

# Condensed Consolidated Interim Report

## 1 October 2007 to 30 June 2008

### Landic Property Bonds IX AB



*Reported to OMX, The Nordic Exchange, via Company News Service on 29 August 2008.*

The Supervisory Board of Landic Property Bonds IX AB has today held a Supervisory Board meeting at which the Group's interim announcement was considered.

Landic Property Bonds IX AB has prolonged its financial year to 31 December 2008. Management has decided to prolong the financial year by three months, and as such, the Company's financial period covers the period 1 October 2007 to 31 December 2008.

#### *Summary:*

#### **Interim results in Landic Property Bonds IX AB**

The Group earned a profit before tax of SEK 93,761k compared with negative SEK 14,381k in the comparative period; 1 October 2006 - 30 June 2007. The primary reason for the increase is net value adjustments of investment properties, debt and derivatives.

Revenue for the period amounts to SEK 493,720k, which is an increase of 17 %, compared with the comparative period last year.

Profit/loss before value adjustment of investment properties, debt and tax amounts to negative SEK 2,278k compared with negative SEK 59,143k in the comparative period. The Supervisory Board considers the achieved profit satisfactory.

The value of the investment properties at 30 June 2008 amounts to SEK 6,243.1 million. Investment properties have been revaluated at 30 June 2008 due to a decrease in the fair value of the investment properties as a result of pressure on market yield and increasing energy prices. Investment properties have been written down by SEK 60,908k.

In the interim announcement for 1 October 2007 - 31 March 2008, the Supervisory and Executive Boards expressed expectations of a loss before tax and value adjustments of investment properties and debt, net of SEK 65 million for this financial year 2007/08 (15 months). The Supervisory and Executive Boards maintain this expectation.

*Please address questions relating to this Announcement to MD Mats Sterner on tel. +46 8 410 203 11 or to CFO Gunnar Petersen on tel. +354 575-9003.*

**LANDIC**  
PROPERTY

#### **Stock Exchange Announcement no. 21** **Landic Property Bonds IX AB**

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## Contents

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	Page
Statement by Management on the condensed consolidated interim report	1
Management's review	2
Consolidated Financial Highlights	4
<i>Condensed consolidated interim financial statements</i>	
Consolidated Balance Sheet	5
Consolidated Income Statement	7
Consolidated Statement of Changes in Equity	8
Consolidated of Cash Flow Statement	9
Notes	10

## **Statement by Management on the condensed consolidated interim report**

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We have today discussed and approved the condensed consolidated interim report of Landic Property Bonds IX AB for the period 1 October 2007 to 30 June 2008.

The condensed consolidated interim report, which is unaudited, has been prepared in accordance with IAS 34, "Interim financial reporting" as adopted by the EU and additional Danish reporting requirements for companies with listed bonds.

We consider the applied accounting policies appropriate for the condensed consolidated interim report to provide a true and fair view of the Group's assets, liabilities and financial position at 30 June 2008 as well as of the results of the Group's activities and cash flows for the period 1 October 2007 to 30 June 2008.

We consider the Management's review to give a true and fair view of the development in the Group's activities and finances, results for the period and of its financial position as a whole as well a true and fair description of the significant risks and uncertainties, which the Group' is facing.

Stockholm, 29 August 2008

### **Executive Board**

Tommy Sundbom

### **Supervisory Board**

Tommy Sundbom  
(Chairman)

Michael Sheikh

Mats Sterner

Magnus Ekström

## Management´s review

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### Business concept

The Company's purpose is, via investments in other companies, to own and operate letting business with properties located in Sweden as well as to raise the necessary financing for the Group's activities.

### Group structure

The Group consists of the parent, Landic Property Bonds IX AB, and its subsidiaries.

### Financial review

The Group earned a profit before tax of SEK 93,761k compared with negative SEK 14,381k in the comparative period; 1 October 2006 - 30 June 2007. The primary reason for the increase is net value adjustments of investment properties, debt and derivatives.

Revenue for the period amounts to SEK 493,720k, which is an increase of 17 %, compared with the comparative period last year.

Profit/loss before value adjustment of investment properties, debt and tax amounts to negative SEK 2,278k compared with negative SEK 59,143k in the comparative period.

The comparative figures comprise the period 1 October 2006 - 30 September 2007, but the Company was dormant in the period 1 October 2006 - 30 October 2006 (11 months with activities)

The Company owns and operates 167 properties located in most parts of Sweden - however, primarily in the Southern and Western parts of the country.

The value of the investment properties at 30 June 2008 amounts to SEK 6,243.1 million. Investment properties have been revaluated at 30 June 2008 due to a decrease in the fair value of the investment properties as a result of pressure on market yield and increasing energy prices. Investment properties have been written down by SEK 60,908k.

In the period, there were no significant investments in the properties, and the Group has not acquired new properties. In the same period, four properties were sold.

The Supervisory Board considers the achieved profit satisfactory.

## Management´s review

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### **Expectations of full-year performance**

In the interim announcement for 1 October 2007 - 31 March 2008, the Supervisory and Executive Boards expressed expectations of a loss before tax and value adjustments of investment properties and debt, net of SEK 65 million for this financial year 2007/08 (15 months). The Supervisory and Executive Boards maintain this expectation.

### **Risks**

Please refer to the description of risk factors in note 3 in which rental, interest and price risk have been described.

### **Events after the balance sheet date**

Activities after the balance sheet date have been satisfactory.

In the Supervisory Board's estimate, no events have occurred after 30 June 2008 which would be expected to materially influence the Company's activities or financial position.

## Consolidated Financial Highlights

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(Amounts in SEK '000)	<u>1.10.07- 30.6.08</u> 9 months	<u>1.10.06- 30.6.07</u> 9 months	<u>1.10.06- 30.9.07</u> 12 months
Revenue	493,720	422,766	582,080
Value adjustments of investment properties and debt, net	96,039	44,762	16,724
Operating profit	377,355	304,636	40,011
Result before tax for the period	93,761	(14,381)	(362,805)
Result for the period	63,721	(10,387)	(354,255)
Total assets	7,566,994	7,719,124	7,464,481
Equity	464,884	745,031	401,163
Return on equity after tax	19.6%	-1.9%	neg.
Solvency	6.1%	9.7%	5.5%
Net asset value	0.62	0.99	0.53
Earnings per share (SEK)	0.08	-0.01	-0.47
Share dividends	0%	0%	0%

## Consolidated Balance Sheet

(Amounts in SEK '000)

	<u>30.6.08</u>	<u>30.6.07</u>	<u>30.9.07</u>
<b>Assets</b>			
<b>Non-current assets</b>			
Goodwill	431,066	794,986	535,278
<b>Intangible assets</b>	<u>431,066</u>	<u>794,986</u>	<u>535,278</u>
Investment properties	6,243,136	6,436,685	6,383,528
<b>Property, plant and equipment</b>	<u>6,243,136</u>	<u>6,436,685</u>	<u>6,383,528</u>
Financial instruments	264,397	114,119	171,164
Deferred tax asset	244,774	215,006	223,411
<b>Other non-current assets</b>	<u>509,171</u>	<u>329,125</u>	<u>394,575</u>
<b>Total non-current assets</b>	<u>7,183,373</u>	<u>7,560,796</u>	<u>7,313,381</u>
<b>Current assets</b>			
Other receivables	26,906	25,790	21,796
<b>Receivables</b>	<u>26,906</u>	<u>25,790</u>	<u>21,796</u>
<b>Cash and cash equivalents</b>	<u>356,715</u>	<u>132,538</u>	<u>129,304</u>
<b>Total current assets</b>	<u>383,621</u>	<u>158,328</u>	<u>151,100</u>
<b>Total assets</b>	<u>7,566,994</u>	<u>7,719,124</u>	<u>7,464,481</u>

## Consolidated Balance Sheet

(Amounts in SEK '000)

	<u>30.6.08</u>	<u>30.6.07</u>	<u>30.9.07</u>
<b>Equity and liabilities</b>			
Share capital	755,418	755,418	755,418
Retained earnings	(290,534)	(10,387)	(354,255)
<b>Total equity</b>	<u><b>464,884</b></u>	<u><b>745,031</b></u>	<u><b>401,163</b></u>
<b>Non-current liabilities</b>			
Mortgage debt	4,998,794	5,041,855	5,018,496
Bond debt	880,951	885,281	900,989
Deferred tax	702,458	674,313	747,305
Other non-current liabilities	84,959	80,867	81,881
<b>Total non-current liabilities</b>	<u><b>6,667,162</b></u>	<u><b>6,682,316</b></u>	<u><b>6,748,671</b></u>
<b>Current liabilities</b>			
Current portion of non-current loans	198,747	64,551	54,101
Trade payables	23,032	30,036	55,051
Prepaid rent	189,149	171,964	181,755
Other payables	24,020	25,226	23,740
<b>Total current liabilities</b>	<u><b>434,948</b></u>	<u><b>291,777</b></u>	<u><b>314,647</b></u>
<b>Total liabilities</b>	<u><b>7,102,110</b></u>	<u><b>6,974,093</b></u>	<u><b>7,063,318</b></u>
<b>Total equity and liabilities</b>	<u><b>7,566,994</b></u>	<u><b>7,719,124</b></u>	<u><b>7,464,481</b></u>



## Consolidated Income Statement

(Amounts in SEK '000)

	<u>1.10.07- 30.6.08</u> 9 months	<u>1.10.06- 30.6.07</u> 9 months	<u>1.10.06- 30.9.07</u> 12 months
<b>Revenue</b>	<b>493,720</b>	<b>422,766</b>	<b>582,080</b>
Operating expenses	(148,452)	(111,779)	(182,886)
Value adjustments of investment properties and debt, net	96,039	44,762	16,724
Realised profits on sale of investment properties	4,000	8,997	8,401
<b>Gross profit</b>	<b>445,307</b>	<b>364,746</b>	<b>424,319</b>
Administrative expenses	(67,952)	(60,110)	(52,622)
<b>Operating profit before special items</b>	<b>377,355</b>	<b>304,636</b>	<b>371,697</b>
Impairment of goodwill	0	0	(331,686)
<b>Operating profit</b>	<b>377,355</b>	<b>304,636</b>	<b>40,011</b>
Financial income	4,024	1,436	4,241
Financial expenses	(287,618)	(320,453)	(407,057)
<b>Result before tax</b>	<b>93,761</b>	<b>(14,381)</b>	<b>(362,805)</b>
Income tax expense	(30,040)	3,994	8,550
<b>Result for the period</b>	<b><u>63,721</u></b>	<b><u>(10,387)</u></b>	<b><u>(354,255)</u></b>
<b>Earnings per share (SEK)</b>	<b><u>0.084</u></b>	<b><u>(0.014)</u></b>	<b><u>(0.469)</u></b>

## Consolidated Statement of Changes in Equity

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(Amounts in SEK '000)

	<u>Share capital</u>	<u>Retained earnings</u>	<u>Total equity</u>
Equity at 1 October 2007	755,418	(354,255)	401,163
Profit for the period	0	63,721	63,721
<b>Equity at 30 June 2008</b>	<b><u>755,418</u></b>	<b><u>(290,534)</u></b>	<b><u>464,884</u></b>
Equity at 1 October 2006	755,418	0	755,418
Profit/loss for the period	0	(354,255)	(354,255)
<b>Equity at 30 September 2007</b>	<b><u>755,418</u></b>	<b><u>(354,255)</u></b>	<b><u>401,163</u></b>

## Consolidated of Cash Flow Statement

(Amounts in SEK '000)

	<b>1.10.07- 30.6.08</b>	<b>1.10.06- 30.9.07</b>
Profit for the period before tax	93,761	(362,805)
Adjustments	336,567	709,377
Working capital changes	<u>(44,243)</u>	<u>187,042</u>
<b>Cash flows from primary operating activities</b>	<b>386,085</b>	<b>533,614</b>
Financial income, received	4,024	4,241
Financial expenses, paid	<u>(263,131)</u>	<u>(316,150)</u>
<b>Cash flows from operating activities</b>	<b>126,978</b>	<b>221,705</b>
Acquisition of properties and equipments	(43,653)	(6,458,000)
Sale of properties and equipment	180,000	18,704
Acquisition of financial instruments	<u>0</u>	<u>(132,634)</u>
<b>Cash flows from investing activities</b>	<b>136,347</b>	<b>(6,571,930)</b>
Contribution of share capital	0	755,318
Inception of debt in credit institutions	317,103	5,724,111
Repayment of debt to credit institutions	<u>(353,017)</u>	<u>0</u>
<b>Cash flows from financing activities</b>	<b>(35,914)</b>	<b>6,479,429</b>
<b>Changes in cash and cash equivalents</b>	<b>227,411</b>	<b>129,204</b>
Cash and cash equivalents at the beginning of the year	<u>129,304</u>	<u>100</u>
<b>Cash and cash equivalents at the end of the period</b>	<b><u>356,715</u></b>	<b><u>129,304</u></b>

# Notes

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## List of notes

- 1 Accounting policies
- 2 Significant judgements and accounting estimates
- 3 Financial risks

## 1 Accounting policies

This condensed consolidated interim report has been prepared in accordance with IAS 34, "Interim financial reporting" as adopted by the EU. Furthermore, the condensed consolidated interim report has been prepared in accordance with additional Danish disclosure requirements on the financial reporting for companies with listed bonds. No condensed interim report has been prepared for the parent.

This condensed consolidated interim report is the first report presented applying IAS 34, which compared to earlier condensed consolidated interim reports, results in more detailed presentation of income statement, balance sheet, statement of changes in equity and cash flow statement and more detailed notes for several areas. The comparative figures in the condensed consolidated interim report are adjusted to reflect the changed presentation forms.

The accounting policies applied for the condensed consolidated interim report are unchanged compared with the accounting policies applied in the Group's Annual Report for 2006/07, and which are in accordance with the International Financial Reporting Standards as adopted by the EU and additional Danish disclosure requirements on the financial reporting for companies with listed bonds. We refer to the Annual Report for 2006/07 for more detailed description of the accounting policies, including definitions of the ratios, which have been prepared in accordance with the "Recommendations and Ratios 2005" of the Danish Association of Financial Analysts.

The following new and changed standards and amendments to standards and interpretations have not become effective for the financial year beginning 1 January 2008 and have accordingly not been incorporated in the interim report.

- IFRIC 11, *IFRS 2 - Group and Treasury Share Transactions*
- IFRIC 12, *Service Concession Arrangements*
- IFRIC 14, *IAS 19 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and Their Interaction*

The interim report is presented in DKK thousands, which is the reporting currency for the Group's activities and the functional currency for the parent.

## Notes

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### 2 Significant judgements and accounting estimates

The preparation of interim reports requires Management to make accounting judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

In preparing this condensed consolidated interim report, the significant judgements made by Management in applying the Group's accounting policies and the significant related uncertainties in terms of estimates were the same as those applied for the preparation of the consolidated annual report at 30 September 2007.

#### *Valuation of properties*

In accordance with the Group's accounting policies, that remains unchanged from the publication of the consolidated financial statements of 2007. The Group values its investment properties at fair value using a discounted cash flow model based on future cash flows from the ownership of the investment properties.

The valuation of the properties as at 30 June 2008 has been carried out internally. The valuation of significant investment property portfolios has been done by looking at changes in cash flows, market yields and other relevant information that affect the valuation of investment properties.

Based on the above, Management has estimated the effect on the fair value of the investment properties.

In Sweden there are slightly higher yield requirements in the market at 30 June 2008 than at year end 2007, which has had negative effect on the most of the property value in average approx. 1 %.

### 3 Financial risks

The Group's activities expose it to a variety of financial risks and market risks, including price and interest rate risk.

Risk management is carried out by a central Treasury department (Group Treasury) under policies approved by the Supervisory Board. Treasury identifies and evaluates financial risks in close cooperation with the Group's operating units.

#### *Price risks*

The Company is exposed to changes in property prices and property rentals.

## Notes

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### ***Cash flows and interest rate risks***

The Group's main exposure to changes in interest rates is through loans taken out to finance property acquisitions. Assuming a correlation between interest rates and yields (even though there may be some time lag), increasing interest rates will result in lower market value of debt and also lower valuation of properties.

The Group's cash flows and effective interest rate risk are periodically monitored by the Group's management. The cash flows and effective interest risk policy is reviewed quarterly by the Company's Supervisory Board.

The mortgage debt has a floating rate of 4,95 % and with an annual repayment of kSEK 54,101. Repayment of the principal in 2011.

The bond loans has a fixed rate of 7.5 % and with a repayment of DKK 925,000k in year 2016.

### ***Liquidity risk***

Liquidity risk is defined as the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, bank loans, bonds and mortgage debt.

The Group guideline is to raise longer-term loans to reduce this risk. Going forward, the aim is to create a smooth maturity profile in order to minimise the exposure to refinancing conditions at any given point in time.

Furthermore, in order to reduce the refinancing risk, the Group's funding is mainly based on bank loans with reputable banks. Secondly, the Group has issued bonds on OMX Nordic Exchange Copenhagen.