

A Good Year in a Changing Market

- In 2007, Nordicom realised a pre-tax result of DKK 292.1 million (2006: DKK 583.8 million), which is a par with the expected result. The result after taxation comes to DKK 257.2 million, of which the cash amount comes to DKK 140.4 million.
- Cash-flow from operating activities comes to DKK 303.2 million (2006: DKK 354.6 million)
- Group equity carries a pre-tax interest of 22.7 % p.a.
- Turnover was reduced to DKK 755.1 million, from 919.4 million in 2006.
- A dividend of DKK 14.0 per share, corresponding to a total dividend of DKK 43.8 million is proposed by the board of directors.
- Nordicom maintains previous expectations of a pre-tax result in the level of approximately DKK 300 million.

Table of content

	Page
Group main and key figures	3
Management report for the group for 2007	5
Expectations for 2008 in the Nordicom group	26
Propositions from the board of directors	27
Management statement	28
Applied accounting policies	29
Profit and loss 1 January to 31 December	32
Balance as at 31 December.....	33
Equity statement	35
Cash flow statement	36

Group main and key figures 2007

Amounts in DKK thousands

Consolidated income statement	2007	2006	2005 1)	2004	2003 1)
Turnover	755.051	919.439	483.420	363.465	409.462
Operating expenses	-536.287	-620.885	-342.478	-245.951	-278.281
Value creation through business project development	80.798	241.383	35.778	0	0
Adjusted to net fair value	70.919	146.410	278.133	29.543	32.144
Realised revenues through sales of investment property	99.499	33.809	26.554	39.196	24.900
Gross result	469.980	720.156	481.407	186.253	188.225
Personnel costs and other external expenses	-53.869	-57.802	-45.529	-44.970	-36.675
Result from associated companies	1.430	4.768	1.087	0	0
Depreciation	-4.416	-3.179	-2.768	-3.436	-1.777
Result of main activities	413.125	663.943	434.197	137.847	149.773
Financial items	-121.008	-80.109	-59.687	-52.298	-54.544
Result before tax	292.117	583.834	374.510	85.549	95.229
Tax on annual result	-34.940	-162.438	-95.920	-23.322	-31.439
Annual result	257.177	421.396	278.590	62.227	63.790

Balance sheet	2007	2006	2005	2004	2003 1)
Assets					
Long-term tangible and intangible assets	4.776.429	3.790.952	2.616.066	1.577.354	1.620.756
Long-term financial assets	27.784	30.121	133.605	140.724	167.257
Project portfolios and other current assets	993.513	1.099.638	602.398	846.827	583.135
Total assets	5.797.726	4.920.711	3.352.069	2.564.905	2.371.148
Liabilities					
Owner's equity, end-of-year	1.386.240	1.182.454	789.359	552.923	557.248
Long-term liabilities	2.804.511	1.795.361	1.423.151	1.127.755	1.238.791
Short-term liabilities	1.606.975	1.942.896	1.139.559	884.227	575.109
Total liabilities	5.797.726	4.920.711	3.352.069	2.564.905	2.371.148

Cash flow	2007	2006	2005	2004	2003 1)
Cash flow from operating activities	303.217	354.558	-67.377	-539.508	73.521
Cash flow from investing activities	-975.833	-772.435	-529.874	441.117	-191.608
Cash flow from financing activities	566.786	923.510	450.005	260.951	115.351
Total cash flow	-105.830	505.633	-147.246	162.560	-2.736

1) Key figures for 2001-2003 have not been adapted to the new accounting principles at the adaptation to IFRS-standards, including the changed practice for inclusion of on-account revenues from portfolio projects presented in the annual report for 2006.

Key figures for 2005 has been adapted with the effect of errors regarding previous years as mentioned under accounting policies.

Group main and key figures 2007

Key figures	2007	2006	2005 1)	2004	2003 1)
Share capital (amounts in t.DKK)	312.786	312.786	312.786	312.786	312.786
Pre-tax return on owner's equity	22,7	59,2	52,6	15,9	17,3
Taxed return on owner's equity	20,0	42,7	39,2	11,5	11,6
Share price, end-of-year	820	843	918	237	175
Share price rise in listed points	-23	-75	681	62	25
Intrinsic value per share, end-of-year	449	386	258	183	178
Pre-tax results per share	95	190	123	28	30
Taxed result per share	83	137	86	21	20
Dividend per share (DKK)	14,0	13,0	12,0	11,0	10,0
Direct yield (dividend rate)	1,7	1,4	5,1	6,3	6,7
Rate/intrinsic value, end-of-year	1,8	2,2	3,6	1,3	1,0
Dividend rate	17,0	9,6	10,0	55,3	49,0
Price earning	9	4	6	8	6
Cash flow per share	97,3	113,7	-21,7	-177,5	23,5
Equity ratio (%)	23,9	24,0	23,5	21,6	23,5
Number of employees in the group	64	52	46	57	50

1) Key figures for 2001-2003 have not been adapted to the new accounting principles at the adaptation to IFRS-standards, including the changed practice for inclusion of on-account revenues from portfolio projects presented in the annual report for 2006.

Key figures for 2005 has been adapted with the effect of errors regarding previous years as mentioned under accounting policies.

Management Report for the Group for 2007

The year of 2007 saw large changes in the real estate markets

After a boom year, a subsequent credit crisis coupled with rising interest rates and a decline in the demand for residence have made for large changes in the real estate markets during 2007.

Nordicom's turnover at the group level, which comprised DKK 755.1 million (2006: DKK 919.4 million), has, as was expected, declined in relation to 2006. The same applies for the group's gross profit of DKK 470 million (2006: DKK 720.1 million). The explanation lies in part in the anticipated lower level of activity in the residential property market and in part due to lower valuation adjustments. The profits from the sale of investment and domicile properties have increased.

The group's fixed costs, which comprised DKK 53.9 million (2006: DKK 57.8 million) have been reduced by DKK 4 million in consequence of general savings as well as the reduced use of external consultants.

The financial items that comprised DKK 121 million (2006: DKK 80.1 million) have increased by DKK 40.9 million in relation to 2006 (51%). The explanation lies in part in an increased level of activity and in part in increased interest costs in consequence of higher market interest rates.

It is satisfactory that Nordicom has managed to live up to the preconditions of its budget and achieve a pre-tax profit of DKK 292.1 million. The figure is witness to the value of the diversification performed in Nordicom's activities, which has made it possible to maintain high earnings during a year in which many changes have occurred in the market. The work involving the diversification has meant that Nordicom is operating in three different business areas, in three different geographical markets and within a number of different types of properties.

The assets of the Nordicom Group, which at the end of 2007 comprised DKK 5,798 million (2006: DKK 4,921 million), have increased by DKK 877 million. During 2007 it has been difficult for Nordicom to fulfil its requirements for returns and quality in new investments, and this is among the reasons for the growth being on the low end of what had been expected. At the same time, Nordicom has been reluctant during 2007 to venture into large new development projects due to high prices of possible projects. Nordicom's current project portfolio contains the possibility for developing properties with an area of approx. 473,400 m² (2006: 441,000 m²) and with an expected value upon completion of DKK 11.3 billion.

The equity capital, which at the end of 2007 comprised DKK 1,386 million (2006: DKK 1,182 million), increased during the course of the year by DKK 204 million. The solvency may be computed accordingly as 23.9%. The degree of self-financing (including deferred taxes) comprises 31.1%, thus living up to Nordicom's goal of it being over 30%.

The interest-bearing liabilities at the end of 2007 comprised DKK 3,775 million (2006: DKK 3,155 million). Of this, the long-term portion of the debt comprised DKK 2,371 million, corresponding to a share of 62.8%

(2006: 45.1%). In 2007, Nordicom was successful in its efforts to increase the portion of its long-term debt and reduce the portion of its loans among the smaller financial institutions, since the altered conditions in the financial sector in the future are expected to make for limitations in the lending possibilities from a number of the smaller financial institutions. Nordicom's cash reserves at the end of 2007 comprised DKK 716 million (2006: DKK 975 million), which was satisfactory.

Nordicom's profit distributed by business areas

	Nordicom Properties		Nordicom Development		Nordicom Finance		Not allocated		Total	
Amounts in DKK thousands	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006
Net turnover external	163,2	135,9	587,2	769,4	4,6	14,1	-	-	755,1	919,4
Net turnover internal	2,6	1,7	-	-	-	-	(2,6)	(1,7)	-	-
Operating expenses	(34,3)	(30,6)	(504,6)	(591,9)	-	-	2,6	1,7	(536,3)	(620,9)
Value creation project development	-	-	80,8	241,4	-	-	-	-	80,8	241,4
Adjusted to net fair value	70,9	146,4	-	-	-	-	-	-	70,9	146,4
Realised revenues through sales of investment- and domicile property	99,5	33,8	-	-	-	-	-	-	99,5	33,8
Gross result	301,9	287,2	163,5	418,9	4,6	14,1	-	-	470,0	720,2
Result before financial items	267,2	264,6	150,4	394,3	3,3	12,4	(7,8)	(7,3)	413,1	663,9
Long-term assets	3.061,5	2.162,9	1.734,2	1.654,0	-	-	8,5	4,2	4.804,2	3.821,1
Short-term assets	571,0	411,6	994,9	1.351,0	75,4	103,4	(647,8)	(766,4)	993,5	1.099,6
Total assets	3.632,4	2.574,5	2.729,2	3.005,0	75,4	103,4	(639,3)	(762,2)	5.797,7	4.920,7

The year's profit before financial items for **Nordicom Properties** in 2007 comprised DKK 267.2 million (2006: DKK 264.6 million), which is on the same level as last year.

The turnover for Nordicom Properties that entails the leasing out of properties comprised DKK 163.2 million in 2007 (2006: DKK 135.9 million), which corresponds to a satisfactory increase of DKK 27.3 million (20.1%).

Sales of investment and domicile properties in 2007 have provided earnings of DKK 99.5 million (2006: DKK 33.8 million) corresponding to an improvement of DKK 65.7 million (194.4%). In relation to the sales prices of DKK 206.6 million, a gross profit was attained of 48.2% (2006: 24.9%). The high gross profit may in part be explained by Nordicom's longstanding portfolio policy of placing an emphasis on properties with high returns, as well as in part by the sale of Nordicom's own domicile, which has given a large profit. The international accounting standards (IFRS) followed by Nordicom do not offer the possibility to adjust the value of the properties that Nordicom itself uses, and hence the sale of the property at Kgs. Nytorv 26 has given a relatively high profit. Nordicom continues to occupy the property as the lessee.

Value adjustments of investment properties to present market values comprise DKK 70.9 million (2006: DKK 146.4 million), which corresponds to a bit less than half of the level from 2006. Approx. 90% of the basis for the value adjustments may be attributed to an increased revenue basis for the properties, while 10% may be attributed to price rises in the property markets in Germany and Sweden. The accounting-related

value of the properties for 2007 was calculated on the basis of an average return of 6.7%. The corresponding return in 2006 comprised 6.6%. Nordicom is using the returns-based asset valuation model to determine the market value of its properties. This model is based on the net lease revenues for the next fiscal year, a lease value for vacant premises and possible revenues from the property's common area and heating accounts. Operating expenses are computed with the inclusion of property taxes and fees, administration, insurance, maintenance, service costs, cleaning and supply-related costs. The property's net lease revenues are obtained by subtracting the operating expenses from the property's revenues and adding the interest earned on deposits. The market value of the properties is computed by capitalising the net leasing revenues with a percentage return that is established individually for each property.

The gross profit for Nordicom Properties comprises DKK 301.9 million (2006: DKK 287.2 million), which is an improvement of DKK 14.7 million in relation to 2006 (5.1%).

Out of the long-term assets in the Nordicom Properties segment of DKK 3,061 million, a total of DKK 3,019 million (2006: DKK 2,089 million), involves completed investment properties (316,000 m²) that are being used for leasing. In relation to the end of 2006, the portfolio has increased by DKK 930 million.

Leasing property, geographical distribution (DKK millions)

	2006		2007	
Denmark	2,008	98%	2,667	88%
Sweden	0	0%	231	8%
Germany	81	2%	121	4%
In total	2,089		3,019	

Leasing property, types (DKK millions)

	2006		2007	
Retail properties	658	32%	953	32%
Residential properties	326	15%	325	11%
Urban properties	476	22%	1029	34%
Office properties	393	19%	464	15%
Logistical and production properties	200	10%	209	17%
Other properties	36	2%	39	1%
In total	2,089		3,019	

When fully leased out, the expectations are that a surplus will be generated before financing of nearly DKK 200 million from the leasing of completed investment properties, corresponding to a return of 6.7%. At the end of 2007, vacancies in the portfolio comprised 9%, corresponding to DKK 20.9 million in idle capacity on an annual basis. If the idle capacity remain unchanged during all of 2008, then there will be a surplus before financing on a level of DKK 180 million (2007: DKK 132 million). The relatively high idle capacity at the end of 2007 among the leasing properties are due to renovation and restructuring work at three rela-

tively large leasing properties that are expected to be completed in 2008. Out of the idle capacity concerned, a total of DKK 10.5 million, or 50% of the idle capacity, can be attributed to these three properties. A composite overview of the leasing properties will appear on Nordicom's new website, which will open in the middle of April 2008.

In addition to the surplus from the leasing of finished investment properties, investment properties currently under development are expected to generate a surplus before financing of approx. DKK 13 million.

The profit for the year before financial items for **Nordicom Development** in 2007 comprises DKK 150.4 million (2006: DKK 394.3 million), which corresponds to a drop of DKK 243.9 million (61.9%).

The turnover for Nordicom Development comprises DKK 587.2 million (2006: DKK 769.4 million), which is a decrease of DKK 182.2 million, corresponding to 23.7%. Delivery has been made of sold projects with an area of 32,938 m² that are included in the turnover, whereas delivered projects of 13,646 m² that were transferred to Nordicom's investment portfolio were included in the accounting line item named "value creation from development of projects for own holdings".

On the overall, projects were developed with an area of 46,584 m², which has given a gross profit of DKK 163.5 million (2006: DKK 418.9 million), which was a decline of DKK 255.4 million in relation to 2006 (61.0%). The development of new construction rights in the projects at Amager Strand and at Enghave Brygge have yielded a value creation of DKK 67.5 million.

Out of the long-term assets in the Nordicom Development segment, which comprise DKK 1,734 million, a total of DKK 1,686 million (2006: 1,652 million) involve investment properties currently under development. In 2007, leasing revenues from these properties comprised DKK 33.1 million. Investment property is leased out as much as possible during project development with respect to the on-going project development work. In 2008, lease revenues were expected from the leasing out of properties during project development of DKK 22 million.

Out of the short-term assets of DKK 995 million, DKK 363 million (2006: DKK 286 million) involve project holdings consisting of properties where construction is underway and that are expected to be delivered during 2008. Other short-term assets involve inter-company accounts with the other segments, other receivables and cash balances.

During 2007 Nordicom has conducted development activities only in Denmark.

The year's profit before financial items for **Nordicom Finance** in 2007 comprises DKK 3.3 million (2006: DKK 12.4 million), which corresponds to a reduction of DKK 9.1 million (73.4%).

Turnover in 2007 for Nordicom Finance comprised DKK 4.6 million (2006: DKK 14.1 million), corresponding to a reduction of 67.4%. The drop is due to a throttling down of the level of activity in recent years. A

boom in the property and finance markets has meant that the interest rates for lenders have been low, and that access to inexpensive and non-risk-averse capital has been high. The demand for Nordicom's financing products on conditions where there is a reasonable relationship between risk and return has thus not been particularly great. Hence neither has it been attractive for Nordicom to seek to grow in this market. The international credit crisis and rising interest rates have changed the market situation radically at the end of 2007. The price of equity capital has risen substantially and the liquidity in the money markets has been markedly reduced. This gives good possibilities for increasing the level of activity in the finance area during 2008 and in the subsequent years.

Assets in the Nordicom Finance segment consist primarily of mortgages and debt instruments that at the end of 2007 comprised a total of DKK 59 million (2006: DKK 101 million).

During 2007, Nordicom has only had finance activities in Denmark.

Nordicom's profit distributed by geographical areas

The group's activities have in 2007 primarily been localised in Denmark. In 2006, the group established itself in both Sweden as well as Germany, for purposes of starting to build property portfolios. In terms of the management and reporting, the foreign activities in 2007 are attributable solely to Nordicom Properties, since during the fiscal year no development or financing activities were initiated abroad. The information below concerning geographical segments is based upon the locations of the properties:

	Denmark		Germany		Sweden		Total	
Amounts in DKK thousands	2007	2006	2007	2006	2007	2006	2007	2006
Net turnover external	737,6	918,9	7,4	0,5	10,0	-	755,1	919,4
Net turnover internal	-	-	-	-	-	-	-	-
Operating expenses	(532,9)	(620,9)	(1,7)	-	(1,8)	-	(536,3)	(620,9)
Value creation project development	80,8	241,4	-	-	-	-	80,8	241,4
Adjusted to net fair value	49,7	146,4	7,2	-	14,0	-	70,9	146,4
Realised revenues through sales of investment- and domicile property	99,5	33,8	-	-	-	-	99,5	33,8
Gross result	434,7	719,6	13,0	0,5	22,3	-	470,0	720,2
Result before financial items	385,4	663,9	10,5	0,1	17,2	(0,0)	413,1	663,9
Long-term assets	4.454,4	3.740,0	121,3	81,1	228,6	-	4.804,2	3.821,1
Short-term assets	943,5	1.097,4	5,1	2,2	45,0	-	993,5	1.099,6
Total assets	5.397,9	4.837,5	126,3	83,3	273,5	-	5.797,7	4.920,7

Activities in Denmark and expectations for 2008

In Denmark for 2007, Nordicom achieved a profit before financial items of DKK 385.4 million (2006: DKK 663.9 million), corresponding to a decline of DKK 278.5 million (41.9%).

Things have gone well for Denmark for many years, and they also did in 2007. Good exports and continued strong domestic demand have, together with low interest rates in recent years, contributed to providing good

conditions in most industries. Moreover, many people have experienced having more disposable income than ever before. In 2007, however, there began to be signs that the boom was coming to a close. The employment rate in 2007 was the highest in many years, and both private and public employers were experiencing significant pressures for higher wages. Since energy prices and interest rates have been rising simultaneously, it is expected that there will be higher operating expenses during 2008 for most industries. Global satiation of the demand in the residential property markets and higher interest expenses threaten at the same time to reduce private demand. Furthermore, the satiation of the residential property market warns of a cooling down of the level of activity in the construction sector.

The growth in the Danish investment portfolio during 2007 has been lower than expected. Nordicom has had difficulties in fulfilling the requirements of the company for returns on the purchase of new properties in the Danish market, and a substantial portion of the growth in the investment portfolio has also been created by taking over properties that have been developed by Nordicom Development. In 2006, investment property in Denmark was selling at historically low returns. There are examples of very well located office properties and properties on pedestrian streets that during this period have been sold for returns of below 4%. But even though rising interest rates and financial crisis have played a part in reversing the price trend for investment properties in 2007, this has still not managed to have any significance to Nordicom's investment activities. In general, it is Nordicom's assessment that the prices of investment properties in 2007 have generally fallen. There have been large geographical differences in the price trends as well as large differences depending upon the use of the properties, but the general trend in prices in Denmark has been negative. It is thus the expectation for 2008 that the prices of leased out properties will continue to be under pressure, however consequently with hardly as substantial a fall in their prices as in 2007. In 2008, Nordicom is planning to continue increasing its investments in Danish properties by between DKK 300-500 million via acquisitions or completion of self-developed projects.

In 2007 a total of 14 new properties were taken over with a total area of 110,000 m²:

At the property at *Havnegade 50 in Næstved*, which was acquired as a leasing property, project development was begun during the course of the year for Maxbank's new headquarters. When it was taken over, the property contained 1,166 m² of buildings and 8,514 m² of land, and has subsequently been transferred to the project portfolio.

The properties at *Torvet 1 and Jernbanegade 8 in Åkirkeby* as well as the property at *Aakirkebyvej 50 in Rønne* were acquired as a part of Nordicom's agreement concerning the development of a new shop for IDEmøbler on a scale of 5,000 m² in Rønne, which was placed into service in 2006. The properties, which among other things contain the old IDEmøbler shop, have a total area of 5,350 m², and have been partially empty since IDEmøbler's takeover of their new premises. After the takeover, Nordicom has performed a partial leasing out of the vacant premises, and the last part of the vacant areas is expected to be leased out during the course of 2008.

At *Dannebrogsgade 2 in Odense*, Nordicom has acquired the postal service's sorting centre, with a total area of 37,861 m². The postal service, which had previously been using the entire property for its own production, desired in 2007 to reduce the area and only use it for office purposes. At the time of the acquisition it was approx. 1/3 empty, of which approx. half of that has subsequently been leased out to the Danish tax authorities.

In Elsinore, Nordicom took over a property in 2007 at *Stationspladsen 2*, with buildings of 220 m² and a ground area of 1,522 m², which in the longer run is expected to be able to be used for project development.

In 2007, Nordicom took over the historical hotel property *Prindsen in Roskilde* with an area of 5,700 m². The property, which has been in operation as a hotel since 1695, has a very central location at *Algade 13*, and contains excellent possibilities for alternative uses in the form of residential, office and retailing purposes, if it should one day cease to be a hotel.

In Silkeborg, Nordicom acquired in 2007 the property at *Kejlstrupvej 84* of 49,656 m², which up to now has functioned as a production, warehouse and office property for the activities of the company named Trevira in Denmark. Within a three-year period, Trevira will move its production abroad, after which the property will be leased out to other tenants or developed. As an element of the agreement, Nordicom entered into an agreement with Trevira to build a new office domicile in Denmark of 4,500 m², which is expected to be ready in 2009.

During 2007, Nordicom completed the development of *Zleep Hotel Ballerup at Marbækvej 6 in Ballerup* with a total area of 3,400 m². The property has subsequently been placed in Nordicom's property portfolio. In the development of the hotel, there has been a focus on alternative application possibilities of the building, such that the building may simply and inexpensively be converted to residential use if one day it is no longer used as a hotel.

At *L.C. Worsøesvej 2 in Holbæk*, Nordicom's development department completed the reorganisation and leasing out in 2007 of 2,057 m² for retail use. The property was subsequently incorporated into the portfolio with completed investment properties.

At *Københavnsvej 51 in Roskilde*, Nordicom Development completed the first phase in 2007 of the new centre area for large retailers that will be called Ro's Have. The property was built as a ground floor with a basement, having a total area of 3,444 m². After completion the property was incorporated into the portfolio with completed investment properties.

The property at *Byageren 13 in Roskilde* was acquired as a part of the Ro's Have project, and during 2007 has among other things been used for the temporary housing of tenants in connection with the project development of the Ro's Have project. The property contains a total area for leasing of 1,100 m².

In the leasing area, the positive trend of recent years has continued in 2007. Total leasing revenues were realised on finished investment properties in Denmark of DKK 145.8 million (2006: DKK 123.4 million), corresponding to an improvement of 18.2%. For Nordicom, the good market has eased the daily work of leasing out again the portfolio's properties, and at the same time the positive demand for leased premises has in many cases made it possible to raise the rent for the new tenants. There continues to be a large demand for leased premises in most categories, and lease prices are expected to continue to rise in 2008.

Even though the prices of investment properties in general have been falling in 2007, the sales of properties have gone well. A total of 4 investment properties were sold for a total of DKK 207 million, which has provided profits of DKK 99.5 million, corresponding to a gross profit of 48.2%.

The following properties were sold:

Lyngby Hovedgade 66 in Lyngby
Thorsgade 81 in Copenhagen
Rungsted Bytorv, Rungsted 4 flats
Kgs. Nytorv 26 in Copenhagen

The value of Nordicom's Danish investment properties increased in 2007 by DKK 70.9 million (2006: DKK 146.4 million), which may be solely attributed to the organisation's work with value creation and price adjustments to the rent payments. No unrealised value adjustments have been made for the leasing properties in Denmark that may be attributed to price increases in the real estate market, and nor is there expected to be a basis for such in 2008.

In 2007, Nordicom has been reluctant to enter into new development projects. The rising prices of project possibilities in recent years have generally increased the risk of project development, and since Nordicom already has an attractive project portfolio, it has not been necessary for Nordicom to accept a higher level of risk. The natural choice has been to be cautious with regard to starting new projects. At the end of 2007, the credit crisis and rising interest rates have however turned the trend in prices around for project possibilities, and a significant amount of equity is once again required in order to carry out project development. The demand for project development possibilities has thus fallen markedly during the last half of 2007, which is a trend that is expected to continue during 2008.

The following additional purchases of projects have been made during 2007:

At *Astersvej 25 in Rønde, Århus*, Nordicom has acquired a smaller building lot of 1,000 m² that will be used for constructing the company's first prefab project, which will involve 4 houses. Nordicom has invested resources in 2006 and 2007 in the development of a new concept for the construction of prefabricated row houses, based upon a small number of simple fundamental elements that give the possibility for a number of different interior layouts and designs. The concept is based upon the same philosophy as that of automobile producers, where as a point of departure you add individual elements to simple basic modules and thus in

practice are able to create different models. Nordicom's PreFab consists of 3-dimensional building models, which may be produced by a number of manufacturers around Europe. The modules will be produced under controlled conditions in heated halls, with all internal surfaces, doors, windows, etc. completely installed and then transported via lorries or ships to the construction site and mounted on a pre-established foundation. The building modules have a degree of completion of a minimum of 80-90% when they leave the factory.

In *Osted*, Nordicom has acquired an option on a larger land area that is expected in the long run to be suitable for development into a residential area for detached housing and row houses. The option will remain in force until 2012.

At *Ejlersvej 73-77 in Næstved*, Nordicom has acquired a property with mixed use having a total building area of 2,235 m². The property, which up until it was taken over by Nordicom had been used for retailing and administration of associated residences, is being planned to be converted to a combination of residences, offices and retailing.

At the corner of *Bisgårdsgade and Skolegade in Holstebro*, Nordicom has won a municipal contract to erect a parking garage and high-rise building.

In *Nyborg* Nordicom has entered into a conditional agreement on acquiring a property with a total area of 18,570 m² intended for retail and convenience shop use.

For the development of the shopping centre already underway in *Slagelse*, Nordicom has additionally purchased the property at *Korsørvej 83 in Slagelse* with a ground area of 1,379 m².

In *Odense*, Nordicom has acquired the property at *Middelfartvej 1* as a completed project property. The property has been resold and delivered in 2007.

In total during the course of the year, deliveries have been made of project development areas amounting to 46,584 m².

The following project development areas have been incorporated into Nordicom Properties's investment portfolio in 2007:

Marbækvej 6, Ballerup	3,400 m ²	hotel
L.C. Worsøesvej 2, Holbæk	2,057 m ²	large retail shop
Toldbuen, Næstved	1,745 m ²	office
Københavnsvej 51, Roskilde	3,444 m ²	large retail shops
Hotel Hvide Hus, Æbeltoft	3,000 m ²	holiday flats
In total	13,646 m²	

The following project development areas sold in 2007 were delivered by Nordicom Development in 2007:

Olgas Have, Ballerup	3,333 m2	residences
Hammars Have, Elsinore	4,978 m2	residences
Fyrholmen	110 m2	residences
Galosche Allé, Køge	2,940 m2	large retail shops
Herlev Hovedgade 199, Herlev	3,430 m2	offices
Gladsaxevej 341-347, Gladsaxe	8,300 m2	large retail shops
Middelfartvej 1, Odense	8,500 m2	retail/office/residence
Frederikssundsvej 11, Copenhagen	1,347 m2	retail
In total	32,938 m2	

In addition, new values have been created in the Amager Strand and Enghave Brygge projects with the development of 16,231 m2 of new construction rights.

Annual Accounts Report 2007

7 March 2008

Table of Development Projects

	Local plan approved/ expected	Expected area In total	Of which has been delivered	Area remaining	Of which are retail shops	Of which are offices	Of which are residences	Of which are other categories	Of which are sold/leased out	Construction commenced	Expected delivery 2008	Later delivery
Greater Copenhagen												
Amager Strandvej, Copenhagen	2008	55,600		55,600		8,300	47,300					55,600
Enghave Brygge, Copenhagen	2009	70,000		70,000		10,000	60,000					70,000
Fyrholm, Sluseholmen, Copenhagen	Yes	18,400	18,300	100			100		100	100	100	
Hammershøj Længehus, Elsinore	Yes	4,400		4,400			4,400					4,400
Herlev Hovedgade 17, Herlev	2009	50,800		50,800	44,400	3,100		3,300	5,000			50,800
Lindholm, Sluseholmen, Copenhagen	Yes	14,300		14,300			14,300		6,200	14,300	14,300	
Olgas Have, Ballerup	Yes	11,500	11,100	400			400			400	400	
Skråningshusene, Snekkersten	Yes	1,300		1,300			1,300					1,300
Tåstrup Bycenter, Tåstrup	Yes	10,800		10,800	7,200		2,800	800	4,400			10,800
Ved Stigbordene, Copenhagen	Yes	55,600		55,600	2,000	17,400	36,200					55,600
		292,700	29,400	263,300	53,600	38,800	166,800	4,100	15,700	14,800	14,800	248,500
Rest of Zealand												
Ejlersvej 73-77, Næstved	2008	4,600		4,600	1,000	2,700		900			4,600	
Helsinge Stationspladsen, Helsinge	2008	25,000		25,000	6,900	1,600	16,000	500				25,000
Laguneparken, Næstved	Yes	7,600		7,600			7,600					7,600
Næstved Havn, Næstved	Yes	49,300		49,300	8,700	37,200		3,400	9,400	5,500	8,100	41,200
Ro's Have, Roskilde	Yes	11,300		11,300	5,700	1,000	3,600	1,000	3,100	5,500	5,500	5,800
Schweizerarkaden, Slagelse	Yes	9,300		9,300	3,800	1,300	4,200					9,300
Slagelse Storcenter, Slagelse	Yes	36,300		36,300	36,300				1,200			36,300
		143,400		143,400	62,400	43,800	31,400	5,800	13,700	11,000	18,200	125,200
Jutland and the islands												
Astersvej, Rønde	Yes	400		400			400				400	
Kejlstrupvej 84, 8600 Silkeborg	2010	49,600		49,600	49,600							49,600
Kongensgade 67 etc., Odense	Yes	5,800		5,800	900		4,900					5,800
Middelfartvej 1, Odense	Yes	3,200		3,200			3,200			3,200	3,200	
Randlevvej, Odder	2008											
Stagehøjvej Trevira, Silkeborg	Yes	4,500		4,500		4,500			4,500			4,500
Svendborg Harbour, Svendborg	2008	3,100		3,100	1,100		2,000		900			3,100
		66,600		66,600	51,600	4,500	10,500		5,400	3,200	3,600	63,000
Total		502,700	29,400	473,300	167,600	87,100	208,700	9,900	34,800	29,000	36,600	436,700

Amager Strandvej:

In the area facing Amager Strandpark between Øresundsvej, Krimsvej and Amager Strandvej, Nordicom has been the driving force behind the development of a new neighbourhood with a total area of 135,000 m². The work has been given a tangible basis in a “start statement” from the City of Copenhagen, which begins the local land-use planning process and which is expected to culminate in an approved local land-use plan by the very end of 2008. Nordicom will be responsible for the development of more than a third of the future area, which will contain new and old properties, dense low-rise and high-rise properties, residences, businesses, retail shops and institutions.

Enghave Brygge:

In the area between Tømmergraven and Frederiksholmsløbet in Copenhagen Harbour, Nordicom has again been one of the driving forces in the development of the basis for a new neighbourhood projected to have an area of approx. 200,000 m². The plans for the area’s development are currently taking shape through workshops with the participation of the City of Copenhagen, the development companies, the landowners and associated consultants. An overall development plan is expected to take final shape in Q2 of 2008. The preparation and approval of the local land-use planning is being planned alongside the project and will become an integral part of a new municipal land-use plan, which is expected to be approved in the middle of 2009.

Fyrholm:

Fyrholm was Nordicom’s first sub-project in Copenhagen’s Canal City, located at Sluseholmen by Teglværksløbet in Copenhagen Harbour. All the residences were sold before the project was completed, and the one-year deficiency review has now been conducted. The filling of the area’s canals with water has just begun, and around the island of Fyrholm it is expected that the establishment of the bridges and canals will be completed in Q2 of 2008. The last flat, which has functioned as a sample flat for our sales at Lindholm, was taken over by a buyer on 1 March 2008.

Hammershøj:

The old nursing home at Murergade, of which Utzon’s high-rise is also part, was acquired in 2001 from the Municipality of Elsinore. The plan was to create a neighbourhood close to the city around a new common area. The high-rise has been converted to 22 owner-occupied flats today, with them all being sold and occupied during the course of 2006. Nordicom then created a new block, containing 55 owner-occupied flats, which were sold with occupancy being completed in October/November of 2007. The remaining phase of the project provides the possibility to establish 29 non-profit residences subsidised by the city, as well as approx. 13 new owner-occupied flats. Finally, there is a leasing complement of 20 flats, which during the course of 2008 will be renovated and leased out again.

Herlev Hovedgade 17, Herlev:

Nordicom acquired this property in 2006. At present, it is being leased out for office, production and warehousing purposes. Nordicom has, in conjunction with the Municipality of Herlev, initiated the work of developing the basis for a new large shopping centre. The location of the property in the heart of Herlev, di-

rectly by Exit 21 of the M3 and directly out to Frederikssundsvejen, with the additional proximity to Herlev Station behind it, makes it ideal for use as a shopping centre with large and small shops. In its fully developed form the property will come to encompass approx. 50,000 m². The environmental impact statement is currently being prepared in dialogue with the Municipality of Herlev.

Lindholm:

Lindholm is Nordicom's second sub-project in Copenhagen's Canal City, located at Sluseholmen by Teglværksløbet in Copenhagen Harbour. Construction was commenced in the autumn of 2005, and the residences will be delivered during the period spanning Q1-Q3 of 2008. Before sales were halted in Q2 of 2006, a total of 63 dwellings had been sold. Sales/leasing of the last 83 residences will be started in Q2 of 2008. The Sluseholm Development was awarded a prize in 2007 by the "Association for the Beautification of the Capital City".

Olgas Have, Ballerup:

In 2005, Nordicom won a competition sponsored by the Municipality of Ballerup involving the development of the Ballerup Athletics Village, and its development has now been brought to a conclusion. The hotel and all the row houses and flats have been delivered. The sale of 45 residences remains. The hotel has enjoyed good occupancy since opening, and the project has made the vision of the Municipality of Ballerup for the Athletics Village a reality.

Skråningshusene, Snekkersten:

For several years, Nordicom has owned a piece of ground with a location directly abutting an existing residential area, where 10 row houses can be built. The project was ready for construction in mid-2006; however, it was not commenced due to high construction costs.

Tåstrup City Centre:

In 2005, Nordicom won the bidding sponsored by the Municipality of Tåstrup for an area by the station square in Tåstrup. The winning project included both shops and residences. With the establishment of a new shopping centre, the vision of the municipality to terminate its main thoroughfare in an attractive manner at the town's main intersection was successfully realised. It involves a shopping centre of approx. 7,000 m² with associated parking and the potential for residences on the first and second floors. Construction is expected to commence in 2008.

Ved Stigbordene:

Ved Stigbordene is Nordicom's remaining phase of the project in Copenhagen's Canal City, for which construction has yet to be commenced. The area was previously home to the old Louis Poulsen lamp factory, which Nordicom acquired at the start of 2005. The project planning of the next two sub-projects, which will follow after Lindholm, is nearly complete, with commencement of construction being possible at the beginning of 2009.

Ejlersvej, Næstved:

In 2007, Nordicom acquired this property located on one of the roads that connect the ring road with the city centre. The plan is to reuse the existing buildings and, if possible, establish a smaller convenience shop and/or a mixed residential and commercial building complex.

Stationspladsen, Helsingør:

Nordicom won the bidding staged by the municipality in 2006 for the possibility of creating a centre that connected the pedestrian street with the station. The project is in the planning phase, which involves, among other things, a clarification of the centre's location and the local traffic conditions.

Laguneparken, Næstved:

Nordicom is the owner of an area scheduled for the construction of a residential complex with an attractive location down to the canal in a recreational area in Næstved, which may be used for approx. 70 row houses. A construction contract for the first phase is expected to be signed during the spring of 2008.

Næstved Harbour:

Nordicom has been acquiring various properties in Næstved Harbour for a number of years, at present providing the opportunity to develop in total nearly 50,000 m² of mixed new construction and renovation of existing buildings, which will primarily be used for offices and shops. Phase 1 will encompass the construction of a new domicile for Max Bank, which is expected to be completed during the course of the autumn of 2008. It is also expected that during 2008 another office complex, of approx. 3,000 m², will also be started on a neighbouring property. In addition, project planning for a new Føtex supermarket and a new cinema centre is now underway. Both are expected to be commenced during 2008.

Ro's Garden, Roskilde:

Ro's Garden is the name of an integrated retail, commercial and residential project next to Ro's Square on Københavnsvej in Roskilde. The first phase with 3,444 m² has been concluded and delivered during 2007. The second phase, which contains 5,571 m² distributed as 3,548 m² of retail space and 18 separate residences, is currently under construction. Six of the residences have already been sold. The second stage is expected to be ready to be handed over in May of 2008. The third phase, which contains 3,250 m² with 1,542 m² of retail space and 13 residences, will be commenced in Q1 of 2008. The fourth stage is a domicile building complex for which a master proposal has been prepared, and negotiations with a potential lessee are underway. The stage is expected to be commenced after the summer holidays of 2008 with completion at the end of 2009.

Schweizer Arcade, Slagelse:

Nordicom acquired a number of properties in the centre of Slagelse during the period spanning 2004 through 2006 in connection with Schweizer Square for purposes of drawing the square into an expansion of the neighbourhood. Most of these properties are currently held in Nordicom's leasing portfolio; the project now also contains a piece of land with the opportunity for constructing a retail centre with the possibility for residences or offices above.

Slagelse Shopping Centre:

In connection with the existing shopping centre area at Kina/Japanvej, Nordicom is the owner of a larger area of ground, where there is the possibility to construct a further approx. 35,000 m² of large retail outlets and convenience shops. At the west end, facing Korsørvej, there will also be a possibility to construct offices. The large retail outlets will be commenced within the framework of the applicable local land-use plan in direct association with the shopping area that has already been established. Negotiations with lessees are already underway.

Astersvej, Rønne:

At Astersvej 25 in Rønne, Nordicom acquired a smaller piece of ground in 2007 of 1,000 m², which will be used for the construction of the company's first prefab project, which will contain four houses. See the description under new projects. A building permit is expected to be issued in May of 2008, and the project will be finished before the end of 2008.

Kejlstrupvej 84, Silkeborg:

In Silkeborg, Nordicom acquired the property at Kejlstrupvej 84 in 2007 with a total building area of 49,656 m². It had previously functioned as a production, warehouse and office property for the Trevira company in Denmark. The buildings have been leased for the next three years to Trevira's production unit, after which the property will be leased out to other lessees or developed. In the long run the intent is to convert the property to a new building area with shops, business locations, a hotel and residences. Silkeborg is a progressive town with good future development potential, in part owing to the future motorway connection to the town, where the exit to the city centre is expected to occur via Kejlstrupvej.

Kongensgade, Odense:

The project at Kongensgade in Odense (the pedestrian street) encompasses a new six-storey building facing Kongensgade with ground floor shops and approx. 50 residences. In addition, an older building with a location facing Vindegade will be renovated for retail, office and residential use. The construction is expected to commence in the middle of 2008, with completion projected for the end of 2009.

Middelfartvej, Odense:

This project, encompassing approx. 9,000 m² of retailing area as well as a fitness centre, was completed and delivered to its users and buyers at the end of 2007. In addition, Nordicom is currently building 40 residences to be leased out, which are expected to be ready for occupancy during the summer of 2008.

Randlevvej, Odder:

Nordicom owns a piece of land with an attractive location close to the town centre in a beautiful natural area expected to be able to be subdivided into approx. 90 building lots for bungalows. A finished local land-use plan is expected to be ready in the middle of 2008, after which it will be possible to commence the sale of the lots and build on them.

Stagehøjvej, Trevira, Silkeborg:

As an element of the agreement to purchase the property at Kejlstrupvej 84 mentioned above, Nordicom has entered into an agreement with Trevira to construct a new office domicile in Denmark of 4,500 m², which is expected to be completed in 2009. A new Global Competence Centre for Trevira will be built for the use of the company's global sales and development department. Trevira will be a lessee of Nordicom on a long-term lease contract. The construction is expected to be completed during the summer of 2009.

Svendborg Harbour:

In Svendborg, the municipality is planning to reorganise the old harbour areas. In this area, Nordicom has acquired a piece of land on which a new outlet for the Fakta supermarket chain will be built as well as 15 residences. Local land-use planning work is currently underway, and expectations are that an approved local land-use plan will exist in order to enable construction to start at the end of 2008. Occupancy is expected to take place at the end of 2009.

The development portfolio contained 24 items at the end of 2007, with a total expected completed area of 474,000 m² (2006: 441,000) and a total expected completed value of DKK 11.3 billion (2006: DKK 9.8 billion).

The development portfolio divided up by segments in 2007:

Residential areas	DKK 6.9 billion	61%	208,700 m ²	44%
Retail areas	DKK 2.0 billion	18%	167,600 m ²	35%
Office areas	DKK 2.1 billion	18%	87,100 m ²	19%
Other areas	DKK 0.3 billion	3%	9,900 m ²	2%
In total	DKK 11.3 billion		473,300 m²	

In addition to the above-mentioned commercial and development projects, work is being done on a number of projects in the parking area, where in 2007 a number of exciting new things have occurred. Nordicom expanded the company's product line such that it now includes four different parking systems, two fully automatic, one semi-automatic and a steel system for manual parking. Nordicom is now in a position both via the sale of technical systems as well as via project development to offer a full spectrum of parking solutions. At the same time, the first fully automatic parking projects were commenced in Denmark. The City of Copenhagen and Ørestadsselskabet concluded bidding competitions for automatic parking systems for a total of four different parking projects and selected Westfalia Logistic Solutions, which is represented in Scandinavia by Nordicom. Moreover, we were successful in reaching agreement with the Municipality of Odense on the conditions for a working relationship to develop the site connected with Brandt's Klædefabrik. In 2008, many new and exciting possibilities are expected in the parking area. Activities are underway at many locations in Denmark, Norway and Sweden, and the assessment is that there are good chances that new projects will be started during 2008.

Activities in Sweden and expectations for 2008

In Sweden, Nordicom attained a profit in 2007 before financial items of DKK 17.2 million (2006: DKK 0 million), corresponding to 4.2% of the group's profit.

In Sweden, the positive economic trend in recent years appears to have topped in 2007. Factors that may give expectations of lower growth in the future are increased inflation and higher interest rates, which appear to be based on rising prices for staple goods and energy, a shortage of labour and a strengthened Swedish krone in relation to the dollar.

The internationalisation of the Swedish real estate market continued in 2007. During the last two years, international investors accounted for a share of approx. 40% of the total new investments. In 2007, however, this share has increased to approx. 75%. At the same time, the demand for property has changed. During Sweden's previous boom around eight years ago, it was the German funds that drove the market with investments in well-located office properties. In recent years, however, the largest international investors have either been from the UK or the Arabic-speaking countries. The focus appears at the same time to have shifted to properties with a higher return, often located outside the capital city. Even though the interest rate has been rising, prices of investment properties continued to rise by approx. 10% in 2007. The consequence has been that investors who are more driven by equity capital have come to occupy a greater part of the investment landscape during the course of the year. It is Nordicom's expectation that during 2008 the prices of properties in Sweden will be somewhat unchanged or fall slightly. Rising interest rates and a softening of the willingness to lend at the end of 2007 have placed a small damper on what otherwise is a very liquid Swedish real estate market, and the assessment is that this will affect the trend in the prices.

Nordicom's first investments in the Swedish property market were made in Linköping and Norrköping. Approx. 500,000 people live in the area, which is the fourth largest in Sweden. The University of Linköping is located in Linköping and Norrköping, with approx. 26,000 students. The investments in these areas are well-placed strategically along the E4 and with access to Djurhamn in Norrköping and a future new highway connection. The distance to Stockholm Skavsta Airport in southern Stockholm is 60 km from Norrköping.

In all, Nordicom acquired 7 Swedish properties during 2007 with a total area of approx. 36,000 m² at a combined price of DKK 215 million. In general, the new investments have succeeded in achieving good initial returns and have excellent possibilities for creating additional value in the future. The following new properties have been acquired in Sweden:

During the first half of the year, Nordicom acquired the properties at *Glasblåsaren 7 and 12* in Tornby City in Linköping, which encompass 10,759 m². The buildings were originally used for a slaughterhouse and were built in 1911 and 1930. In the middle of the 1990s the area was converted to a retail area with a focus on design and interior decorating. In 2006 a new office building was built in the area, which is among Nordicom's possessions.

In the middle of 2007, Nordicom acquired the property at *Galgen 3*, which is located in Tornby Industrial Area in Linköping. The property contains 4,080 m² of office, warehouse and production facilities. The property is, with its flexible composition, in high demand by companies involved in service and skilled trades.

In the middle of the year, Nordicom acquired the property at *Magnetjärnet 6* located in Torvinge, which is an industrial and logistics area in Linköping. In the area, expansion is currently underway of properties for warehousing and logistics purposes. The areas in the property are used for offices, workshops and warehousing and encompass 2,268 m². The property has not been fully built out, which is to say that it is possible to construct new buildings with an area of approx. 1,000 m².

In the middle of 2007, Nordicom acquired the property at *Kopparn 10-11* in Ingelsta, Norrköping's largest commercial district. The property contains three buildings with office and warehouse facilities and an unmanned petrol station. Its total area comprises 6,876 m². The approx. 33,500 m² large grounds also contain further possibilities for additional construction.

During the last half of 2007, Nordicom acquired the property at *Kroken 8-9, 11*, which is located in central Norrköping. The magnificent Kroken industrial area is an old centrally-located district that over the past 20 years has gradually become converted to contemporary uses. The buildings at Kroken 8-9, 11 were originally used in the production of beer, and were built between 1909 and 1945. The buildings are situated in direct connection with the canal in the centre of town, Motala Ström, and have an area that can be leased out of 20,900 m². The building is used today for the municipality's restaurant school and museum, as well as for fitness purposes. During the next few years the property will be further developed into a contemporary architectural expression and then have another use. In addition to the built-up areas, the property also contains possibilities for further buildings that have not yet been defined.

At the end of 2007, Nordicom acquired the property at *Regulatorn 3* which is located in the industrial area of Himmelstalund in Norrköping. Warehousing and logistics properties already exist in the area. The property consists of two buildings, which jointly contain 4,966 m² and are used for exhibition and logistics purposes. All the possibilities for building have not been exploited, and with a decision on the establishment of a new highway exit past the property, there are good possibilities of being able to exploit this in the future.

The growth in the investments in Sweden has been on the low end of what had been expected. The demand for Swedish properties has been high and the prices rising, and that has made it difficult for Nordicom to fulfil its investment objectives in the Swedish market. The weakening of the market that occurred at the end of the year is expected to make it a bit easier for Nordicom to fulfil its investment objectives in 2008. It is expected that there will be new investments both in the same geographical areas where Nordicom is already represented as well as in new geographical areas with positive characteristics. The goal is to acquire new properties in Sweden for between DKK 300-500 million in 2008.

No property sales are expected to take place in Sweden during 2008.

In the leasing area, the Swedish market has continued the positive trend of recent years. In 2007 Nordicom realised a leasing income of DKK 10 million in total. The rising employment figures have made for a rising demand for premises within all segments, which in turn has meant increased leasing market prices and falling vacancies in the property market.

The falling vacancies in the Swedish property market have meant that a number of large office projects have been launched in Greater Stockholm, and also in Gothenburg and Malmö. Some of these have, moreover, been commenced in speculation (without advance leasing). Nordicom has still not commenced project development in the Swedish market, however a part of the new properties that were acquired in 2007 contain good possibilities for development.

The value of the Swedish investment properties increased in 2007 by DKK 14 million. Approx. 50% of the increase may be attributed to price adjustments to the property's revenue basis, whereas the remaining approx. 50% may be attributed to price rises in the Swedish real estate market.

Nordicom's Swedish organisation encompassed at the end of 2007 five full-time employees, who are situated in the company's office in Stockholm. In 2008, the plan is to also open a local branch office in Linköping/Norrköping that will find new local investment possibilities and service the investments that Nordicom has already made.

Activities in Germany and expectations for 2008

In Germany, Nordicom achieved a profit in 2007 before financial items of DKK 10.5 million (2006: DKK 0.1 million), corresponding to 2.5% of the group profit for 2007.

The strengthening of the German economy continued in 2007. The optimism was, particularly at the start of the year, greater than it has been for many years, and for the property market this meant that there was a large demand and rising prices. The German real estate market was marked during the period from 2000 to the middle of 2005 by resignation among both lessees and investors. This trend has been succeeded during the course of the last two and a half years by large price increases overall in the German real estate industry. The changes in the market were driven by foreign real estate investors who assessed that the market gave possibilities for good returns due to falling interest rates and booms in most of the foreign property markets. The first large portfolio transactions were carried out in 2005 with a large number of East German residential complexes that belonged to the blocks owned by the indebted municipal housing companies. The most recent change in the German real estate market occurred in the month of August 2007, when the international credit crisis began to place a damper on the willingness of the German banks to make loans. The sudden lack of access to financing has in a short period of time reduced the volume of transactions in the German market and placed a temporary halt on the positive trend in prices. The prices in the German market are assessed to have risen by 15-20% during the course of the past 12-18 months. During the first half of 2008, it was the expectation that the property market would continue to be in a holding pattern with slightly softening prices. The assessment of the trend during the last half of the year is deemed to depend upon developments involving the German banks. Although the credit crisis has shown signs of weakness in the German market, the underlying trend continues to be evaluated as strong. The improvement in recent years of the underlying German economy has, among other things, meant that the German pension companies have received increased payments that, among other things, must be reinvested in the German property market. So even

though more speculative foreign investors perhaps need to display greater caution due to the financial market, there are other, more equity capital-based investors ready to take over.

Nordicom's German real estate investments in 2007 were made in the same geographical areas as in 2006, namely in Hamburg and Lüneburg.

In 2007 a total of three properties were acquired with a combined area of approx. 6,686 m², and at a combined price of DKK 33 million. There was also success in achieving a good initial return and finding good possibilities for creating added value during the next few years. The following new properties have been acquired in Germany:

The property at *Dithmarscherstrasse 1-13/Krauserstrasse 77, 79* is located in the southern part of Hamburg. The property has an area of 4,229 m² and is used for retail and residential purposes. The property is a traditional residential property located in an old and well-established residential area with shops on the ground floor. The property has 8 storeys and was built in 1959. There are 43 flats in the property and the 1,135 m² used for retail purposes are leased out to the local baker, video shop, hairdresser, etc.

At *Vogtistrasse 3-7* in Hamburg, Nordicom has acquired a small residential leasing property with an area of 1,088 m² and 15 flats. The property is located in a well-established residential area in the southern part of Hamburg.

In Lüneburg, Nordicom has acquired the property at *Apothekenstrasse 5-7*, with an area of 1,369 m². The property contains 390 m² of shops on the ground floor and 979 m² of residences in the three storeys above.

Nordicom's total investments in German properties now comprise DKK 121 million with a total area of 14,686 m².

At the end of 2007 an agreement was also entered into on the acquisition of a further three properties that will in terms of the accounting be taken over in January of 2008. Two of these properties are located in Hamburg and one is located in Lüneburg.

The growth in the German investments has lived up to the expectations for 2007. The trend in prices at the start of the year has meant that Nordicom has had difficulties in fulfilling the investment goals it has established, as has also been the case with the Danish and Swedish markets. In 2008 the goal is to acquire new properties in Germany for between DKK 300-500 million.

No sales of properties are expected in Germany during 2008.

In the leasing area, since the middle of 2006 there has been a general rise in the German market. The demand for attractive business and residential areas has risen significantly and this is a trend that is expected to continue in 2008. Factors such as the concentration of the population growth in the densely populated areas and

the present lack of construction of new buildings are expected to cause continued increases in the lease rates for good leasing properties. At the same time, it is the expectation that the rising willingness to consume will continue to increase the demand for good retailing areas. In the office market, price increases are being projected first and foremost in the five largest cities of Berlin, Hamburg, Munich, Stuttgart and Düsseldorf.

The value of the German investment properties in 2007 increased by DKK 7.2 million. Approx. 25% of the rise may be attributed to price figure adjustments, whereas the remaining approx. 75% may be attributed to price increases in the real estate market.

Nordicom's participation in the German market, which began in 2006, is based upon a partnership with a Hamburg-based German property development company. In 2008 it is however the plan for Nordicom to commence the building of its own organisation in Germany, for purposes of taking over the daily tasks involving operating and developing the value in the properties that have been acquired, as well as the purchasing and selling of properties.

Events after 31 December 2007

After the date of the balance sheet no significant events have occurred that are not named in the management report and that have significance to the report on the annual accounts.

Expectations for the group in 2008

During the 2008 fiscal year there continues to be an expectation of a profit before taxes on a level of DKK 300 million.

Increased activities are planned for 2008 in the investment and finance areas, while the level of activity in the project development area is expected to be somewhat unchanged in relation to 2007. The strategy “Plan2008” continues to be the point of departure for the organisation of the company’s work. This plan, which was adopted in 2005, has in part a purpose of ensuring a balance between the revenues from the investment activities and the development projects and in part a purpose of ensuring that the group’s activities and building of competencies are spread across the organisation. At the end of 2008, the goal is for the company to have total assets under its control of DKK 6.5-7.5 billion, where DKK 5-6 billion are located in investment properties and DKK 1-2 billion are located in development projects.

At *Nordicom Properties* the expectation is that the surplus from the leasing will continue to increase. Increased investments in properties in all three markets and the completion of the work with the reorganisation of the three large leasing situations in Denmark are expected collectively to make for somewhat larger leasing revenues in 2008. Sales of investment properties are expected to give slightly lower profits than in 2007. The scope of the sales is expected to be the same, but the slow-down in all three property markets during the second half of 2007 is expected to give proportionately lower profits in 2008. The sale of properties will continue to be attempted to be reconciled with the growth goals in the “Plan2008” strategy. The development of values in the investment properties through an increased revenue basis is expected to contribute revenues on the same level or slightly greater than in 2007.

Nordicom Development is expected to have increased earnings in relation to 2007 with contributions from all property types. In the residential property area, the construction of Lindholm Island in the Sluseholm project will be completed. Approx. half of the residences were sold in 2006, and the remaining half of 83 units will be set out for sale or attempted to be leased out during the course of 2008. In the commercial area, in both the office and retail segments there are a number of projects underway that are expected to be completed in 2008. Likewise, in the parking areas there are projects underway that are expected to contribute to the earnings in 2008.

At *Nordicom Finance* interest income is expected from mortgages and guarantees on a slightly higher level than in 2007. There will be a number of possibilities for growth in the financial end of the real estate market during 2008. Nordicom expects however to continue to desire to act with a certain amount of caution in this area. The demand for financial real estate products and the willingness to pay for capital that resembles equity capital is increasing, however due to the continued instability the assessment is that it will be difficult to evaluate the risks.

Propositions from the board of directors

The ordinary general meeting is to be held at the Danish Design Center on April 17, 2008. (Danish Design Center, H.C. Andersens Boulevard 27, K-1553 Copenhagen.

The hard copy version of the annual report will be available from the end of March 2008.

The board proposes to the general assembly that that a dividend of the 2007 accounting year should be paid in the amount of DKK 14 per share, corresponding to DKK 43.8 million.

The board of directors proposes that the general assembly extends the board mandate to a period of 14 months from the date of the general meeting. Furthermore, the board asks the assembly to allow the members of the board to at any time acquire own shares within the time-of-purchase current equity capital at the time-of-acquisition current rate with a deviation of up to ten percent.

Management Statement

The board of directors and board of managers have reviewed and approved the annual statement of Nordicom A/S for January 1 to December 31, 2007.

The annual report for Nordicom A/S for 2007 is presented in accordance with the International Financial Reporting Standards as adopted by the EU and additional Danish disclosure requirements for the annual reports of listed companies.

In our view, the annual report presents a true and fair view of company assets, liabilities and financial circumstances as at December 31 2007 in accordance with international accounting standards and group activities and cash flow for January 1 to December 31 2007.

Copenhagen, March 7 2008

Board of managers:

.....
Gunnar Chr. Kristensen

Board of directors:

.....
Torben Schøn, president

.....
Peter Højland, vice president

.....
Aksel Bjødstrup Andreasen

.....
Michael Vad Petersen

.....
Carl Per Gunnar Mellander

For questions and additional information, please contact CEO Gunnar Kristensen on +4533339303

Accounting Policies

The annual report for Nordicom A/S for 2007 is presented in accordance with the International Financial Reporting Standards as adopted by the EU and additional Danish disclosure requirements for the annual reports of listed companies, with reference to the guidelines issued by the OMX The Nordic Exchange Copenhagen and the IFRS notification issued pursuant to the Danish Financial Statements Act.

The annual report has also been compiled in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB).

The annual report is presented in Danish kroner (DKK) rounded off to the nearest DKK 1,000, which is considered to be the primary currency for the group's activities and the functional currency of the parent company.

The annual report is presented on the basis of historic costs, apart from investment properties, mortgages and securities and certain financial instruments, which are measured at their fair value. The accounting principles applied are otherwise as described below.

Change of accounting policies applied

Nordicom has chosen to change the accounting policies regarding mortgages and securities so that these are measured at fair value, under a forth-running revaluation over the profits and loss statement. This is due to the fact that company mortgages and securities can be considered a commercial portfolio from an accounting point of view. Previously, these were included at amortised cost price. The accounting effect of the change in practice can be specified as follows:

	Equity	Group	Equity
DKK thousands	01.01.2006	Net profit for the year	31.12.2006
Amount pursuant to annual report for 2006	1,182,454	256,345	1,385,408
Result of alteration before tax	-	1,110	1,110
Taxation effect of the alteration	-	-278	-278
Amount pursuant to annual report for 2007	1,182,454	257,177	1,386,240

Profit and loss statement, balance and result per share of 2007 have been affected as follows:

DKK Thousands	Group 2007
Profits and loss statement	
Financial income	1,110
Pre-tax result	1,110
Annual result before taxation	-278
Annual result	832
 Total income for the year	 832
 Result per share	 0.27
Diluted result per share	0.27
Balance	
Mortgages and securities	1,110
Total assets	1,110
Total owner's equity	832
Deferred taxes	278
Total long-term liabilities	278

With effect from 1 January 2007, Nordicom has implemented IFRS 7, Financial Instruments: Disclosures, IAS 1 (as revised 2005), Presentation of Financial Statements, and IAS 32 (revised 2005), Financial Instruments: Presentation. Nordicom has also implemented IFRIC 7-10. The new accounting standards and interpretations have not affected the recognition and measurement, but have solely induced alterations in the submitted note disclosures. The comparative figures in the notes have been adapted accordingly.

Correction of errors in relation to previous years

In connection with an audit of the company's annual report for 2006, the Danish Securities Council has disagreed with the estimates included in relation to the time of recognition of two property purchases undertaken at the end of 2005. The company has taken note of the ruling, and the time of purchase of the two properties has accordingly been altered to the time of receipt of the final title deed. In concrete terms, this means that the purchase of the two sites originally recognised as investment properties in 2005, and the regulations at fair value undertaken on these, have been transferred in accounting terms from 2005 to 2006.

In connection with this, the company has reviewed all real estate transactions performed in 2005 and 2006 and found that one property was falsely recognised in the 2005 books, as it fails to comply with some of the

criteria stated by the Danish Securities Council in relation to recognition of the afore-mentioned property. Nordicom chose to change the accounts of this property and reverse the 2005 booked sales of the property.

In terms of amounts, the effects of the error may be specified as follows for the group:

DKK thousands	Equity 01.01.2006	Group Net profit for the year	Equity 31.12.2006
Amount pursuant to annual report for 2006	899,672	326,491	1,197,862
Result of alteration before tax	-153,212	131,812	-21,400
Taxation effect of the alteration	42,899	-36,907	5,992
Amount pursuant to annual report for 2007	783,367	421,396	1,182,454

Profit and loss statement, balance and result per share of 2007 have been affected as follows:

DKK thousands	Group 2006
Profits and loss statement	
Value creation through project development absorbed in the company portfolio	131,812
Gross result	131,812
Result on primary operations	131,812
Pre-tax result	131,812
Annual result before taxation	36,907
Annual result	94,905
Annual total income	94,905
Result per share	30,96
Diluted result per share	30,43
Balance	
Investment property	27,600
Amounts receivable	-60,000
Total assets	-32,400
Total owner's equity	-15,408
Total liabilities	-16,992

Profit and loss 1 January to 31 December

Amounts in DKK thousands	Group	
	2007	2006
Net turnover	755.051	919.439
Operating expenses	-536.287	-620.885
Value creation through business project development	80.798	241.383
Adjusted to net fair value	70.919	146.410
Realised revenues through sales of investment- and domicile property	99.499	33.809
Gross result	469.980	720.156
Personnel expenses	-34.850	-29.971
Other external expenses	-19.019	-27.831
Result of associated companies and joint ventures	1.430	4.768
Depreciation	-4.416	-3.179
Result of main activities	413.125	663.943
Financial income	13.918	8.514
Financial expenses	-134.926	-88.623
Result before tax	292.117	583.834
Tax on annual result	-34.940	-162.438
Annual result	257.177	421.396
Distribution of annual result		
Parent company's shareholders	256.879	421.414
Minority interests	298	-18
	257.177	421.396
Result per share	83,2	137,5
Diluted result per share	82,4	135,1

Balance as at 31 December

	Group	
Amounts in DKK thousands	2007	2006
ASSETS		
Long-term assets		
Intangible assets		
Rights	59	1.510
	59	1.510
Tangible assets		
Domicile property	62.372	43.007
Completed investment property	3.018.891	2.088.911
Investment property under development	1.686.377	1.651.519
Fixtures and operational equipment	8.730	6.005
	4.776.370	3.789.442
Financial assets		
Investments in associated companies and joint ventures	3.284	14.113
Receivables from associated companies and joint ventures	24.500	16.008
	27.784	30.121
Total long-term assets	4.804.213	3.821.073
Short-term assets		
Project portfolios	363.194	286.244
Investment property for sale	0	10.966
Receivables	37.291	95.387
Corporation tax	5.571	0
Receivables from associated companies and joint ventures	27.306	2.278
Prepayments	5.462	27.537
	75.630	125.202
Mortgage deeds and debt instruments	74.460	91.142
Liquid holdings	480.229	586.084
Total current assets	993.513	1.099.638
Total assets	5.797.726	4.920.711

Amounts in DKK thousands	Group	
	2007	2006
LIABILITIES		
Owner's equity		
Share capital	312.786	312.786
Foreign currency translation reserve	-1.402	-14
Properties revaluation reserve	753.314	625.891
Reserve for revaluation by the equity method	526	11.355
Retained earnings	276.763	191.791
Proposed dividend	43.790	40.662
Equity of the parent company's shareholders	1.385.777	1.182.471
Equity of minority interests	463	-17
Total equity	1.386.240	1.182.454
Liabilities		
Long-term liabilities		
Mortgage debt and long-term bank debt	2.370.703	1.422.639
Deferred tax	402.035	348.940
Deposits	31.773	23.782
	2.804.511	1.795.361
Short-term liabilities		
Short-term part of mortgage debt and long-term bank debt	95.654	35.724
Other credit institutions	1.308.431	1.696.760
Outstanding expenses on sold projects	27.253	40.300
Outstanding amounts, etc., property	42.736	39.001
Trade creditors	64.869	75.180
Corporation tax	0	6.682
Deposits	21.874	21.612
Other liabilities	46.158	27.637
	1.606.975	1.942.896
Total debt liabilities	4.411.486	3.738.257
Total liabilities	5.797.726	4.920.711

Equity statement

Group

Amounts in DKK thousands	Share capital	Foreign currency translation reserve	Properties revaluation reserve	Reserve for revaluation by the equity method	Retained earnings	Proposed dividend	Shareholder s' equity, parent company	Shareholder s' equity, minority interests	Total equity capital
Equity as of 1 January 2006	312.786	0	462.857	6.587	79.908	37.534	899.672	0	899.672
Correction of errors in relation to previous years					-110.313		-110.313		-110.313
Adjusted equity as of 1 January 2006	312.786	0	462.857	6.587	-30.405	37.534	789.359	0	789.359
Equity movements in 2006									
Total income for the year		-14	163.034	4.768	212.950	40.662	421.400	-18	421.382
Inclusion of share-based remuneration					3.477		3.477		3.477
Tax effect of share-based remuneration					9.723		9.723		9.723
Minority interests, additions and disposals							0	1	1
Distributed dividend						-37.534	-37.534		-37.534
Purchase of own shares					-4.466		-4.466		-4.466
Return on own shares					744		744		744
Other adjustments					-232		-232		-232
Equity movements in 2006, total	0	-14	163.034	4.768	222.196	3.128	393.112	-17	393.095
Equity as of 31 December 2006	312.786	-14	625.891	11.355	191.791	40.662	1.182.471	-17	1.182.454

Amounts in DKK thousands	Share capital	Foreign currency translation reserve	Properties revaluation reserve	Reserve for revaluation by the equity method	Retained earnings	Proposed dividend	Shareholder s' equity, parent company	Shareholder s' equity, minority interests	Total equity capital
Equity as of 1 January 2007	312.786	-14	625.891	11.355	191.791	40.662	1.182.471	-17	1.182.454
Equity movements in 2007									
Total income for the year		-1.388	127.423	1.430	84.236	43.790	255.491	298	255.789
Inclusion of share-based remuneration					2.051		2.051		2.051
Tax effect of share-based remuneration					-2.275		-2.275		-2.275
Minority interests, additions and disposals							0	182	182
Distributed dividend from ass. company				-12.259	12.259		0		0
Distributed dividend						-40.662	-40.662		-40.662
Purchase of own shares					-19.420		-19.420		-19.420
Sales of own shares					7.758		7.758		7.758
Return on own shares					361		361		361
Other adjustments					2		2		2
Equity movements in 2007, total	0	-1.388	127.423	-10.829	84.972	3.128	203.306	480	203.786
Equity as of 31 December 2007	312.786	-1.402	753.314	526	276.763	43.790	1.385.777	463	1.386.240

Cash flow statement

Amounts in DKK thousands	Group	
	2007	2006
Operating profit/loss (EBIT)	413.125	663.943
Adjustment of non-liquid operating items, etc.	-247.544	-421.654
Changes in operating capital	311.431	241.401
Cash flow from primary activities	477.012	483.690
Financial revenue, received	12.808	8.514
Financial expenses, paid	-190.231	-125.423
Corporation tax paid/received	3.628	-12.223
Total cash flows from operating activities	303.217	354.558
Cash flow from investment activities		
Investment and domicile properties, purchase	-1.173.998	-937.790
Investment and domicile properties, sales	191.600	167.641
Purchase of other tangible assets	-5.842	-2.701
Sale of other tangible assets	148	415
Returns from associated companies, received	12.259	0
Total cash flow from investment activities	-975.833	-772.435
Cash flow from financing activities		
Proceeds from long and short-term loans	1.126.511	1.429.495
Repayments on long and short-term loans	-507.944	-464.729
Distribution of dividends	-40.662	-37.534
Return on own shares	361	744
Contributions from minority interests	182	0
Purchase of own shares	-19.420	-4.466
Sales of own shares	7.758	0
Total cash flow from financing activities	566.786	923.510
Total cash flow for the year	-105.830	505.633
Cash as of 1 January	586.084	80.451
Exchange rate adjustment of cash in foreign companies	-25	0
Cash as of 31 December 2007	480.229	586.084