimated fair value. Measurement is made by application of a discounted cash flow model, by which future cash flows from the ownership of investment properties are discounted. The return requirements (the discount factors) are determined property by property.

Costs, adding new or improved qualities to an investment property compared to the date of acquisition, and which thereby improve the future return on the property, are added to cost as an improvement. Costs, which do not add new or improved qualities to an investment property, are expensed in the income statement under property costs.

Similar to other property, plant and equipment, other than land, investment properties have limited life. The impairment taking place as an investment property becomes older is reflected in the ongoing at fair market value of the investment property. Accordingly, systematic depreciation is not made over the lives of the investment properties.

Value adjustments are taken to the income statement under the item "Value adjustment of investment properties and debt, net". Positive value adjustments of investment properties less deferred tax are recognised via the distribution of profit/loss to reserve for fair value of investment assets under equity.

Investments in group enterprises

Investments in group enterprises are measured at equity value and group enterprises' profits or losses are included in the income statement of the Parent. The Parent's and the Group's profit and equity are subsequently identical. Group enterprise's profits or losses are included in the item "Profit/loss in group enterprises".

Accounting policies

Net revaluation of investments in group enterprises is taken under equity to reserve for net revaluation under the equity method if the carrying amount exceeds cost.

Receivables

Receivables, etc. are measured at amortised cost or a lower net realisable value calculated on the basis of an individual assessment of each claim.

Income taxes and deferred tax

The current tax payable or receivable is recognised in the balance sheet as tax calculated on this year's taxable income.

Deferred tax is measured applying the liability method on all temporary differences between the carrying amount and tax-based value of assets and liabilities.

Deferred tax assets, including the tax base of tax losses carry forward, are recognised in the balance sheet by the amount at which the asset is expected to be utilised either as an elimination against tax on future income or as a set-off against deferred tax liabilities.

Deferred tax is measured on the basis of current tax rules and tax rates.

Mortgage debt/bond debt, etc.

At the time of borrowing, mortgage debt/bond debt to mortgage credit institutions is measured at fair value. The change in fair value is recognised in the income statement under the item "Value adjustment of investment properties and debt, net". Net adjustments of mortgage debt, etc. are tied under equity to reserve for fair value.

Other liabilities other than provisions

Other liabilities other than provisions are measured at amortised cost which corresponds to nominal value.

Cash flow statement

The cash flow statement shows the consolidated cash flows for the year by operating, investing and financing activities for the year, the year's changes in cash and cash equivalents as well as the Group's cash and cash equivalents at the beginning and the end of the year. The cash flow statement is calculated according to the indirect method based on profit for the year.

Cash flow from operating activities

Cash flows from operating activities are calculated as consolidated profit/loss adjusted for non-cash operating items, working capital changes and income taxes paid.

Cash flow for investing activities

Cash flows from investing activities comprise payments in connection with the purchase and sale of intangible assets, property, plant and equipment as well as fixed asset investments.

Cash flows from financing activities

Cash flows from financing activities comprise changes in the size or composition of the Group's share capital and related costs, payment of dividends to shareholders as well as the raising of loans and instalments on interest-bearing debt.

Cash only comprises deposits in banks.

Accounting policies

Segment information

It is not relevant to allocate the Group's and the Company's activities into different business segments or geographical areas, and therefore no segment information is provided.

Ratios

The ratios have been compiled in accordance with "Recommendations & Ratios 2005" issued by the Danish Society of Financial Analysts.

The ratios stated in the list of financial highlights are calculated as follows:

Return on equity (after tax)	$\frac{\text{Profit after tax} \times 100}{\text{Average equity}}$
Solvency	$\frac{\text{Equity at year-end} \times 100}{\text{Total liabilities and equity at year-end}}$
Equity value at year-end	$\frac{\text{Total equity at year-end}}{\text{Share capital at year-end}}$
Earnings per share, DKK	$\frac{\text{Profit after tax and minority interests}}{\text{Average number of shares}}$
Dividend	Parent's dividend ratio

Income statement

1 October 2005 to 30 September 2006

		Group		Keops Ejendoms- Obligationer III (PBA) A/S	
	Note	1/10 2005- 30/9 2006 DKK	1/10 2004- 30/9 2005 DKK '000	1/10 2005- 30/9 2006 DKK	1/10 2004- 30/9 2005 DKK '000
Revenue	1	116,633,009	116,326	0	0
Operating expenses		(84,075,437)	(48,487)	0	(3)
Value adjustment of investment properties and debt, net	5	250,832,690	133,315	0	0
Gross profit		283,390,262	201,154	0	(3)
Administrative expenses	2	(6,882,098)	(10,586)	(1,756,355)	(1,437)
Operating profit/(loss)		276,508,164	190,568	(1,756,355)	(1,440)
Profit in group enterprises	10	0	0	256,328,986	138,758
Financial income	3	1,032,825	5,135	19,242,863	26,789
Financial expenses	4	(46,821,821)	(57,114)	(43,096,326)	(25,518)
Profit before tax		230,719,168	138,589	230,719,168	138,589
Tax on profit for the year	6	(17,302,754)	(42,102)	(17,302,754)	(42,102)
Profit for the year		213,416,414	96,487	213,416,414	96,487

Distribution of profit for Keops EjendomsObligationer III (PBA) A/S

		Group		Keops Ejendoms- Obligationer III (PBA) A/S	
The distributable amount is:		1/10 2005- 30/9 2006 DKK	1/10 2005- 30/9 2006 DKK	1/10 2005- 30/9 2006 DKK	1/10 2005- 30/9 2006 DKK
Transferred from retained earnings		11,460,594	(339,042)		
Changes for the year, see note 12		1,904,727	1,904,727		
Profit for the year		213,416,414	213,416,414		
For distribution		226,781,735	214,982,099		
which the Supervisory Board proposes distributed as follows:					
Transferred to reserve for fair value		257,943,218	0		
Transferred to net revaluation under the equity method		0	231,855,483		
Retained earnings		(31,161,483)	(16,873,384)		
Distributed		226,781,735	214,982,099		



Notice to the Stock Exchange no. 30

Keops EjendomsObligationer III (PBA) A/S

Central Business Registration no. 27679331

Scandiagade 8

2450 Copenhagen SV

T +45 3341 0000

F +45 3341 0010

W www.Keops.dk

E Keops@Keops.dk

Balance sheet at 30 September 2006

		Group		Keops Ejendoms- Obligationer III (PBA) A/S	
		30/9 2006	30/9 2005	30/9 2006	30/9 2005
	Note	DKK	DKK '000	DKK	DKK '000
Assets					
Fixed assets					
Operating equipment	7	874,317	1,422	0	0
Investment properties	8	0	1,023,328	0	0
Property, plant and equipment		874,317	1,024,750	0	0
Receivable from group enterprises	9	0	0	0	206,981
Investments in subsidiaries	10	0	0	357,472,945	123,713
Fixed asset investments		0	0	357,472,945	330,694
Fixed assets		874,317	1,024,750	357,472,945	330,694
Current assets					
Investment properties for sale	8	1,292,462,220	0	0	0
Investment properties for sale		1,292,462,220	0	0	0
Receivables		890,389	745	0	0
Receivables from group enterprises	9	0	161	199,500,000	0
Deferred tax	13	0	53	7,223,445	53
Prepayments	14	2,124,536	3,307	316,436	0
Other receivables		5,196,078	1,276	7,118,352	7,429
Receivables		8,211,003	5,542	214,158,233	7,482
Cash	11	14,657,096	21,890	1,130,901	1,275
Current assets		1,315,330,319	27,432	215,289,134	8,757
Assets		1,316,204,636	1,052,182	572,762,079	339,451



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W www.Keops.dk
E Keops@Keops.dk

Balance sheet at 30 September 2006

		Group		Keops Ejendoms- Obligationer III (PBA) A/S	
	Note	30/9 2006 DKK	30/9 2005 DKK '000	30/9 2006 DKK	30/9 2005 DKK '000
Equity and liabilities					
Share capital		10,000,000	10,000	10,000,000	10,000
Reserve for fair value		361,855,318	103,912	0	0
Net revaluation under the equity method		0	0	347,567,219	115,712
Retained earnings		(31,161,483)	11,461	(16,873,384)	(339)
Equity	12	340,693,835	125,373	340,693,835	125,373
Deferred tax	13	61,700,523	44,414	0	0
Provisions		61,700,523	44,414	0	0
Mortgage debt	15	0	628,534	0	0
Bond debt	15	0	207,481	0	207,481
Long-term liabilities other than provisions		0	836,015	0	207,481
Short-term portion of long-term deb	15	846,772,812	10,976	225,394,738	0
Trade payables		5,654,130	5,364	0	0
Payables to group enterprises		11,540,437	4,980	0	0
Deferred income	16	28,894,242	10,449	0	0
Other payables		20,948,657	14,611	6,673,506	6,597
Short-term liabilities other than provisions		913,810,278	46,380	232,068,244	6,597
Liabilities other than provisions		913,810,278	882,395	232,068,244	214,078
Equity and liabilities		1,316,204,636	1,052,182	572,762,079	339,451
Other liabilities	16				
Related parties	17				
Supervisory and Executive Boards	18				

Cash flow statement

Group		
	1/10 2005- 30/9 2006	1/10 2004- 30/9 2005
	DKK	DKK '000
Cash flow statement		
Profit for the year before tax	230,719,168	138,589
Depreciation, property, plant and equipment	429,009	217
Value adjustment of investment properties	(259,180,931)	(133,314)
Adjustment of debt to market value	8,348,241	5,688
Provision for bad debt	0	487
Other adjustments	(789,252)	(491)
Financial income	(135,271)	(1,022)
Financial expenses	46,807,741	47,736
Cash flows before working capital changes	26,198,705	57,890
Change in receivables	(2,882,082)	3,171
Change in receivables from group enterprises	160,660	5,669
Change in payables	289,710	1,655
Change in payables from group enterprises	6,560,557	(14,759)
Change in other payables and deferred income	24,782,440	(2,658)
Cash flows from primary operating activities	55,109,990	50,968
Financial income	135,271	1,022
Financial expenses	(46,807,741)	(47,736)
Cash flows from ordinary operating activities	8,437,520	4,254
Corporation tax paid	0	0
Cash flows from operating activities	8,437,520	4,254
Acquisition of investment properties and operating equipment	(6,289,298)	(7,332)
Sale of investment properties and operating equipment	889,585	(603)
Cash flows for investing activities	(5,399,713)	(7,935)
Contribution of share capital	0	0
Change in bank, mortgage and bond debt	(10,360,815)	(12,002)
Cash flows from financing activities	(10,360,815)	(12,002)
Cash flows for the year	(7,323,008)	(15,683)
Cash and cash equivalents at the beginning of the year	21,889,927	37,573
Exchange adjustment at the beginning of the year	90,177	0
Cash and cash equivalents at year-end	14,657,096	21,890

The cash flow statement is not directly derived from balance sheet and income statement.

Notes

	Group		Keops Ejendoms- Obligationer III (PBA) A/S	
	1/10 2005- 30/9 2006 DKK	1/10 2004- 30/9 2005 DKK '000	1/10 2005- 30/9 2006 DKK	1/10 2004- 30/9 2005 DKK '000
1. Revenue				
Rental income, investment properties	120,657,068	115,581	0	0
Rent discount	(5,025,880)	0	0	0
Other income	1,001,821	745	0	0
	116,633,009	116,326	0	0
2. Fees, auditors appointed at the Annual General Meeting				
Auditor Ernst & Young, ordinary audit	0	203	0	50
Auditor Ernst & Young, non-audit services	0	51	0	51
Auditor Deloitte, ordinary audit	245,540	49	125,000	49
Auditor Deloitte, non-audit services	0	0	0	0
	245,540	303	125,000	150
The Parent has had no employees in the financial period. During the financial year, no payment of salary or other remuneration has been made to the Executive and Supervisory Boards.				
3. Financial income				
Interest income, bank	135,271	120	14,638	14
Interest income, group enterprises	0	683	19,228,225	19,294
Other financial income	0	219	0	0
Exchange gains	897,554	4,113	0	7,481
	1,032,825	5,135	19,242,863	26,789
4. Financial expenses				
Interest expenses, credit institutions	28,507,948	29,706	0	0
Interest expenses, bonds	17,700,000	17,718	17,700,000	17,718
Interest expenses, group enterprises	110,248	0	0	16
Other financial expenses	487,957	9	0	0
Exchange losses	14,080	9,378	25,394,738	7,481
Payment fees, etc.	1,588	303	1,588	303
	46,821,821	57,114	43,096,326	25,518

Notes

	Group		Keops Ejendoms- Obligationer III (PBA) A/S	
	1/10 2005- 30/9 2006	1/10 2004- 30/9 2005	1/10 2005- 30/9 2006	1/10 2004- 30/9 2005
	DKK	DKK '000	DKK	DKK '000
5. Value adjustment of investment properties and debt, net				
Revaluation, investment properties	259,180,931	141,415	0	0
Write-down, investment properties	0	0	0	0
Revaluation and write-down, total	259,180,931	141,415	0	0
Adjustment, liabilities other than provisions, gain	0	0	0	7,481
Adjustment, liabilities other than provisions, loss	(8,348,241)	(8,100)	0	(7,481)
Value adjustments, total	(8,348,241)	(8,100)	0	0
Value adjustment of investment properties, net	250,832,690	133,315	0	0
6. Tax on profit for the year				
Tax on profit for the year	0	0	0	0
Tax in group enterprises	0	0	24,473,502	42,149
Adjustment for the year of deferred tax	17,302,754	42,102	(7,170,748)	(47)
	17,302,754	42,102	17,302,754	42,102
Tax on profit for the year can be explained as follows:				
Calculated 28% tax on profit for the year	64,601,367	38,805	64,601,367	38,805
Tax value of permanent differences	(62,797,631)	(38,852)	(71,772,116)	(38,852)
Other adjustments	15,499,018	42,149	24,473,503	42,149
Total	17,302,754	42,102	17,302,754	42,102
Effective tax rate	7%	30%	7%	30%

Notes

	Group	Keops Ejendoms- Obligationer III (PBA) A/S
	30/9 2006	30/9 2006
	DKK	DKK
7. Operating equipment		
Cost at 1/10 2005	1,797,653	0
Additions for the year including acquisition costs	812,440	0
Disposals for the year	(1,219,061)	0
Cost at 30/9 2006	1,391,032	0
Write-down and depreciation at 1/10 2005	(315,517)	0
Depreciation for the year	(429,009)	0
Disposals for the year	227,811	0
Write-down at 30/9 2006	(516,715)	0
Carrying amount at 30/9 2006	874,317	0
8. Investment properties		
Cost at 1/10 2005	856,544,686	0
Exchange adjustment at the beginning of the year	3,746,915	0
Additions for the year incl. acquisition costs	5,476,858	0
Reclassified to current assets	(865,768,459)	
Cost at 30/9 2006	0	0
Revaluation at 1/10 2005	166,783,245	0
Exchange adjustment at the beginning of the year	729,585	0
Revaluation for the year	259,180,931	0
Reclassified to current assets	(426,693,761)	
Revaluation at 30/9 2006	0	0
Carrying amount at 30/9 2006	0	0
By reason of the expected sale, investment properties have been reclassified to current assets by a total of DKK 1,292,462 thousand.		

The Group's property	Location	Rate of return	Year of acquisition	m2	Carrying amount
					30/9 2006 (DKK '000)
37 properties	Malmö, Karlskrona and Kalmar, Sweden	4%	2004	177,000	1,292,462
				177,000	1,292,462
The property portfolio consists of a total of 37 properties located in Malmö, Karlskrona and Kalmar of a total of 177,000 m2, 82% residences (2,319 flats) 6% shops, 6% offices and 6% rooms for other purposes.					
There is no public assessment of properties in Sweden.					

Notes

	Group		Keops Ejendoms- Obligationer III (PBA) A/S	
	1/10 2005- 30/9 2006 DKK	1/10 2004- 30/9 2005 DKK '000	1/10 2005- 30/9 2006 DKK ¹⁾	1/10 2004- 30/9 2005 DKK '000
9. Receivable from group enterprises				
Balance at the beginning of the year	161.000	5.829	206.981.250	199.500
Changes for the year before value adjustments	(161.000)	(5.668)	0	0
Adjustment to fair value	0	0	(7.481.250)	7.481
Balance at year-end	0	161	199.500.000	206.981
<i>1) Receivables from group enterprises have been pledged in favour of the bond owners</i>				

	Registered in	Ownership share	Profit before tax	Equity
10. Profit in group enterprises				
Fastighetsbolaget PBA AB (acquisition 31/3-04)	Karlskrona	100%	256.328.986	357.472.945
			256.328.986	357.472.945
				Fastighets- bolaget PBA AB
Cost				
Balance at 1/10 2005				8.001.000
Exchange adjustment at the beginning of the year				35.000
Cost at 30/9 2006				8.036.000
Revaluation and write-down				
Balance at 1/10 2005				115.711.735
Exchange adjustment at the beginning of the year				1.869.727
Profit for the year before tax				256.328.986
Tax on profit for the year				(24.473.503)
Revaluation and write-down at 30/9 2005				349.436.945
Carrying amount at 30/9 2006				357.472.945
11. Cash				
Cash of DKK 14,657 thousand				

Notes

12. Equity				
The Company's share capital amounts to DKK 1,000,000 allocated into shares of DKK 1,000.				
Equity has developed as follows (Group):				
	Share capital	Retained earnings	Reserve for fair value	Total
Equity at 1/10 2005	10,000,000	11,460,594	103,912,100	125,372,694
Increase in capital				0
Exchange adjustment		1,904,727		1,904,727
Profit for the year		(44,526,804)	257,943,218	213,416,414
Equity at 30/9 2006	10,000,000	(31,161,483)	361,855,318	340,693,835
Equity has developed as follows (Keops EjendomsObligationer III (PBA) A/S):				
	Share capital	Retained earnings	Net revaluation under the equity method	Total
Equity at 1/10 2005	10,000,000	(339,042)	115,711,736	125,372,694
Increase in capital				0
Exchange adjustment		1,904,727		1,904,727
Profit for the year		(18,439,069)	231,855,483	213,416,414
Equity at 30/9 2006	10,000,000	(16,873,384)	347,567,219	340,693,835
		Share capital at the beg. of the year	Add. for the year	Share capital at year-end
Financial year 2004 (first financial year)		0	10,000,000	10,000,000
Financial year 2004/05		10,000,000	0	10,000,000
Financial year 2005/06		10,000,000	0	10,000,000

Notes

	Group		Keops Ejendoms- Obligationer III (PBA) A/S	
	1/10 2005- 30/9 2006 DKK	1/10 2004- 30/9 2005 DKK '000	1/10 2005- 30/9 2006 DKK	1/10 2004- 30/9 2005 DKK '000
13. Deferred tax				
Deferred tax at 1/10 2005	44,361,504	2,320	(52,696)	(6)
Exchange adjustment re. opening balance	36,265	(61)	0	0
Adjustment of deferred tax	17,302,754	42,102	(7,170,749)	(47)
Deferred tax at 30/9 2006	61,700,523	44,361	(7,223,445)	(53)
Deferred tax at year-end is included in the financial statement items:				
Receivables	0	(53)	7,223,445	(53)
Provisions	61,700,523	44,414	0	0
	61,700,523	44,361	7,223,445	(53)
Deferred tax relates to:				
Tax losses carried forward carry-forwards	(8,109,816)	3,951	(7,223,445)	(53)
Investment properties	69,810,339	40,410	0	0
	61,700,523	44,361	(7,223,445)	(53)
14. Prepayments				
Prepayments consist of prepaid costs.				

Notes

				Group	Keops Ejendomsobligationer III (PBA) A/S
15. Mortgage and bond debt					
The Company's mortgage and bond debt matures as follows:					
				Carrying amount	Carrying amount
Currency	Payment/ expiry	Fixed/ floating	Redemption yield	(DKK '000)	(DKK '000)
Short-term portion of debt					
SEK					
SEK	0-1 years	Floating	3.51%	33,992	0
SEK	0-1 years	Fixed	4.5%	581,648	0
DKK	0-1 years	Fixed	8.5%	60,000	60,000
DKK	0-1 years	Fixed	9.0%	140,000	140,000
DKK	Exchange adjustment			31,133	25,395
				846,773	225,395
In connection with the sale of properties, the Company's mortgage and bond debt is redeemed.					
As security for the Group's mortgage and bond debt, the investment property, the carrying amount of which at 30 September 2006 amounts to DKK 1,292 million has been pledged					
16. Other liabilities					
The Company has not assumed personal guarantee, guarantee or other commitments, apart from what is normal for a property company and otherwise appears from financial statements and notes.					

Notes

17. Related parties

The Group's related parties consist of the Company's ultimate Parent, Keops A/S, its subsidiaries and its Management.

During the year, the Group has had transactions with Keops EjendomsHolding A/S.

All fees and outstanding accounts have been settled at market terms during the financial year, and have constituted:

	1/10 2005- 30/9 2006 DKK '000	1/10 2004- 30/9 2005 DKK '000
Interest income, outstanding accounts	-	22
Interest expenses, outstanding accounts	111	16
Keops EjendomsHolding A/S, management fee	1,260	1,237

18. Supervisory and Executive Boards

Keops EjendomsObligationer III (PBA) A/S' Supervisory and Executive Boards have the following managerial positions in other Danish companies:

Supervisory Board and Executive Boards

Torben Schultz

Director in:

A number of companies in Keops Group.

Supervisory Board member of:

A number of companies in Keops Group.

Klaus T. W. Lund

Supervisory Board member of:

Installers A/S

A number of companies in Keops Group.

Michael Sheikh

Director of:

A number of companies in Keops Group.

Supervisory Board member of:

PKD-Holding A/S, Ejendomsdriftsselskabet Docken A/S as well as a number of companies in Keops Group.