Preliminary announcement of 2006/07 annual financial results

TK Development A/S

Stock exchange announcement no. 2/2007

CVR 24256782

TK•development

Table of Contents

TK Development A/S

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Supervisory board
Poul Lauritsen
Torsten Erik Rasmussen
Per Søndergaard Pedersen
Kurt Daell
Jesper Jarlbæk

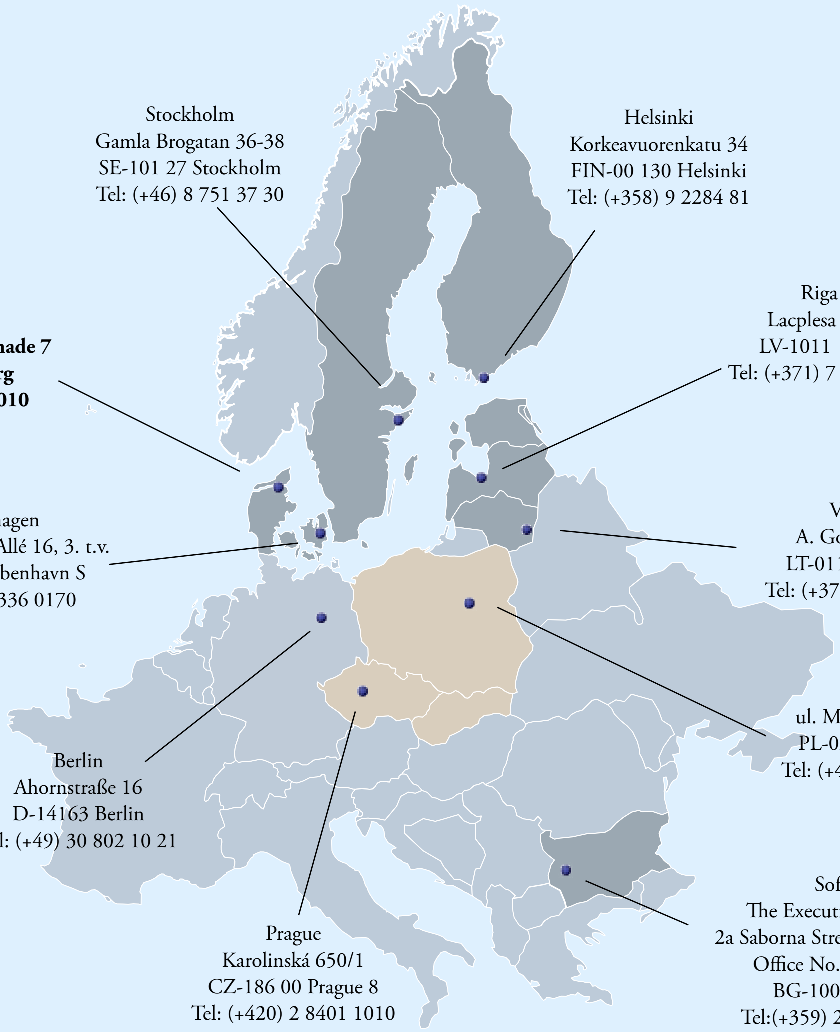
Executive board
Frede Clausen
Robert Andersen

80 %

Euro Mall Holding A/S
CVR 20114800

100 %

TKD Nordeuropa A/S
CVR 26681006



Summary

At a Supervisory Board meeting today, Wednesday, 25 April 2007, TK Development A/S considered and adopted the 2006/07 Annual Report.

- In the 2006/07 financial year, the TK Development Group recorded a profit of DKK 249.4 million after tax and minority interests, compared to DKK 28.3 million the year before.
- Management considers the profit for the year to be satisfactory.
- Consolidated equity totalled DKK 1,290.9 million at 31 January 2007, corresponding to a solvency ratio of 35.0 %. The balance sheet total was reduced by more than DKK 1.0 billion during the financial year, amounting to DKK 3,685.8 million at 31 January 2007.
- During the year under review, the Group sold completed properties for a total amount of about DKK 1.0 billion, thus strengthening focus on the Group's core business concept, development of real property.
- The Group's project portfolio grew to 1,161,000 m² and represents an increasing earnings potential.
- The Group has opened an office in Sofia to investigate the potential for developing shopping centres and retail parks in Bulgaria.
- The Group has launched its first housing project in Poland and is working on several other project opportunities in the Polish residential segment.
- A profit of at least DKK 240 million after tax and minority interests is anticipated for the 2007/08 financial year.

After the capital increase effected and as part of the capital restructuring, the Group has concentrated on various aspects of its business, for instance optimizing, maturing and selling completed projects, adapting the Group's business model so as to minimize risks (with special focus on the use of forward funding) and, finally, developing the Group's pipeline of projects.

Project portfolio

The earnings potential of the Group's project portfolio continues to grow. The main portfolio elements are set out below:

	31.01.05	31.01.06	31.01.07
Gross project portfolio (DKKm)	2,843	2,862	2,039
Of which, forward funding (DKKm)	191	638	590
Carrying amount of project portfolio (DKKm)	**2,652**	**2,224**	**1,449**
Development potential in ’000 m²:			
Sold projects (’000 m²)	242	289	351
Other projects (’000 m²)	778	720	810
Total project portfolio (’000 m²)	**1,020**	**1,009**	**1,161**
Number of projects	**90**	**90**	**94**

TK Development, the Parent Company

This part of the Group recorded a loss of DKK -49.8 million after tax, which Management considers unsatisfactory.

During the year under review, the Group sold its project in St. Petersburg, Russia, and the Słoneczne Centrum Handlowe shopping centre, Szczecin, in Poland, as well as the remaining 18 holiday units on the island of Usedom in Germany. In addition a property in Næstved, Denmark, was handed over to the investor.

Writedown of receivable from the Field's project

Management has reassessed the outstanding selling price receivable from the Field's project, which has resulted in a DKK 152.5 million writedown before tax in the 2006/07 financial year. The valuation is based on an overall settlement reached between the buyer and seller after the balance sheet date.

Value adjustment of the Group's German investment properties
In the year under review, the Group adjusted its German investment properties upwards by DKK 1.3 million before tax and minority interests.

TKD Nordeuropa
- continued strengthening of project portfolio

In the 2006/07 financial year, TKD Nordeuropa realized a profit after tax of DKK 104.3 million against DKK 6.0 million the year before.

Management considers the profit for the year to be satisfactory.

In the year under review, the Group placed heavy focus on improving the quality of its project portfolio. At the same time, several projects developed and completed in previous financial years were sold, the most important being the Kennedy Arcade, Aalborg, with a selling price of DKK 465 million. Moreover, the Group developed, sold and handed over a number of small and medium-sized projects during the financial year.

Project developments

The Entré multifunctional centre, Malmö, Sweden
The project was sold to CGI – Commerz Grundbesitz Investmentgesellschaft mbH in the year under review. The sale was based on forward funding and a return requirement of 6 %. The total price is expected to amount to about SEK 1.5 billion. Construction has started, and the current occupancy rate is 55 %.

Galerija Azur, Riga, Latvia
The construction of the Group's first shopping centre project in the Baltic States has been completed, and the centre opened on 24 August 2006. The centre has been sold to Meinl European Land Ltd. and is fully let.
In addition, the financial year saw the startup of a number of new projects, including a shopping centre in Frederikssund and a retail park in Albertslund, Denmark, several retail parks in Sweden and a combined retail and office project in Vilnius, Lithuania.

Euro Mall Holding
- highly satisfactory year

Euro Mall Holding continued the positive development of the preceding year. The profit after tax amounted to DKK 243.9 million, against DKK 247.5 million the year before.

Management considers the profit for the year to be highly satisfactory.

The project contributing most to the profit for the year is Šestka Shopping Centre in Prague, the Czech Republic, which opened in November 2006 and was sold to Europolis. Moreover, Euro Mall Holding initiated and sold a number of projects in the past financial year that will generate earnings in subsequent financial years, and also completed the sale of land.

In addition, Euro Mall Holding's investment properties were adjusted upwards by DKK 109.7 million before tax and minority interests owing to the sale of Plejada Shopping Centre, Sosnowiec, Poland, as well as continued price increases in Central Europe.

The Euro Mall Holding subgroup recorded satisfactory development in its project portfolio in the year under review.

Project developments

Galeria Biala, Bialystok, Poland

This project is being developed in a joint venture with Meinl European Land Ltd., which will also hold a long-term investment in the project. Construction has started, and the centre is scheduled for completion in autumn 2007. The current occupancy rate is 98 %.

Plejada Shopping Centre, Sosnowiec, Poland

In the year under review, this project was sold and handed over to a company owned by the UK property investment company, St. Martins Property Corporation Limited. The sale was based on a 6.75 % rate of return for the investor. Moreover, TK Development is developing an extension of the centre, also sold to an investor on the basis of a 6.75 % rate of return, based on forward funding. Construction has started and is scheduled for completion in autumn 2007.

Targówek retail park, Warsaw, Poland

Construction of this 24,400 m² retail park started in autumn 2006 and is expected to be completed in autumn 2007. In the year under review, the project was sold to Credit Suisse Asset Management Immobilien Kapitalanlagegesellschaft mbH at a 7 % rate of return, based on forward funding. The current occupancy rate is 84 %.

Multifunctional centre, Gdansk "Young City", Poland

Together with Meinl European Land Ltd., Euro Mall Holding has entered into an agreement with the Baltic Property Trust Group regarding the acquisition of a plot of land for the construction of an 84,000 m² multifunctional centre, comprising retail, restaurant and leisure facilities, as well as office and residential space. Construction is scheduled to start at the end of 2007, with the centre opening planned for the end of 2009. In addition, the parties have signed a letter of intent regarding the development of a further 100,000 m² in the area.

The financial year also saw the startup of a range of new projects, including shopping centres in Tarnow and Nowy Sacz in Poland, a retail park in Liberec, the Czech Republic, and a shopping centre in Kolin, the Czech Republic.

Bulgaria

The Group has opened an office in Sofia to investigate the potential for developing shopping centres and retail parks in Bulgaria. At present, the Group is establishing new contacts among potential tenants and investigating possible locations in major towns and cities.

Charges brought by the public prosecutor for serious economic crime

In the autumn of 2005, TK Development A/S and six individuals were charged by the public prosecutor for serious economic crime with fraudulent income recognition and price manipulation concerning periods covering the 2000/01, 2001/02, 2002/03 and 2003/04 financial years. The charge relates to a total of 29 projects. Management still believes that the charges brought are based on misconceptions concerning the Group's accounting policies.

In addition, charges have now been brought against two of the Company's former auditors because, according to the public prosecutor for serious economic crime, the conditions for the Group's use of the percentage of completion method for the relevant financial years had not been met.

The matters covered by the charges have no impact on the Company's current financial position.

Change to composition of the Supervisory Board

The Supervisory Board recommends to the Annual General Meeting that Niels Roth, who is also the Deputy Chairman of the Supervisory Board of TK Development's subsidiary, TKD Nordeuropa A/S, become a member of the Supervisory Board.

Outlook

A profit after tax and minority interests of at least DKK 240 million is anticipated for the 2007/08 financial year. This profit estimate is based on the following assumptions:

- A sustained favourable market outlook for the Northern and Central European markets, where the Group's most important segment, the retail segment, is enjoying growth generated by the retail chains' ongoing expansive drive, coupled with strong investor demand for new projects.
- A good pipeline of projects, to be kept at a level of 1,100,000 m², which corresponds to three to four years' activity at the current level.

This announcement of annual financial results is available at the TK Development Group's website:
www.tk-development.dk

Any questions relating to this preliminary announcement of 2006/07 annual financial results may be directed to Frede Clausen, President and CEO, on telephone no. 88 96 10 10.

Consolidated financial highlights and key ratios	Danish GAAP (Percentage of completion method)		IFRS (Completed contract method)		
(DKK million)	2002/03	2003/04	2004/05 *)	2005/06 *)	2006/07
Financial highlights:					
Net revenue	1,016.5	1,557.2	2,131.8	1,623.3	2,719.1
Value adjustment, investment properties	0.0	0.0	8.4	157.1	111.0
Gross profit/loss	-109.2	-624.0	413.0	379.0	623.9
Profit/loss from ordinary activities before financing	-313.0	-847.5	253.0	224.9	462.5
Financing, etc.	-120.9	-166.1	-158.0	-177.7	-126.3
Profit/loss before tax	-433.9	-1,013.7	94.4	44.6	335.7
Consolidated profit/loss	-336.5	-850.2	81.6	72.6	298.5
Shareholders' share of profit/loss for the year	-343.2	-722.8	33.1	28.3	249.4
Balance sheet total	7,567.3	6,762.6	5,291.2	4,739.1	3,685.8
Property, plant and equipment	56.6	794.1	628.0	787.2	551.7
of which investment properties	0.0	648.0	598.7	761.6	533.7
Total project portfolio	5,630.8	4,978.0	2,715.0	2,260.4	1,491.1
Projects sold	2,391.5	2,985.9	-	-	-
Other projects	3,239.3	1,992.1	-	-	-
Equity excl. minority interests	1,435.1	574.1	310.8	899.1	1,153.7
Equity	1,477.9	579.6	343.7	986.7	1,290.9
Total capital resources**	2,188.8	1,237.8	1,122.5	1,493.5	1,290.9
Cash flows from operating activities	-765.3	-959.6	1,507.5	506.1	1,219.9
Net interest-bearing debt, end of year	4,087.1	5,093.3	3,603.7	2,577.9	1,125.1
Key ratios:					
Return on equity (ROE)	-20.7%	-72.0%	11.2%	8.5%	24.3%
Earnings before interest and tax (EBIT margin)	-30.8%	-54.4%	11.9%	13.9%	17.0%
Solvency ratio (based on equity)	19.0%	8.5%	6.5%	20.8%	35.0%
Solvency ratio (based on capital resources)	28.9%	18.3%	21.2%	31.5%	35.0%
Equity value (nom. DKK 20)	102.3	40.9	22.2	32.1	41.1
Earnings per share (EPS-D) of nom. DKK 20	-24.5	-51.6	2.3	2.0	8.9
Dividend (in DKK per share)	0.0	0.0	0.0	0.0	0.0
Listed price of shares (nom. DKK 20)	36	23	34	57	82
Key ratios adjusted for the issue of convertible bonds:					
Return on equity (ROE)	-19.4%	-65.3%	11.2%	8.5%	24.3%
Solvency ratio (based on equity)	20.3%	10.0%	6.5%	20.8%	35.0%
Solvency ratio (based on capital resources)	28.9%	18.3%	21.2%	31.5%	35.0%
Equity value (nom. DKK 20)	105.0	46.1	22.2	32.1	41.1
Earnings per share (EPS-D) of nom. DKK 20	-23.3	-49.3	2.3	2.0	8.9

The calculation of key ratios was based on the guidelines issued by the Danish Society of Financial Analysts. Basis for calculating solvency ratio: equity at year-end/liabilities at year-end.

From fiscal year-end 2005/06 and forward the accounting principles are in accordance with International Financial Reporting Standards (IFRS) The key ratios for 2004/05 has been changed accordingly.

*) In the 2006/07 financial year, the accounting policies were changed in accordance with IAS 21. The comparative figures for 2004/05 and 2005/06 were changed correspondingly.

**) According to IFRS, total capital resources include minority interests for 2004/05, 2005/06 and 2006/07.

Business concept

Company history

The TK Development Group develops and operates real property, in Denmark and internationally, within a number of specific segments. The activities primarily include the establishment of shopping centres, superstores and corporate headquarters, but also housing in Central Europe, initially Poland.

Headquartered in Aalborg, Denmark, the Group has offices in Copenhagen, Berlin, Warsaw, Prague, Stockholm, Helsinki, Vilnius, Riga and Sofia.

The Group began operations in 1960. Throughout the first 25 years, its activities mainly comprised trading in building sites for holiday homes and construction of holiday homes as such. In the late 1980s, the then Thorkild Kristensen A/S company expanded its activities to include the development of shopping centres and superstores in Denmark. Two years after Thorkild Kristensen A/S was listed in 1991, the company merged with TK Ejendomsinvest A/S to form TK Development A/S.

In the early 1990s, the Group expanded into Germany and later into Central Europe. The Group collaborated with the Investment Fund for Central and Eastern Europe to establish companies that launched activities in Poland in 1994 and in the Czech Republic in 1997. In Northern Europe, activities were expanded to include the Swedish market in 1997. After setting up a branch in Finland in 1999, the Group probed into the Baltic States in 2001. During the 1990s, the Group experienced strong growth based on its expansion of activities into eight countries in Northern and Central Europe. Today, the Group's activities also comprise centre management operations through Euro Mall Holding's 33% interest in a company whose principal activity, via subsidiaries in Poland, the Czech Republic and Slovakia, is centre management. Centre management operations include letting, marketing and operations and financial management of shopping centres.

In the 2002/03 and 2003/04 financial years, the Group recognized substantial losses as a result, among other things, of major writedowns on a number of projects, particularly in Central Europe and mainly because of the macroeconomic conditions prevailing in that region. The strain on the Group's cash resources forced it to reduce its balance sheet, including by shelving projects already initiated.

With effect from 1 February 2004, the Group completed a restructuring that pivots on the two subgroups, Euro Mall Holding comprising Central European activities, and TKD Nordeuropa comprising Northern European activities. The working capital was boosted by the issue of a listed bond loan. In January 2006, the Group implemented a rights issue to strengthen its financial platform and reinforce its liquidity for the purpose of repaying subordinated bond loans. In November and December 2006, the Group repaid the listed, subordinated bond loans, and has thus implemented the reconstruction as planned.

Together with cost savings, the capital restructuring was the first decisive phase in the overall turnaround experienced by the Group in the past three years.

The second phase consisted of optimizing and maturing completed projects and subsequently re-selling them, a process that has resulted in major asset sales to the tune of DKK 1.5 billion in the past two years. This has considerably reduced the balance sheet total and interest-bearing debt, while releasing working capital for new and future projects. At the same time, this phase contributed to strengthening the focus on the Group's core business, the development of real property.

In the third phase, the Group adapted its business concept so as to minimize risks. This was done by using forward funding, which means that investors buy and take over the projects at a relatively early stage, typically when the building permit is granted. At this stage, the investor pays for the site and design, with successive payments being made as the project is completed. This reduces the amount of capital tied up in the Group's projects and substantially optimizes the use of capital, while securing a stronger commitment from the investor at an early phase of the project. The aim is for such forward funding to be used for the majority of the Group's projects.

The fourth phase consisted of maintaining and expanding the Group's pipeline of projects. In this connection, it is vital to uphold a continuous flow of projects to ensure a continuous, good level of earnings, as it takes a certain length of time to prepare and generate new projects before construction can start. During the period from 2003 to 2005, the Group accorded higher priority to developing and completing existing projects than on creating new ones, which impacted on the pipeline of projects. In the past year, the Group re-intensified the development of new projects, a strategy that is reflected in a growing project pipeline.

The two first phases have been implemented and the implementation of the last two is well underway. Against this background the Group has also launched a fifth phase, with the focus on growth. Thus, the Group has generated growth on existing markets but within new segments, in the form of retail parks on the Central European markets and housing on the Polish market.

As a consequence, the Group has a strong capital base today, with a solvency ratio of around 35 %. Combined with the Group's project portfolio, where the earnings potential remains at a satisfactorily high level, this helps underpin future earnings projections.

With the establishment of an office in Sofia in spring 2007, the Group has also begun sounding out the Bulgarian market to investigate the potential for developing shopping centres and retail parks.

Mission statement and strategy

Mission statement

The overall mission of the TK Development Group is to create value through the development of real property.

The Group is a development and service enterprise specializing in being the productive and creative liaison between tenants and investors.

Strategy

In collaboration with tenants and investors, the TK Development Group plans and arranges the construction of new buildings, expansion and conversion of real property based on tenant needs and investor requirements. The Group is in charge of the projects, including construction management and signing of contracts with construction companies and subcontractors for the performance of construction assignments.

In terms of segments, the Group focuses on the establishment of shopping centres, superstores and corporate headquarters and related mixed and multifunctional projects as well as housing in Central Europe.

The retail segment will remain the Group's most important segment in the years ahead based on continued expansion of its already extensive network of contacts. In Denmark, the Group's focus will remain on office projects, primarily large corporate headquarters.

The Group owns a number of investment properties for letting purposes. The Group monitors the market situation on an ongoing basis with a view to selling its investment properties. The Group does not intend to acquire further investment properties, but to use its capital for development projects instead.

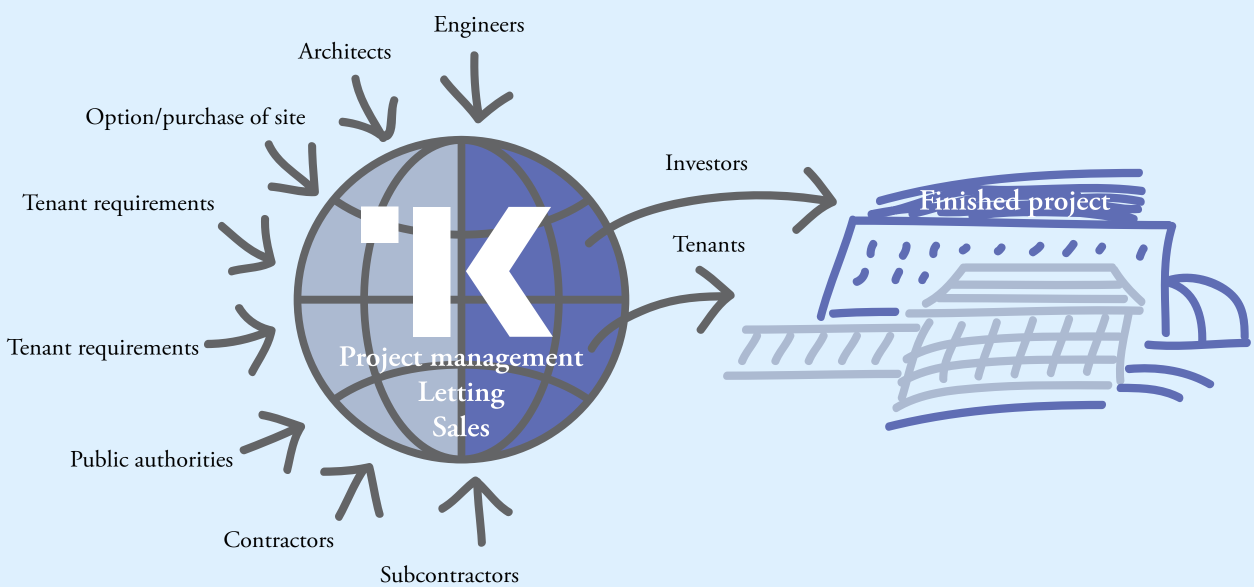
Project development

The Group has strong networks forged on the basis of longstanding, close business relationships with tenants and investors, and regularly enters into contracts with these business partners.

The Group is predominantly a service provider and has specialized in being a productive and creative liaison between tenants, investors, architects, construction companies and other business partners.

A typical project includes the following phases:

- Prime geographic locations are identified and selected on the basis of tenant needs and investor requirements as to specific sitings.
- A rough budget is prepared.
- As a general principle, the acquisition of the selected area is secured by an option to buy.
- Independent architects prepare a conceptual design.
- The Group's project engineers review the construction costs indicated in the project proposal.
- The final budget is prepared and submitted for approval by Management.
- Leases are signed with the project's future tenants. An agreement for the sale of the project to one or more investors is often signed at this point.
- Contracts are signed with construction companies and subcontractors for completion of the construction process.
- The Group's project engineers are in charge of construction management while the project is being carried out.
- The sales department seeks to sell/let any projects that have not been sold or fully let to investors or tenants throughout all project phases.



Project and risk management

New projects are initiated on the basis of an overall assessment of their earnings potential, balance sheet impact and impact on cash resources relative to the specific risks attaching to the individual project. The Group works with both short-term and long-term cash budgets to ensure sufficient funds relative to the Group's day-to-day operations and compliance with covenants in respect of the Group's credit-granting bankers and other stakeholders.

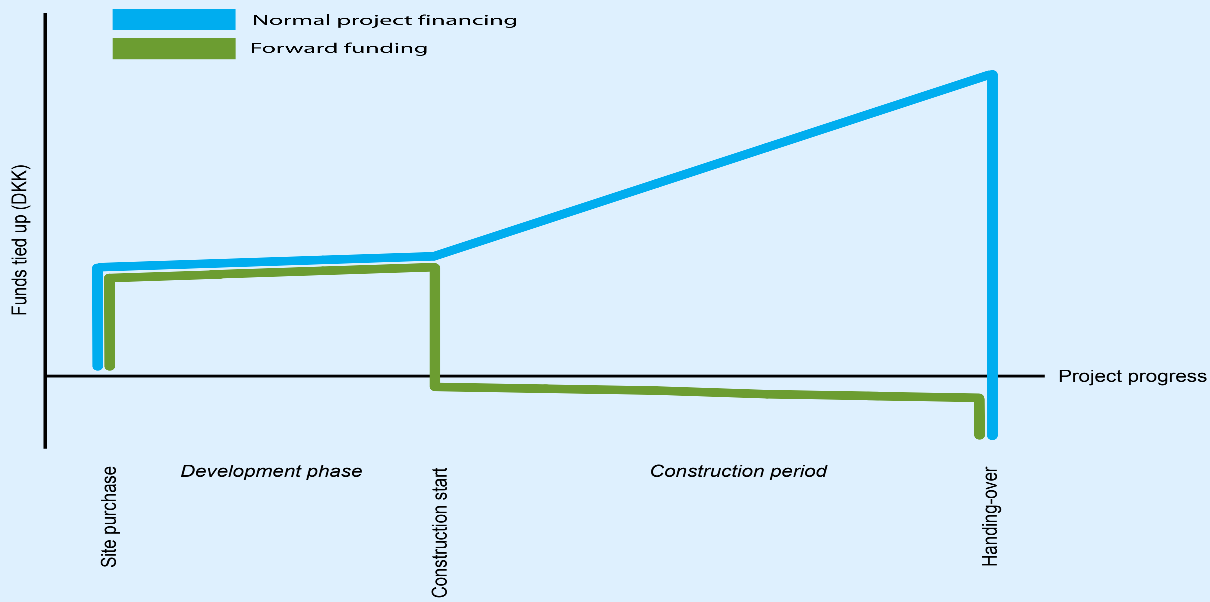
A number of management tools contribute to ensuring a satisfactory project process. Construction is typically not initiated until at least 60 % of a project is let or sold. If the project is sold, construction will not be initiated until the Group expects to be able to meet such requirements from the investor as would finalize the project sale. Meeting these requirements typically falls within the Group's sphere of competencies. Careful project management and follow-up are essential factors of any project, and liquidity statements are prepared on a regular basis at both project and group levels.

The Group emphasizes that project location, regulatory matters, pre-letting, construction matters and market conditions should combine to limit the complexity of and thus the risk attaching to the projects.

In general, the Group aims to secure the sale of projects at an early stage, and Management believes it is important to expand investor commitment by having the investors fund the project during the construction process (forward funding) where possible. Forward funding agreements with investors are usually made before construction startup, which means that the investor's payments on account during the construction period coincide with the payments to be made to TK Development's contractors.

The criteria for using forward funding are based on several important principles, including to keep the funds tied up in the Group's projects at an absolute minimum, which also mi-

The diagram below illustrates the Group's funds tied up in projects, both in a normal project scenario and a forward funding scenario.



nimizes the risk. Before construction starts, the investor and TK Development come to an agreement on a well-defined project, and the investor remains involved throughout the construction period, being consulted on all major decisions. These principles ensure that from construction startup, TK Development's risk in the project is mostly limited to the letting risk attaching to any remaining unlet premises and the risk of construction budget overruns.

Management's review

Fiscial year 2006/07

The profit for the 2006/07 financial year amounts to DKK 249.4 million after tax and minority interests, compared to DKK 28.3 million the year before. The balance sheet total amounted to DKK 3,685.8 million at 31 January 2007, a decline of DKK 1,053.3 million, or 22.2 %, compared to 31 January 2006. Consolidated equity totalled DKK 1,290.9 million at 31 January 2007. The solvency ratio amounts to 35.0 %.

The profit for the year meets the previously announced profit forecast, and Management considers this performance satisfactory.

During the year under review, the Group's targeted efforts to optimize, mature and sell completed projects resulted in the sale of completed properties for a total amount of about DKK 1.0 billion. In addition, the use of forward funding remained a key focus, and the Group succeeded in obtaining forward funding for about 95 % of the projects for which sales agreements were completed in the past financial year. Finally, the Group focused on developing its pipeline of projects. Thus, the quality of the Group's project portfolio has improved further, and the earnings potential of the project portfolio continues to climb.

The Group has launched a growth phase, expanding existing markets with new segments in the form of retail parks on the Central European markets and housing in Poland, as well as establishing an office in Bulgaria.

In the past financial year, the Group started up a whole range of new projects in Northern and Central Europe, including shopping centres, retail parks and combined projects. These projects are described in more detail under the individual business units.

Markets and business units

The TK Development Group has business activities in two geographic segments, Northern and Central Europe. Net revenue highlights are shown by segment below.

The Group's markets recorded satisfactory economic growth, as described in more detail under the respective business units, and thus the outlook for the future is positive.

Bulgaria

The Group has opened an office in Sofia to investigate the potential for developing shopping centres and retail parks in Bulgaria. At present, the Group is establishing new contacts among potential tenants and investigating possible locations in major towns and cities. The Group expects to acquire the land for its first project in Bulgaria in the 2007/08 financial year, and the expansion of the Group's geographic segment to include Bulgaria helps underpin the expectations for Group earnings in the somewhat longer term.

Net revenue highlights by segment:

Net revenue by geographic segment	Danish GAAP (Percentage of completion method)		IFRS (Completed contract method)		
(DKKm)	**2002/03**	**2003/04**	**2004/05**	**2005/06**	**2006/07**
Geographic segments:					
Northern Europe	1,314.5	1,623.8	1,342.4	931.6	1,953.8
Central Europe	-298.0	-66.6	789.4	691.7	765.3
Total	**1,016.5**	**1,557.2**	**2,131.8**	**1,623.3**	**2,719.1**

The diagram below shows economic indicators for Bulgaria, which support Management's assessment of the growth prospects in this market.

Bulgaria – startup in 2007	2006	2007e	2008e
GDP (real growth)	5.9 %	5.8 %	5.7 %
Private consumption (real growth)	6.6 %	6.1 %	5.1 %

Source: Danske Bank, April 2007

For a more detailed description of the outlook for each of the individual business units, please see pages 19 and 31 in this present preliminary announcement of annual financial results.

The Group's project portfolio

Project portfolio status

At 31 January 2007, the Group's project portfolio represented a total of about 1,161,000 m², of which 351,000 m² is attributable to sold projects and the remaining 810,000 m² is attributable to other projects. Other projects consist of 456,000 m² in TKD Nordeuropa, 338,000 m² in Euro Mall Holding and 16,000 m² in TK Development A/S, the Parent Company. The Group's project portfolio totalled 1,009,000 m² at 31 January 2006.

The main elements of the Group's project portfolio are set out below:

	31 Jan. 05	31 Jan. 06	31 Jan. 07
Gross project portfolio (DKKm)	2,843	2,862	2,039
Of which, forward funding (DKKm)	191	638	590
Carrying amount of project portfolio (DKKm)	**2,652**	**2,224**	**1,449**
Development potential in '000 m²:			
Sold projects ('000 m²)	242	289	351
Other projects ('000 m²)	778	720	810
Total project portfolio ('000 m²)	**1,020**	**1,009**	**1,161**
Number of projects	**90**	**90**	**94**

The table below shows the distribution of the carrying amount of the projects in the portfolio at 31 January 2007, for the Company and the two subgroups. The projects are divided into sold and unsold at 31 January 2007 and sub-divided into completed, in progress and not initiated.

Projects at 31 January 2007 (DKKm)	TKD Nordeuropa *)	Euro Mall Holding	TK Development, Parent Company *)	Group, total	Per cent of total
Sold					
Completed	0	0	0	0	0.0 %
In progress	501	22	0	523	36.1 %
Not initiated	46	32	0	78	5.4 %
Total	**547**	**54**	**0**	**601**	**41.5 %**
Unsold					
Completed	145	0	35	180	12.4 %
In progress	113	0	0	113	7.8 %
Not initiated	196	342	17	555	38.3%
Total	**454**	**342**	**52**	**848**	**58.5 %**
Total project portfolio	**1,001**	**396**	**52**	**1,449**	**100.0 %**

**) adjusted for intercompany eliminations*

The table below shows the square meters of the project portfolio broken down in the same manner as in the table above.

Projects at 31 January 2007	TKD Nordeuropa	Euro Mall Holding	TK Development, Parent Company	Group, total	
Projekter (m² ('000))					Per cent of total
Sold					
Completed	0	0	0	0	0.0 %
In progress	117	90	0	207	17.8 %
Not initiated	18	126	0	144	12.4 %
Total	**135**	**216**	**0**	**351**	**30.2 %**
Unsold					
Completed	12	0	2	14	1.2 %
In progress	42	0	0	42	3.6 %
Not initiated	402	338	14	754	65.0 %
Total	**456**	**338**	**16**	**810**	**69.8 %**
Total project portfolio	**591**	**554**	**16**	**1,161**	**100.0 %**

The development at group level is outlined below (DKKm):

DKK mio.			
Sold	**31 Jan. 2005**	**31 Jan. 2006**	**31 Jan. 2007**
Completed	126	185	0
In progress	97	350	523
Not initiated	337	78	78
Total	**560**	**613**	**601**
Unsold			
Completed	1,037	643	180
In progress	242	88	113
Not initiated	813	880	555
Total	**2,092**	**1,611**	**848**
Total project portfolio	**2,652**	**2,224**	**1,449**
Number of projects	**90**	**90**	**94**
Forward funding	191	638	590
In % of gross carrying amount of sold projects	25.4 %	51.0 %	49.5 %

The development at group level is outlined below (m²(000)):

Projects (1.000 m²)			
Sold	**31 Jan. 2005**	**31 Jan. 2006**	**31 Jan. 2007**
Completed	14	21	0
In progress	98	188	207
Not initiated	130	80	144
Total	**242**	**289**	**351**
Unsold			
Completed	83	58	14
In progress	51	30	42
Not initiated	644	632	754
Total	**778**	**720**	**810**
Total project portfolio	**1,020**	**1,009**	**1,161**

Over a period of time, the Group has succeeded in reducing the carrying amount of the project portfolio by means of forward funding. At 31 January 2007, forward funding represented 49.5 % of the gross carrying amount of sold projects. As appears from the figures, a number of completed projects were sold during the period, while the value of sold projects in progress increased substantially.

A more detailed description of all major projects appears from the section concerning the project portfolio under each of the individual business units.

Outlook

A profit after tax and minority interests of at least DKK 240 million is anticipated for the TK Development Group for the 2007/08 financial year. This profit estimate is based on the following assumptions:

- A sustained favourable market outlook for the Northern and Central European markets, where the Group's most important segment, the retail segment, is enjoying growth generated by the retail chains' ongoing expansive drive, coupled with strong investor demand for new projects.
- A good pipeline of projects, to be kept at a level of 1,100,000 m², which corresponds to three to four years' activity at the current level.

This outlook is supported by the planned completion of a number of sold projects in progress during the current financial year.

TK Development, the Parent Company

TK Development, the Parent Company, is a holding company for TKD Nordeuropa and Euro Mall Holding. Moreover, this part of the Group owns the receivable from the Field's project, the projects in Germany and Russia and a few other assets.

The year's results for this part of the Group constitute a loss of DKK -49.8 million after tax. Management considers the performance in this part of the Group unsatisfactory.

Writedown of receivable from the Field's project

Management has reassessed the outstanding selling price receivable from the Field's project, which has resulted in a total DKK 152.5 million writedown before tax in the 2006/07 financial year. The valuation is based on an overall settlement with the buyer that has been negotiated in light of all the opportunities and risks relating to the project. This settlement, which was reached after the balance sheet date, results in a writedown of the outstanding receivable of DKK 42.5 million in the second half of 2006/07.

The issues negotiated include the value of the revenue-driven rent realized for the period from 1 March 2006 to 28 February 2007, the value of vacant tenancies and risks associated with vacancies, introductory schemes for tenants, exercising the phase II development option and the contingent liability relating to the establishment of additional parking facilities.

The total receivable will be paid before the end of April 2007, after which there will be no further outstanding accounts with the buyer concerning Field's.

Value adjustment of the Group's German investment properties

The Group's investment properties in Germany consist of commercial and residential rental properties, all situated on the outskirts of Berlin, apart from a property in Lüdenscheid. The value of these properties aggregated DKK 229.5 million at 31 January 2007. A value adjustment was made in the 2006/07 financial year in light of the improved letting situation. The value adjustment amounts to DKK 1.3 million, impacting on the year's profit before tax and minority interests. The value adjustment is based on a 6 % rate of return, calculated on the basis of a discounted cash-flow model. The properties are almost fully let.

Current assets

At the beginning of the year, the project portfolio in this part of the Group consisted of plots of land and holiday units in

Germany, rental properties in Russia, a minor shopping centre in Szczecin, Poland, and a few other assets. The letting of TK Development A/S' projects in Russia and Germany has proceeded satisfactorily.

Germany

During the year under review, TK Development sold and handed over the remaining 18 holiday units on the island of Usedom in northern Germany. Following the sale of these holiday units, the Group's project portfolio in Germany consists of four plots of land, and the sale of one of these plots is currently being negotiated.

Russia

The Group's housing project near the Summer Palace in St. Petersburg was sold and handed over to a Swedish investor in the past financial year. Thus, the remaining project portfolio in Russia consists of a housing project in Moscow, comprising 11 Scandinavian-style detached single-family dwellings.

Poland

In September 2006, the Group sold a 4,500 m² shopping centre in Szczecin, Poland, to a UK investor after owning it for a number of years.

In addition a property in Næstved, Denmark, was handed over to the investor.

The investment properties of TK Development A/S, the Parent Company, are described in the section on investment properties below.

TKD Nordeuropa

The Group's activities in Northern Europe are placed in the wholly-owned subgroup TKD Nordeuropa.

TKD Nordeuropa primarily operates in the retail property (shopping centres and retail parks), office property and multifunctional project segments.

In the 2006/07 financial year, TKD Nordeuropa realized a profit after tax of DKK 104.3 million against DKK 6.0 million the year before.

Management considers the profit for the year to be satisfactory.

The gross margin amounts to DKK 311.7 million against DKK 164.4 million the year before. TKD Nordeuropa recorded a satisfactory development in its project portfolio during the 2006/07 financial year.

In the year under review, the Group placed heavy focus on improving the quality of its project portfolio. At the same time, several projects that had been developed and completed in previous financial years were sold and handed over, including CMC Vandtårnsvej in Copenhagen, the remaining retail premises of the Daells project in Copenhagen as well as the Kennedy Arcade in Aalborg. Moreover, the Group developed, sold and handed over a number of small and medium-sized projects during the financial year.

Major projects contributing to the profit for the year include the following:

The Kennedy Arcade, Aalborg, Denmark

The Kennedy Arcade was completed as a multifunctional centre in spring 2004, consisting of a traffic terminal, multi-storey car park, cinema, offices and a shopping centre, with a total floor space of about 34,000 m². The cinema section of about 4,500 m² was sold in a previous financial year. The rest of the Kennedy Arcade was sold to Aberdeen Property Investors for a total price of DKK 465 million in the past financial year.

CMC, Vandtårnsvej, Copenhagen, Denmark

Through a 50/50 owned development company, TK Development and Nordkranen A/S sold this 8,300 m² property, which is rented by CMC Biopharmaceuticals A/S. The investor is a Luxemburg fund consisting of institutional investors, and is managed by Aberdeen Property Investors. The total selling price amounts to DKK 182.0 million.

Daells, Copenhagen, Denmark

Untenanted retail premises of about 6,400 m² in the converted former Daells Varehus department store were sold to a private investor in the past financial year.

AaB College, Hadsundvej, Aalborg, Denmark

Part of the area at Hadsundvej, Aalborg, has been sold to Aalborg Boldspilklub A/S for the purpose of developing a sports college with course and conference facilities as well as student accommodation. The total project has a floor space of about 15,000 m², to be handed over in phases. The first phase of 6,610 m² has been handed over to AaB.

KMD corporate headquarters, Stuhrs Brygge, Aalborg, Denmark

In autumn 2006, the Group handed over a 26,000 m² corporate headquarters property to KMD (Kommunedata).

Retail park, Barkarby, Sweden

In July 2006, the Group handed over the first of a total of four phases to the investor. The first phase consists of about 4,000 m² and is rented by Jula and Färgtema. In autumn 2006, two additional phases, covering a total of 13,450 m², were handed over to the tenants, Intersport, Asko, Mio and Pay C. The investor taking over the entire project is the German investment fund Commerz Grundbesitz Spezialfondsgesellschaft mbH.

Retail park, Kristianstad, Sweden

This project consists of a 3,100 m² retail park. The first phase has been let to Intersport and the second to Pay C. Both phases were completed and handed over to private investors in the year under review.

Galerija Azur, Riga, Latvia

The construction of the Group's first shopping centre project in Riga, Latvia, covering 21,000 m², was completed in the past financial year, and the centre opened on 24 August 2006. The centre has been sold to Meinl European Land Ltd., and all premises are fully let.

The Entré multifunctional centre, Malmö, Sweden

The development site for the Entré multifunctional centre was sold and handed over to the investor in the past financial year. The profit on this sale was recognized in the profit for the year.

Markets

Geographically, TKD Nordeuropa's activities are broken down on four core markets: Denmark, Sweden, Finland and

TKD Nordeuropa has activities within the following segments in the individual markets:

	Shopping centres	Stores/Superstores	High-street property	Offices	Segment mix	Residential
Denmark	●	●	●	●	●	●
Sweden	●	●			●	
Finland	●	●				
Baltic States	●	●		●	●	●

the Baltic States. TKD Nordeuropa has activities in the individual markets within various segments, as shown by the table below.

TKD Nordeuropa constantly seeks to be at the forefront of market developments in order to adapt the choice of projects to letting and selling prospects.

The rate of return, and consequently the net return required by investors from their property investments, has declined in recent years in all of the markets discussed. The decline in investor return requirements leads to better prices for the Group when negotiating the sale of projects, thereby supporting the Group's earnings estimate.

TKD Nordeuropa's outlook for the individual markets and the resulting segment focus are discussed briefly below.

Denmark

The business activities in Denmark are expected to account for about 50 % of TKD Nordeuropa's total activities over the next three years, and the focus will be on all three segments: retail units, offices and multifunctional projects.

In Denmark, retail tenancies normally generate net returns ranging from 4.5 % to 6.5 % p.a., whereas office tenancies typically generate net returns at the level of 5.0 % to 7.0 % p.a. (Source: Jones Lang Lasalle - Nordic City Report Spring 2007).

Management has strong expectations particularly for the retail segment, supported by expectations of relatively low inflation, low unemployment and good purchasing power. These expectations are reinforced by Management's assessment that Danish supermarket and retail chains are struggling to gain market shares and generate growth, leading them to focus on new and central locations. As a result, retail parks and multifunctional projects are expected to prosper.

Denmark – startup in 1989	2006	2007e	2008e
GDP (real growth)	3.3 %	2.3 %	1.6 %
Private consumption (real growth)	3.2 %	2.3 %	1.5 %

Source: Danske Bank, April 2007

The office market signals renewed optimism, and attractive sites are able to attract tenants and investors alike. In most cases, the Group holds attractive locations, which are typically in waterfront areas, through partnerships, and it expects to create attractive projects on this basis in the next couple of years. Examples of such projects include the Group's locations at Amerika Plads in Copenhagen and Stuhrs Brygge in Aalborg.

Sweden

The business activities in Sweden are expected to remain focused on the retail segment. Growth in Sweden is relatively strong, and owing to the expansion in retail facilities in Sweden, particularly in the superstore segment, Sweden remains an attractive market for this type of projects. In Sweden, retail tenancies normally generate net returns ranging from 4.5 % to 6.5 % p.a. (Source: Jones Lang Lasalle - Nordic City Report Spring 2007).

Sweden – startup in 1997	2006	2007e	2008e
GDP (real growth)	4.2 %	2.8 %	2.4 %
Private consumption (real growth)	2.9 %	4.7 %	3.8 %

Source: Danske Bank, April 2007

Finland

Since its establishment in Finland in 1999, the Group has developed several retail parks. The Group expects to remain focused on the retail segment with superstores and a few major projects. In Finland, retail tenancies normally generate returns ranging from 5.5 % to 7.5 % p.a. (Source: Jones Lang Lasalle - Nordic City Report Spring 2007).

Encouraged by the optimism on the Finnish market due to

Selected projects that contribute to the profit for the year.

Corporate headquarters for KMD, Aalborg, Denmark
At end-2006, the 26,000 m² corporate headquarters building was handed over to KMD (Kommunedata).

CMC, Vandtårnsvej, Copenhagen, Denmark
This 8,300 m² project has been sold and handed over to a Luxemburg fund.

The Kennedy Arcade, Aalborg, Denmark
This 29,000 m² project, exclusive of the cinema section, was sold and handed over to Aberdeen Property Investors in the past financial year.

Galerija Azur, Riga, Latvia
The construction of the Group's first shopping centre project in Riga, Latvia, covering about 21,000 m², was completed in the past financial year. The centre has been sold to Meinl European Land Ltd.

The Entré multifunctional centre, Malmö, Sweden
The development site of about 39,500 m^2 for this multifunctional centre was sold and handed over to the investor in the past financial year.

Retail park, Barkarby, Sweden
In the year under review, the Group handed over three of a total of four phases to the German investment fund Commerz Grundbesitz Spezialfondsgesellschaft mbH. The floor space comprised by the four phases totals 21,350 m^2.

sustained good economic indicators, the Group is preparing a number of retail development projects.

Finland – startup in 1999	2006	2007e	2008e
GDP (real growth)	5.5 %	3.2 %	3.0 %
Private consumption (real growth)	3.6 %	3.0 %	3.0 %

Source: Danske Bank, April 2007

Baltic States

In recent years, the three Baltic States have experienced substantial growth, and EU membership is expected to stimulate continued growth with expectations for a corresponding increase in purchasing power.

Baltic States – startup in 2001	2006	2007e	2008e
GDP (real growth)	11.9 %	7.8 %	3.2 %
Private consumption (real growth)	16.9 %	8.2 %	3.5 %

Source: Danske Bank, April 2007

The rate of return in the Baltic States reflects that this is still an immature market for which an amount should be allocated to cover risks, and therefore the return requirement for the retail market typically ranges from 7.0 % to 9.0 % p.a. (Source: Jones Lang Lasalle - Nordic City Report Spring 2007 and Freeman's Guide to European Property 2007).

The expected investor return requirement continues to be in the 7 - 9 % range. Within a few years, Management expects this return requirement to drop to the level currently obtainable in Poland and the Czech Republic.

The Group intends to focus on the retail segment in Latvia and Lithuania, but will also evaluate the office and residential segments. TKD Nordeuropa is currently planning to develop additional projects in the region.

Project portfolio / project developments

TKD Nordeuropa recorded a satisfactory development in its project portfolio during the 2006/07 financial year. At 31 January 2007, the development potential of TKD Nordeuropa's total project portfolio represented about 135,000 m² for sold projects and 456,000 m² for other projects, a total of 591,000 m².

During the year under review, the Group developed and sold a number of projects, including several properties owned by the Group for a lengthy period.

Project outline

The outline on page 24 lists the key projects of TKD Nordeuropa's project portfolio. The carrying amounts of these projects accounted for more than 90 % of the total carrying amount of the project portfolio of TKD Nordeuropa at 31 January 2007. In terms of carrying amount, TKD Nordeuropa's five largest projects represented a total of DKK 843.0 million at 31 January 2007.

Projects

Shopping centre, Frederikssund, Denmark

In the year under review, TKD Nordeuropa acquired several properties in Frederikssund with a view to constructing an 18,000 m² shopping centre, of which 4,500 m² will be let to a supermarket operator and the remaining 13,500 m² to specialty stores. In addition, TKD Nordeuropa will have an option to construct about 2,500 m² of office space and about 3,800 m² of residential units. The Company has recently started the letting process. A new local plan for the area is expected to be adopted at end-2007, and the centre is scheduled to open at the end-2009.

Retail park, Albertslund, Denmark

In cooperation with Nordkranen A/S, Ejendomsselskab, TKD Nordeuropa secured a plot of land in Fabriksparken, Albertslund, Copenhagen, allowing for the construction of a 15,000 m² retail park, which will consist of stores that sell space-in-

Project name	City	Segment	Floor space (m²)	TKD's ownership interest	Construction start/Expected construction start	Opening/ Expected opening
Denmark						
Ringsted factory outlet	Ringsted	Retail	12,000	50%	Autumn 2006	Autumn 2007
Østre Teglgade	Copenhagen	Office/residential	24,000	100 % [1)]	2007	2008
Amerika Plads, underground car park	Copenhagen	Underground car park	30,000	50%	2004	Continuous
Spinderiet, Valby	Valby	Mixed	40,000	100%	Early 2005	Autumn 2007
Ejby Industrivej	Copenhagen	Mixed	10,000	100%	Early 2008	Late 2008
Vandtårnsvej	Copenhagen	Mixed	26,900	50%	Mid-2007	Continuous
Hadsundvej	Aalborg	Mixed	24,800	100%	Mid-2007	Continuous
AaB College – phase II	Aalborg	Mixed	8,850	100%	Late 2006	Early 2008
Østre Havn	Aalborg	Mixed	81,000	50 % [1)]	Continuous	Continuous
Amerika Plads, phase C	Copenhagen	Mixed	11,000	50%	Mid-2007	Early 2008
Amerika Plads, phase A	Copenhagen	Mixed	13,000	50%	Mid-2007	Mid-2009
Retail park, Albertslund	Copenhagen	Retail	15,000	75%	Late 2007	Late 2008
Retail park, Storegade	Esbjerg	Retail	2,500	100%	Spring 2007	Autumn 2007
Retail park, Århus South	Århus	Retail	5,400	100%	Spring 2007	Phase 1 autumn 2007. Phase 2 late 2009
Shopping centre, Frederikssund	Frederikssund	Retail/Residential	18,000	100%	Late 2007	Late 2009
Neptunvej	Randers	Mixed	12,000	100%	Late 2007	Mid-2008
Retail park, Tagtækkervej	Odense	Retail	4,000	50%	Mid-2007	Early 2008
Sweden						
Entré, multifunctional centre	Malmö	Mixed	39,500	100%	Mid-2006	Spring 2009
Retail park, Karlstad	Karlstad	Retail	30,000	100%	Late 2009	Phase 1 late 2010
Retail park, Barkarby – phase IV	Barkarby	Retail	3,900	100%	Late 2007	Mid-2008
Retail park, Marieberg	Örebro	Retail	6,350	100%	Late 2006	Phase 1 autumn 2007. Phase 2 spring 2008
Retail park, Söderhamn	Söderhamn	Retail	6,800	100%	Mid-2007	Phase 1 mid-2008. Phase 2 late 2008
Finland						
Vantaanportti Retail Park – phase II	Vantaa	Retail	11,650	100%	Mid-2006	Late 2006
Tammisto Retail Park	Tammisto	Retail	5,300	100%	Mid-2006	Spring 2007
Tammerfors Retail Park – phase II	Tammerfors	Retail	5,300	100%	Mid-2007	Early 2008
Lohja Retail Park	Lohja	Retail	4,900	100%	Early 2007	Early 2008
Retail park, Lappeenranta	Lappeenranta	Retail	3,800	100%	Spring 2007	Autumn 2008
Baltic States						
Rubicon	Vilnius	Retail/Office	23,200	100%	Late 2007	Late 2008
Milgravja Street	Riga	Retail	21,000	100%	Mid-2007	Late 2007
TKD Nordeuropa, total floor space		**approx.**	**500,000**			

[1)] TKD Nordeuropa's share of profit on development amounts to 70%

tensive groups of goods. A new local plan is currently being prepared. Construction is expected to start at the end of 2007, and the opening is scheduled for the end of 2008.

Retail park, Storegade, Esbjerg, Denmark

This project consists of a 2,500 m² retail park, which has been fully let. The planning basis for the project is available, and construction started in spring 2007, with a view to handing-over in autumn 2007. The project has been sold to a property company based on forward funding.

Retail park, Århus South, Denmark

In Århus, the Group is planning a 5,400 m² retail park. The project will consist of two phases, of which the first 2,500 m² phase has been fully let. An approval in principle is available for the first phase, and construction has commenced in spring 2007, with handing-over scheduled for autumn 2007. The project phases have been sold to an owner-occupant and a property company, based on forward funding.

Spinderiet, Valby, Denmark

The centre is a multi-functional shopping and metropolitan centre of 40,000 m², encompassing about 17,000 m² of retail and restaurant facilities, about 4,500 m² of office premises, about 6,500 m² of leisure facilities, 12,000 m² of housing units and about 550 parking spaces. Construction commenced in spring 2005, and the agreement with the investor provides for handing-over in autumn 2007. The project, exclusive of housing, has been sold to DADES, a property investment company. The housing section, which will consist of 2,500 m² of rental housing and 9,500 m² of owner-occupied housing, has been sold to DVB and a private investor, respectively. The current occupancy rate for the project, exclusive of housing, is 81 %, which meets the investor's occupancy requirement.

Stuhrs Brygge, Aalborg, Denmark

At the former Aalborg Shipyard, TKD Nordeuropa completed and handed over a 26,000 m² corporate headquarters building to KMD (Kommunedata) at the end of 2006. The project forms part of a future business and residential park at Stuhrs Brygge of more than 100,000 m², for which TKD Nordeuropa regularly buys land for developing new projects.

Amerika Plads, Copenhagen, Denmark

Kommanditaktieselskabet Danlink Udvikling (DLU), which is owned 50/50 by the Port of Copenhagen and TKD Nordeuropa, owns three projects at Amerika Plads: Lot A, Lot C and underground parking facilities, as yet unsold. The plan is to erect a building complex with 13,000 m² of office space on Lot A and an 11,000 m² building complex with commercial and residential space on Lot C. Construction will take place as the space is let. The underground parking facilities at the Amerika Plads site have been partially completed and are operated by Europark.

Ringsted Factory Outlet, Ringsted, Denmark

TKD Nordeuropa has entered into a 50/50 joint venture agreement with Miller Developments, an experienced factory outlet developer, concerning the development of a new factory outlet on the site owned in Ringsted, Denmark. The project consists of a 12,000 m² factory outlet centre as well as restaurant facilities and about 1,000 parking spaces. This will be the first major factory outlet centre project in Denmark, and the letting process is underway. Construction started in autumn 2006, and the centre is scheduled to open in autumn 2007. After startup and maturing, the centre is expected to be sold.

Hadsundvej, Aalborg, Denmark

KMD moved to new corporate headquarters at Stuhrs Brygge in Aalborg at the beginning of 2007. In this connection, TKD Nordeuropa has taken over the company's existing headquarters property at Hadsundvej in Aalborg, at site located close to the city centre and university. The project area covers 24,800 m², and current plans provide for a project with residential and office premises, with construction scheduled to start in mid-2007. The residential and office facilities will be developed in step with letting or their sale.

AaB College, Aalborg, Denmark

Part of the area at Hadsundvej, Aalborg, has been sold to Aalborg Boldspilklub A/S, for the purpose of developing a sports college with course and conference facilities as well as accommodation for students. The project, covering about 15,000 m², will be handed over in stages. The first phase of 6,610 m² has been handed over and the second phase is to be handed over at the beginning of 2008.

Østre Teglgade, Copenhagen, Denmark

This project consists of 24,000 m² with an attractive location at Teglholmen. Owned by TKD Nordeuropa, the land is well-suited for either a housing or an office project. Construction may be phased in step with letting and/or sale. At present, attempts are being made to have the zoning status changed to allow housing construction in the area.

The Entré multifunctional centre, Malmö, Sweden

In the year under review, TKD Nordeuropa sold the Entré multifunctional centre in Malmö to CGI – Commerz Grundbesitz Investmentgesellschaft mbH. The selling price was determined on the basis of a return requirement of 6 %. The total selling price is expected to be in the SEK 1.5 billion range. The sale is based on an agreement regarding forward funding, and thus the purchase price will be paid by instalments in step with construction of the centre. A design-and-build contract has been concluded with Skanska regarding construction of the centre. The necessary regulatory approval has been obtained for the project, construction has started, and the current occupancy rate is 55 %. The anchor tenants include Hennes & Mauritz, Lindex, Hemköp, Intersport and Svensk Film och Sats. The opening of the centre is scheduled for spring 2009. The centre will be developed as a multifunctional project of 39,500 m², of which 25,000 m² has been allocated for retail stores, 10,700 m² for restaurants, cinema, fitness and bowling facilities, 1,100 m² for offices and 2,700 m² for residential accommodation. In addition, the centre will have common facilities and 900 underground parking spaces. In the year under review, TKD Nordeuropa bought out its business partner, and the Group now has a 100 % profit share in the project.

Retail park, Marieberg, Sweden

This retail park project of 6,350 m² will be developed in two phases. The first phase of about 2,350 m² has been fully let and is expected to be handed over in autumn 2007. The remaining premises of about 4,000 m² comprised by the second phase are being let, and the project is expected to be handed over in spring 2008. The project has been sold to Oppenheim Immobilien Kapitalanlagegesellschaft mbH on the basis of forward funding.

Retail park, Söderhamn, Sweden

The Group is developing a 6,800 m² retail park on its plot of land in Söderhamn, Sweden. The retail park will be built in two phases, of which the first phase covers 3,300 m². The letting of premises is proceeding, and lease agreements have been signed for part of them. A building permit is expected to be granted in mid-2007, and the first phase is scheduled to open in mid-2008 and the second at end-2008. A letter of intent with a private investor has been signed.

Retail park, Barkarby, Stockholm, Sweden

This project consists of a retail park that will cover 21,350 m², distributed on eight to ten stores, when fully developed. Construction will be phased in step with letting. The first phase of 4,000 m², which has been let to Jula and Färgtema, was completed and handed over to the investor in July 2006. The second and third phases, consisting of 13,450 m² let to Intersport, Asko, Mio and Pay C, were handed over to the investor in autumn 2006. The last and fourth phase of 3,900 m² is expected to be extended to 6,000 m², and a lease agreement has been signed by the electronics chain Media Markt. The last phase is expected to be handed over in mid-2008. The total project has been sold to the German investment fund Commerz Grundbesitz Spezialfondsgesellschaft mbH on the basis of forward funding.

Retail park, Karlstad, Sweden

In Karlstad, regulatory approval has been obtained to build a retail park in a new commercial district with direct motorway access. TKD Nordeuropa has an option to buy the land. The project area covers 30,000 m², and construction will be phased in step with letting.

Retail park, Lappeenranta, Finland

This project consists of a 3,800 m² retail park. A building permit has been obtained for the project so that construction can be initiated, and handing-over is scheduled for autumn 2007. Binding lease agreements have been signed in respect of all the premises. The project has been sold to a private investor, based on forward funding.

Selected projects in the project portfolio.

Spinderiet, Valby, Denmark
This project (40,000 m²), exclusive of housing, has been sold to DADES, a property investment company. The residential section has been sold to DVB and a private investor.

Shopping centre, Frederikssund, Denmark
TKD Nordeuropa is planning the construction of an 18,000 m² shopping centre.

Ringsted Factory Outlet, Ringsted, Denmark
A 50/50 joint venture agreement has been concluded with Miller Developments concerning the development of a new 12,000 m² factory outlet in Ringsted, Denmark.

The Entré multifunctional centre, Malmö, Sweden
In the year under review, TKD Nordeuropa sold the Entré multifunctional centre (39,500 m²) in Malmö to CGI – Commerz Grundbesitz Investmentgesellschaft mbH.

Retail park, Lappeenranta, Finland
This project consists of a 3,800 m² retail park and has been sold to a private investor based on forward funding.

The Rubicon office and retail project, Vilnius, Lithuania
This project comprises a combined office and retail project of about 23,200 m².

Tammisto Retail Park, Tammisto, Helsinki, Finland

In Tammisto, Finland, the Group is developing a 5,300 m² retail park. Construction of the first phase of about 2,500 m², let as one unit to TOYS"R"US, was completed in November 2006. The second phase, consisting of two leases, was handed to the investor after the balance sheet date, and both units have been let. The project has been sold to a private investor, based on forward funding.

Vantaanportti Retail Park – Phase II, Helsinki, Finland

When fully developed, this project will cover a total area of about 25,000 m². Phase I of the retail park of 13,000 m² was sold in a previous financial year, and all premises have been fully let. Phase II of the retail park has now been fully developed and covers 11,650 m². Construction of the last 5,000 m² was completed at the end of 2006, the main tenant (4,000 m²) being the Finnish EVE Megastore, which sells health and beauty products, etc. Negotiations with potential investors are ongoing.

The Rubicon office and retail project, Vilnius, Lithuania

TKD Nordeuropa has acquired a plot of land in Vilnius for the purpose of building a combined office and retail project with a total floor space of about 23,200 m², consisting of retail premises of about 16,000 m² and office premises of about 7,200 m². An application for an approval in principle of the project has been submitted, and construction is expected to start at the end of 2007, with the opening scheduled for the end of 2008.

Euro Mall Holding

The TK Development Group carries on its activities in Central Europe primarily through Euro Mall Holding, which is 80 % owned by the TK Development Group, with the remaining 20 % owned by the Investment Fund for Central and Eastern Europe.

Euro Mall Holding continued the positive development of the preceding year and generated a profit after tax of DKK 243.9 million for the 2006/07 financial year. The profit for the 2005/06 financial year amounted to DKK 247.5 million.

The gross margin amounts to DKK 346.9 million against DKK 347.4 million the year before. Euro Mall Holding recorded satisfactory development in its project portfolio in the year under review.

Management considers the performance for the year to be highly satisfactory.

Major projects contributing to the profit for the year include the following:

Šestka Shopping Centre, Prague, Czech Republic

The Group's Šestka shopping centre project covers about 26,500 m², of which the 10,400 m² hypermarket section has been let to Ahold. The retail section consists of about 16,100 m², and some of the premises have been let to international tenants. Construction has been completed, and the centre opened in November 2006. The project has been sold to Europolis.

Sale of land, Poland

In the 2006/07 financial year, the Group sold its plot of land in Wroclaw, Poland, to a Polish investor. In addition, the Group sold a plot in the Polish town Lublin to an international investor.

Value adjustment of the Group's Central European investment properties

The Group's investment properties in Central Europe consist of its 20 % holdings in three shopping centres in the Czech Republic, located in Hradec Králové, Ostrava and Olomouc. In the year under review, the Group sold its Polish investment property, Plejada Shopping Centre in Sosnowiec.

Selected projects that contribute to the profit for the year.

Šestka Shopping Centre, Prague, Czech Republic
The Šestka Shopping Centre has a floor space of about 26,500 m². The centre has been sold to Europolis.

Plejada Shopping Centre, Sosnowiec, Poland
In the year under review, the Group sold its Polish investment property, the Plejada Shopping Centre in Sosnowiec.

At 31 January 2007, the total value of the Group's Central European investment properties amounted to DKK 304.2 million.

As a consequence of the Group's sale of its investment property, the Plejada shopping centre in Sosnowiec, Poland, and the sustained positive market development, which led to declining return requirements in Central Europe, Management adjusted the Group's investment properties in the Czech Republic and Poland upwards by DKK 109.7 million before tax and minority interests. The Group's investment property in Sosnowiec, Poland, accounts for DKK 31.5 million of this amount. The value adjustment is based on a rate of return of 7.0 % for Czech investment properties, while the valuation at 31 January 2006 was based on an 8.0 % rate of return.

Euro Mall Centre Management
In the past financial year, Euro Mall Holding sold 67 % of Euro Mall Centre Management (EMCM) to Jan Mølhave and Jørn Elkjær-Holm, for one thing to strengthen the focus on property development. EMCM intends to expand its business platform, and thus EMCM's future activities will consist not only of centre management, but also of asset and property management as well as agency operations for selling property projects to Danish investors.

By retaining a substantial ownership interest, TK Development can continue to benefit from EMCM's expertise in centre management, and the expanded business platform also holds potential for increasing the Group's earnings. TK Development is represented on the Supervisory Board of EMCM.

Markets

In Central Europe, the Group has activities in Poland, the Czech Republic and Slovakia.

In collaboration with tenants and investors, Euro Mall Holding develops turnkey property projects - primarily shopping centres and retail parks. The Group has a close network of contacts with many local and international retail chains looking to expand into Central Europe. In addition, Euro Mall Holding works closely with investors, including international investment funds, looking to invest in Central European property projects.

Moreover, Euro Mall Holding has partly-owned investment properties in the Czech Republic and owns one-third of the management company Euro Mall Centre Management (EMCM).

The return requirement in the Group's markets in Central Europe has declined significantly in recent years. This ensures better prices for the Group's projects and contributes to strengthening its positive outlook for the Central European market.

On page 32 is a brief description of Management's expectations for the individual markets in Central Europe.

Euro Mall Holding has activities within the following segments in the individual markets:

	Shopping centres	Stores/Superstores	Offices	Segment mix	Residential
Poland	●	●	●	●	●
Czech Republic	●	●		●	
Slovakia	●	●			

Poland

The Group expects the favourable trend in the Polish market to continue. Both local and international retailers are showing substantial interest in tenancies in well-situated retail projects and minor shopping centres in Poland. These projects will presumably be located in smallish towns in Poland. This positive trend is evidenced by the fact that the Group's Galeria Biala shopping centre in Bialystok is almost fully let, six months before its opening. In Poland, shopping centre projects are currently sold at net returns ranging from 6.5 % to 8.0 % (Source: Jones Lang Lasalle's report "Warsaw City Profile", September 2006), and together with economic indicators and forecasts for Poland this supports the positive outlook.

Poland – startup in 1995	2006	2007e	2008e
GDP (real growth)	5.8 %	6.2 %	5.6 %
Private consumption (real growth)	5.5 %	6.4 %	5.8 %

Source: Danske Bank, April 2007

Czech Republic

The Czech market is experiencing strong demand for tenancies in attractive retail projects. In the past financial year, Euro Mall Holding sold its first retail park project. As the market for such projects is considered attractive at present, Euro Mall Holding expects to develop additional retail parks.

In the Czech Republic, shopping centres and retail parks are currently sold at net returns ranging from 6.5 % to 8.0 % (Source: Jones Lang Lasalle's report "Prague City Profile", September 2006), and together with economic indicators and forecasts for the Czech Republic this supports Management's positive expectations for the market.

Czech Republic – startup in 1997	2006	2007e	2008e
GDP (real growth)	6.1 %	5.0 %	4.8 %
Private consumption (real growth)	4.1 %	4.8 %	5.8 %

Source: Danske Bank, April 2007

Slovakia

Management expects to see moderate demand for shopping centres in Slovakia over the next few years, as demand for shopping centres has already been met in most of the major cities in Slovakia. However, Management is currently investigating the potential for establishing retail parks in Slovakia.

The favourable development in the Slovakian economy underpins Management's expectation that retail parks will be in demand in the country.

Slovakia – startup in 1999	2006	2007e	2008e
GDP (real growth)	8.3 %	7.8 %	6.0 %
Private consumption (real growth)	6.2 %	5.7 %	5.9 %

Source: Danske Bank, April 2007

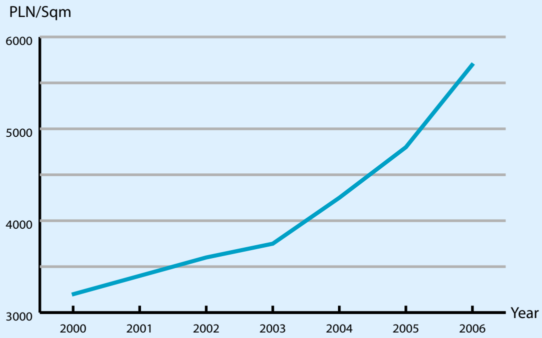
Development of residential units in Central Europe

Management has decided to expand the Group's business base to include the Central European residential market. This decision was made on the basis of detailed analyses indicating that the healthy economic trends in the region will lead to substantial demand for new residential units in the years ahead. Central Europe is still undergoing substantial structural changes, and this also supports a sustained strong demand for residential units in major towns and cities.

The TK Development Group started the development of its first housing project in Central Europe in Warsaw, Poland, in autumn 2006. In recent years, Warsaw has undergone comprehensive developments, and Management expects the city to strengthen its position as Poland's power centre in the coming years, due among other things to foreign businesses setting up operations in the capital.

In Poland, improved borrowing facilities are available to homebuyers, and there is a scarcity of attractive housing, while much of the existing housing no longer fulfils the Poles' housing standard requirements. Combined with a relatively high population growth in major towns and cities and falling unemployment, this supports Management's conviction that the favourable trend on the housing market in Central Europe will continue.

The graph below shows the development in prices per square metre:



Source: Own production

Project portfolio / project developments

In the 2006/07 financial year, Euro Mall Holding recorded satisfactory development in its project portfolio. At 31 January 2007, the development potential of the portfolio represented 216,000 m² for sold projects and 338,000 m² for other projects/project opportunities, a total of 554,000 m².

Investment properties are described in a separate section on page 38.

Project outline

The outline below lists the key projects of Euro Mall Holding's project portfolio. The carrying amounts of these projects accounted for more than 85 % of the total carrying amount of the project portfolio of Euro Mall Holding at 31 January 2007. In terms of carrying amount, Euro Mall Holding's five largest projects represented a total of DKK 286.1 million at 31 January 2007.

Project name	City	Segment	Floor space (m²)	TKD's ownership interest	Construction start/ Expected construction start	Opening/ Expected opening
Czech Republic						
Prague Airport Ruzyne II	Prague	Retail	13,000	100%	2009	2010
Prague Outlet Centre	Prague	Retail	25,000	100%	Spring 2007	1st phase late 2007
Ostrava Retail Park	Ostrava	Retail	10,300	100%	Early 2007	Late 2007
Futurum Shopping Centre – extension	Ostrava	Retail	3,000	100%	Spring 2007	Late 2007
Liberec Retail Park	Liberec	Retail	18,500	100%	Autumn 2007	Spring 2008
Kolin Shopping Centre	Kolin	Retail	10,000	100%	Autumn 2007	Mid-2008
Poland						
Multifunctional centre, Gdansk "Young City"	Gdansk	Mixed	84,000	45%	2008	Late 2009
Galeria Biala	Bialystok	Retail	46,000	24% 1)	Autumn 2006	Autumn 2007
Targówek Retail Park	Warsaw	Retail	24,400	100%	Autumn 2006	Mid-2007
Bytom Retail Park	Bytom	Retail	25,800	100%	Late 2007	Continuous
Tivoli Residential Park, Targówek	Warsaw	Residential/ Services	25,300	100%	Spring 2007	Continuous
Poznan Warta	Poznan	Retail/ Residential	50,000	100%	Late 2007	Continuous
Reduta III	Warsaw	Mixed	9,800	100%	Mid-2007	Continuous
Plejada Shopping Centre – extension	Sosnowiec	Retail	3,600	100%	Late 2006	Autumn 2007
Shopping centre, Tarnow	Tarnow	Retail	14,800	50%	Late 2007	Late 2008
Shopping centre, Nowy Sacz	Nowy Sacz	Retail	14,300	50%	Late 2007	Late 2008
Shopping centre, Jastrzebie	Jastrzebie	Retail	41,800	n/a	Early 2008	Spring 2009
Euro Mall Holding, total floor space		**approx.**	**420,000**			

1) Euro Mall Holding's share of profit on development amounts to 50%

Projects

Multifunctional centre, Gdansk "Young City", Poland

After the extension/optimization of the project area, this multifunctional centre in Gdansk, Poland, will have total premises of about 84,000 m², to be developed in a joint venture with Meinl European Land Ltd. The centre will comprise retail, restaurant and leisure facilities of about 54,000 m², an office tower of about 11,000 m² and a residential tower of about 19,000 m². The land for the project has been acquired from the Baltic Property Trust Group, which will also hold a long-term investment in the office section. Meinl European Land Ltd. has undertaken overall financing of the project and will retain a long-term investment in the retail, restaurant and leisure premises. The residential units are expected to be sold to private owner-occupants. Tenants have shown keen interest in the centre, the first letters of intent have already been signed, and negotiations with anchor tenants are ongoing. During the development period, TK Development will generate earnings through fee income and a profit share based on the rental income obtained when the centre opens. Construction is scheduled to start at the beginning of 2008, with the opening planned for the end of 2009. The project constitutes the first phase of a major development plan for the whole area. The Baltic Property Trust Group, Meinl European Land Ltd. and TK Development have signed a letter of intent regarding expansion of their cooperation with a view to developing a further 100,000 m² in the area.

Shopping centre, Jastrzębie, Poland

This project consists of a 30,300 m² shopping centre and an 11,500 m² retail park. The project will be implemented by Meinl European Land Ltd., with Euro Mall Holding as the project developer. Thus, Euro Mall Holding has entered into an agreement with Meinl regarding Euro Mall Holding's assistance for development, letting and construction management of the project on a fee basis. Construction is expected to start at the beginning of 2008, and the centre is scheduled to open in spring 2009.

Shopping centre, Nowy Sacz, Poland

Euro Mall Holding has acquired a plot of land in the Polish town of Nowy Sacz for the purpose of constructing a shopping centre with a 4,650 m² hypermarket and specialty stores of about 9,650 m². A number of tenants have already committed themselves to renting premises, and Euro Mall Holding has applied for a building permit, which is expected to be issued at the end of 2007. The shopping centre is scheduled to open at the end of 2008. At present, negotiations with potential investors for the project are ongoing.

Shopping centre, Tarnow, Poland

In the Polish town of Tarnow, Euro Mall Holding has an option to buy several plots of land for the purpose of building a 14,800 m² shopping centre, of which a supermarket will account for about 2,500 m² and specialty stores for about 12,300 m². Euro Mall Holding has applied for a building permit, expected to be issued at the end of 2007. At present, negotiations are ongoing with both tenants and investors for the project. The centre is expected to open at the end of 2008.

Plejada Shopping Centre, Sosnowiec, Poland

In September 2006, TK Development entered into an agreement to sell Plejada Shopping Centre in the Polish town of Sosnowiec to St. Martins Europe BV, the Netherlands, which is owned by the UK property investment company, St. Martins Property Corporation Limited. The selling price is based on a 6.75 % rate of return for the investor. Moreover, it has been agreed that TK Development's subsidiary, Euro Mall Holding, will be in charge of developing and constructing a 5,000 m² extension of the centre for the purpose of establishing approximately 19 new specialty and brand stores. Construction has started, and the centre is expected to open in autumn 2007.

Galeria Biala, Bialystok, Poland

An agreement has been reached with Meinl European Land

Selected projects in the project portfolio.

Tivoli Residential Park, Warsaw, Poland
The Group is developing its first residential project, with a total floor space of 25,300 m², in Poland. At present, sales agreements for about 55 % of the first-phase units have been sold.

Multifunctional centre, Gdansk "Young City", Poland
This project consists of an 84,000 m² multifunctional centre.

Shopping centre, Tarnow, Poland
In the Polish town of Tarnow, a 14,800 m² shopping centre is being built. At present, negotiations with potential investors for the project are ongoing.

Targówek Retail Park, Warsaw, Poland
This project, which consists of a 24,400 m² retail park situated next to the Targówek shopping centre, was sold to Credit Suisse Asset Management Immobilien Kapitalanlagegesellschaft mbH in the year under review.

Kolin Shopping Centre, Czech Republic
This project consists of a 10,000 m² shopping centre. Negotiations with a potential investor for the project are ongoing.

Prague Outlet Centre, Prague, Czech Republic
This project consists of a 25,000 m² factory outlet centre.

Ltd. regarding the development of a shopping and leisure centre in Bialystok in Poland. Meinl has acquired the necessary plots of land and obtained the required regulatory approvals. The continued development and construction of the centre will be managed by Euro Mall Holding and funded by Meinl European Land Ltd. Covering 46,000 m², the shopping centre will comprise a hypermarket, about 90 specialty stores and leisure facilities. Construction of the shopping centre was initiated in September 2006, with handing-over scheduled for autumn 2007. The current occupancy rate is 98 %.

Targówek Retail Park, Warsaw, Poland

This project, which consists of a 24,400 m² retail park situated next to the Targówek shopping centre, was sold to Credit Suisse Asset Management Immobilien Kapitalanlagegesellschaft mbH in the year under review, based on forward funding and a rate of return of 7 %. A building permit has been granted for the project, and construction has started. The current occupancy rate is 84 %. The total project will consist of ten retail units.

Tivoli Residential Park, Targówek, Warsaw, Poland

The Group is developing its first housing project in Poland on the plot of land owned by Euro Mall Holding in the Targówek area in Warsaw. Construction will take place in phases and when fully developed, the project will consist of almost 300 residential units, as well as service trades on the ground floor. The residential units will be sold as owner-occupied apartments. The construction of the first phase of about 140 residential units started in spring 2007 and is expected to be completed in autumn 2008. Pre-completion sale of the owner-occupied units comprised by the project has been initiated, and at present sales agreements for about 55 % of the first-phase units have been concluded.

Bytom Retail Park, Bytom, Poland

Euro Mall Holding intends to develop a retail park with total leasable space of about 25,800 m² on its site at the Plejada shopping centre in Bytom, which is centrally located in the Katowice region. This project will be built in phases in step with the letting of premises. Letting is underway, and construction will be started as and when lease agreements are concluded.

Reduta III, Warsaw, Poland

Euro Mall Holding owns a site adjacent to the Reduta shopping centre in Warsaw. In 2003, a building was erected and sold and subsequently let to the French sporting goods chain Decathlon. An 9,800 m² office property is being planned, with construction to begin upon completion of the letting process. Negotiations with potential tenants for the project are ongoing at present.

Prague Outlet Centre, Prague, Czech Republic

Euro Mall Holding is working on the development of a 25,000 m² factory outlet centre on its centrally located Best Plot in Prague. The project is being developed in a joint venture with an international collaboration partner with factory outlet experience, which acquired 25 % of the project in the 2006/07 financial year. A building permit for the project has been obtained. Construction of the first phase, consisting of about 18,000 m², started in spring 2007, and the opening is scheduled for the end of 2007.

Ostrava Retail Park, Czech Republic

This retail park will be built on Euro Mall Holding's site at the Futurum shopping centre in Ostrava. Euro Mall Holding has an option to build premises of 10,300 m² and has so far achieved an occupancy rate of 63 % based on binding agreements. Construction was initiated at the beginning of 2007 and is expected to be completed in autumn 2007. In the past financial year, the project was sold to GE Real Estate Central Europe, and the total selling price is estimated at DKK 120 million. As part of the development of the overall area, an agreement has also been made with GE Capital/Heitman regarding a 3,000 m² extension of the Futurum shopping centre, according to which TK Development's subsidiary, Euro Mall Holding, is to be in charge of developing and implementing the project. Construction is expected to start in spring 2007, with the opening scheduled for the end of 2007.

Liberec Retail Park, Czech Republic

This project consists of an 18,500 m² retail park to be built in phases, of which the first consists of about 11,500 m². Letting has been initiated, and an application for a building permit submitted. Construction is planned to start in autumn 2007, and the retail park is expected to open in spring 2008. Negotiations with a potential investor for the project are ongoing.

Kolin Shopping Centre, Czech Republic

This project consists of a 10,000 m² shopping centre. An approval in principle has been obtained for the project, an application for a building permit has been submitted, and construction of the shopping centre is expected to start in autumn 2007, with the opening scheduled for mid-2008. Negotiations with a potential investor for the project are ongoing.

Investment properties

The Group's investment properties are recognized in the balance sheet under property, plant and equipment. Such investment properties are measured at fair value. The value of the Group's investment properties totalled DKK 533.7 million at 31 January 2007.

The outline below shows the Group's investment properties.

Euro Mall Holding's investment properties had a carrying amount of DKK 304.2 million at 31 January 2007, based on a rate of return of 7.0 %.

These investment properties are owned in a joint venture with GE Capital/Heitman, according to which the Group has access to a performance-based share of the value adjustments on some of the properties, which was included in the carrying amount at 31 Janurary 2007.

In the 2006/07 financial year, the letting situation was satisfactory, and as shown in the tables below, the centres have been fully let.

Average annual footfall in the past three years	
Futurum Shopping Centre, Ostrava	5,724,369
Futurum Multifunctional Centre, Hradec Králové	5,930,343
Haná Shopping Centre, Olomouc	3,168,571

Development in occupancy rates	**2004**	**2005**	**2006**
Futurum Shopping Centre, Ostrava	97.4	97.4	100.0
Futurum Multifunctional Centre, Hradec Králové	99.0	100.0	100.0
Hana Shopping Centre, Olomouc	100.0	100.0	100.0

Development in rental income	**2004**	**2005**	**2006**

Central Europe

Project name	**City**	**Segment**	**Floor space (m²)**	**Ownership interest**	**Opening**
Central Europe (Czech Rep.)					
Shopping Centre Futurum	Ostrava	Retail	23,600	20 %	May 2000
Multifunctional Centre Futurum	Hradec Králové	Retail	18,300	20 %	Nov. 2000
Haná Shopping Centre	Olomouc	Retail	10,100	20 %	Sept. 2002
Central Europe, total			**52,000**		
Germany	Lüdenscheid / Belin	Residential/ Mixed	26,000	100 %	1994-1998
Investment properties, total			**78,000**		

* Floor space denotes the floor space owned by the Group, including common areas.

Futurum Shopping Centre, Ostrava	100.0	103.4	104.5
Futurum Multifunctional Centre, Hradec Králové	100.0	104.2	104.9
Hana Shopping Centre, Olomouc	100.0	99.3	99.3

An agreement has also been made with GE Capital/Heitman regarding a 3,000 m² extension of the Futurum shopping centre in Ostrava, according to which TK Development's subsidiary, Euro Mall Holding, is to be in charge of developing and implementing the project. Construction is expected to start in spring 2007, with the opening scheduled for the end of 2007.

Germany

The Group has five investment properties in Germany owned by TK Development A/S, of which a combined commercial and residential property is located in Lüdenscheid in the western part of the country, whereas the four remaining properties are residential rental properties on the outskirts of Berlin. In the 2006/07 financial year, the letting situation was satisfactory, and the centres have almost been fully let.

At 31 January 2007, the properties were recognized at DKK 229.5 million based on a rate of return of 6.0 % p.a. calculated on the basis of a discounted cash-flow model with a 2.5 % annual rent increase over a ten-year period. The assumptions of the cash-flow model imply an initial yield of 5.1 %.

Financial review for 2006/07

The Annual Report is presented in compliance with the International Financial Reporting Standards (IFRS), as approved by the EU, and in accordance with Danish disclosure requirements for listed companies.

Changed accounting policies

The 2006/07 Annual Report has been presented in accordance with the new and amended financial reporting standards (IFRS/IAS) and new IFRIC interpretations applicable for financial years beginning at 1 January 2006 or later. The implementation of new and amended financial reporting standards and interpretations into the Annual Report for 2006/07 has resulted in changes to the accounting policies as regards the accounting treatment of foreign-exchange adjustments of intercompany accounts with foreign subsidiaries.

With effect for financial years beginning on 1 January 2006 or later, IAS 21 has been amended such that foreign-exchange adjustments of intercompany accounts with foreign subsidiaries that are considered additions to/deductions from the net investment are posted directly to equity under a special reserve for foreign-exchange adjustments, regardless of whether the account is denominated in the Parent Company's or the foreign subsidiary's functional currency or not. According to previous standards, foreign-exchange adjustments of intercompany accounts with foreign subsidiaries could only be posted directly to equity if the account was denominated in the Parent Company's or the foreign subsidiary's functional currency.

Profit for the year

The profit for the 2000/07 financial year amounts to DKK 249.4 million after tax and minority interests, compared to DKK 28.3 million the year before. The balance sheet total amounted to DKK 3,685.8 million at 31 January 2007, a decline of DKK 1,053.3 million compared to 31 January 2006. Consolidated equity totalled DKK 1,290.9 million at 31 January 2007. The solvency ratio stood at 35.0 %.

Management considers the profit for the year to be satisfactory.

Income statement

Revenue

The revenue for the 2006/07 financial year totalled DKK 2,719.1 million versus DKK 1,623.3 million for the 2005/06 financial year.

The monetary effect of the changed accounting policies is specified below:

Group	Equity at 1 Feb. 2005	Income statement 2005/06	Equity at 31 Jan. 2006	Income statement 2006/07	Equity at 31 Jan. 2007
(DKKm)					
Amount according to previous accounting policies	343.7	88.5	986.7	295.4	1.290.9
Foreign-exchange adjustments under financial income/expenses transferred to equity	-1.0	-20.5	20.5	4.8	-4.8
Tax effect of this transfer	0.0	4.6	-4.6	-1.7	1.7
Change in the profit for the year.	1.0	-	-15.9	-	3.1
Amount according to changed accounting policies	**343.7**	**72.6**	**986.7**	**298.5**	**1,290.9**

The revenue breaks down on the following geographic segments: 71.9 % on Northern Europe and 28.1 % on Central Europe. The revenue breaks down on the following business segments: 56.8 % on the retail segment, 11.8 % on the office segment and 31.4 % on mixed-segment projects.

Gross margin

The gross margin for the 2006/07 financial year amounted to DKK 623.9 million, against DKK 379.0 million the year before. The gross margin was affected by a positive value adjustment of the Group's investment properties in the amount of DKK 111.0 million as a consequence of the sale of the Group's investment property, Plejada Shopping Centre in Sosnowiec, Poland, and a continued positive market development, resulting in declining return requirements in Central Europe. In addition, the gross margin was affected by a DKK 152.5 million writedown on the Group's total receivable for the Field's project.

Staff costs and other external expenses

Staff costs and other external expenses amounted to DKK 149.9 million for 2006/07, an increase of 4.0 % compared to the year before.

Staff costs totalled DKK 102.2 million in the 2006/07 financial year, thus up 12.7 % on the previous year. From 31 January 2006 to 31 January 2007, the number of employees in the Group decreased from 212 to 143. This decrease is a consequence of the Group's partial divestment of its management activities in the company Euro Mall Centre Management at the end of the financial year.

Other external expenses amounted to DKK 47.7 million against DKK 53.4 million the year before. In 2006/07, other external expenses were impacted by the refund of expenses incurred in previous years. Adjusted for this refund, other external expenses were up 2.6 % on the previous year.

Financing

In the 2006/07 financial year, the Group recorded net financing expenses of DKK 126.3 million, a reduction of almost 30 % compared to the year before. Financing expenses were favourably impacted by the rights issue implemented by TK Development A/S in the 2005/06 financial year, with final settlement of the net proceeds of DKK 540.1 million taking place at end-January 2006.

Tax on profit for the year

The tax calculated on the profit for the year amounted to DKK 37.2 million, equal to a tax rate of 11.1 %. The background for this low tax rate is that a substantial part of the Group's earnings in Central Europe is realized as tax-free gains on shares.

Profit/loss after tax

The Group's profit after tax amounted to DKK 298.5 million, and the shareholders' share of the profit after tax amounted to DKK 249.4 million.

Balance sheet

The Group's balance sheet total amounted to DKK 3,685.8 million at 31 January 2007, a decline of DKK 1,053.3 million, or 22.2 %, compared to 31 January 2006.

Assets

Goodwill

Goodwill totalled DKK 29.1 million at 31 January 2007. The carrying amount of goodwill has been subjected to an impairment test. This impairment test has not given rise to any writedown.

Investment properties

The valuation of the Group's investment properties is made on the basis of a discounted cash-flow model, where future cash flows are discounted to net present value on the basis of a given rate of return.

The Group's German investment properties at 31 January 2007 continue to be valued on the basis of a rate of return of 6 %. The value adjustment of these investment properties in the 2006/07 financial year was positive in the amount of DKK 1.3 million.

As a consequence of a sustained positive market development, which led to declining return requirements in Central Europe in the 2006/07 financial year, Management has made a DKK 109.7 million value adjustment of the Group's investment properties in the Czech Republic and Poland, affecting the profit for the year before tax and minority interests.

The value adjustment is based on a rate of return of 7.0 % for Czech investment properties, while the valuation at 31 January 2006 was based on an 8.0 % rate of return. The Group's investment property in Poland, Plejada Shopping Centre in Sosnowiec, which was valued on the basis of a return requirement of 7.5 % at 31 January 2006, was sold to an international investor in the 2006/07 financial year, based on a return requirement of 6.75 %. The profit on this sale is included under "Value adjustment of investment properties, net" in the income statement.

At 31 January 2007, the total value of the Group's investment properties constituted DKK 533.7 million, of which DKK 304.2 million relates to the Central European investment properties in Euro Mall Holding, and DKK 229.5 million relates to the German investment properties.

Deferred tax asset

The deferred tax asset in the balance sheet amounted to DKK 291.0 million at 31 January 2007, up DKK 21.7 million from 31 January 2006. Based on existing budgets and profit forecasts for a five-year period, Management made a specific assessment of the valuation of the deferred tax asset. This assessment has resulted in an accumulated DKK 58.1 million writedown of the tax asset. Thus, Management expects, within the next few years, to be able to utilize the tax losses underlying the deferred tax asset.

Project portfolio

The total project portfolio declined by DKK 769.3 million, from DKK 2,260.4 million to DKK 1,491.1 million at 31 January 2007. The decline should be viewed in light of the Group's sale of completed properties for a total of about DKK 1 billion in the past financial year, thus strengthening focus on the Group's core business concept, development of real property.

Total prepayments based on forward-funding agreements amounted to DKK 590.4 million at 31 January 2007 against DKK 638.1 million at 31 January 2006. This development is due to the completion of major projects with substantial forward funding during the year under review, while forward funding on new projects is currently being generated. In future, the Group also intends to use forward funding as part of its contractual basis to the widest extent possible.

For a more detailed description of the Group's project portfolio, reference is made to the separate section on page xx in this announcement of annual financial results.

Receivables

Total receivables amounted to DKK 642.2 million, a reduction of DKK 304.1 million from 31 January 2006. This reduction is primarily attributable to trade receivables.

Cash and cash equivalents

Cash and cash equivalents climbed from DKK 363.8 million to DKK 601.1 million, due to a combination of the outflow of cash for the repayment of bond loans and the inflow of cash from project sales completed and positive operating results.

Equity and liabilities

Equity

Consolidated equity totalled DKK 1,290.9 million at 31 January 2007, of which DKK 137.2 million is attributable to minority interests. At 31 January 2006, consolidated equity amounted to DKK 986.7 million, of which DKK 87.6 million was attributable to minority interests.

The increase in equity since 31 January 2006 is due mainly to the profit generated for the year. Moreover, equity was impacted by positive foreign-exchange adjustments of net investments in subsidiaries and other adjustments, totalling DKK 1.7 million.

The solvency ratio amounts to 35.0%.

Long-term liabilities

The Group's long-term liabilities represented DKK 390.4 million at 31 January 2007, a DKK 159.4 million reduction from the year before. This reduction is due mainly to the sale of the Group's investment property in Sosnowiec, Poland, in the past financial year, resulting in the repayment of debt related to the property.

Short-term liabilities

From 31 January 2006 to 31 January 2007, short-term liabilities fell by DKK 1,198.1 million to DKK 2,004.5 million. The decline is attributable to the repayment of subordinated bond loans, DKK 494.4 million, and the reduction of debt owing to credit institutions, resulting from project sales completed and other debt repayments, DKK 633.3 million, and finally a reduction of trade payables and miscellaneous debt, DKK 70.4 million.

Liabilities other than provisions have been offset against trade receivables and tied-up cash and cash equivalents, to the extent that the Company has a right of setoff and also intends or is contractually obliged to realize assets and liabilities at the same time. The amount offset against trade receivables totals DKK 32.5 million, and the amount offset against tied-up cash and cash equivalents totals DKK 434.5 million, a total of DKK 467.0 million.

Cash flow statement

The cash flow statement shows positive cash flows from operating activities in the amount of DKK 1,219.9 million and negative cash flows from financing activities in the amount of DKK 686.1 million. In the year under review, the Group substantially reduced balances with credit institutions due to the payment of instalments on and the discharge of credits in connection with the sale of projects as well as the repayment of subordinated bond loans.

(DKKm)	2004/05	2005/06	2006/07
Cash flows from operating activities	1,507.5	506.1	1,219.9
Net interest-bearing debt, year-end	3,603.7	2,577.9	1,125.1

Litigation/other legal issues

For some years now, the Group has been involved in a dispute with the Polish Government regarding incorrect VAT declaration, the consequence of which was the erroneous payment of a major VAT amount to the Polish authorities. The District Administrative Court in Poland found for the Group in its decision of 9 November 2005, ordering the authorities to repay the amount to the Group. This amount was repaid in the first half of 2006/07.

The Company is not a party to any lawsuits that, either individually or collectively, are expected to materially affect the Group's earnings.

Senior Vice President charged by the Polish police

In June 2006, the Senior Vice President responsible for the

Group's Polish branch office was detained, taken into custody and charged by the Polish police with irregularities related to obtaining a public authority permit (zoning permission) for the Polish Galeria Biala shopping centre project in Bialystok. In November 2006, the Senior Vice President was released on bail.

During the entire process, Group Management has been unable to find any irregularities in connection with the project, and thus fails to comprehend that the Senior Vice President could be involved in the alleged practices. The Polish prosecution service has not yet decided whether to indict the Senior Vice President.

Charges brought by the public prosecutor for serious economic crime

TK Development A/S and six individuals have been charged by the public prosecutor for serious economic crime with fraudulent income recognition and price manipulation concerning periods covering the 2000/01, 2001/02, 2002/03 and 2003/04 financial years. The charge from the autumn of 2005 covers 16 projects. On 14 June 2006, the charge against TK Development A/S and the six individuals was extended to include a total of 29 projects.

In addition, charges have now been brought against two of the Company's auditors from Deloitte and Nielsen & Christensen, who no longer serve as auditors for the Group. The charges were brought because, according to the public prosecutor for serious economic crime, the conditions for the Group's use of the percentage of completion method for the relevant financial years had not been met, and the financial statements of TK Development A/S for the 2000/01 to 2003/04 financial years were therefore incorrect on some points.

Reference is also made to the separate section about these charges on page 63 in this present preliminary announcement of annual financial results.

Financial targets

To provide for sufficient future financial resources, Management has adopted liquidity targets for the subgroups with active projects, TKD Nordeuropa and Euro Mall Holding. In addition, Management has adopted a solvency target for the whole Group corresponding to a solvency ratio of 25 % based on total capital resources.

Liquidity targets and a group solvency ratio of not less than 21 % based on the total capital resources are used as covenants in respect of the Group's bankers providing operating credit facilities.

With a solvency ratio of 35.0 %, the Group has met its solvency target.

Moreover, for some time, Management has pursued the objective of reducing the balance sheet total to less than DKK 4.5 billion. With a balance sheet total of DKK 3,685.8 million at 31 January 2007, the Group has also fulfilled this objective.

Dividend

The Supervisory Board recommends to the Annual General Meeting that no dividend be distributed for the 2006/07 financial year.

Annual General Meeting

A General Meeting will be held in TK Development A/S on 29 May 2007. The Supervisory Board intends to recommend to the Annual General Meeting that:

- no dividend be distributed for the 2006/07 financial year;
- Niels Roth become a member of the Supervisory Board;

- VP Investor Services A/S be appointed the future Registrar or Shareholders.

Post-balance sheet events

No major events other than those mentioned in the Management's review have occurred after the balance sheet date.

The full Annual Report is downloadable from the TK Development Group's website, www.tk-development.dk, as from 16 May 2007.

Value creation in TK Development

Value creation in the TK Development Group is mainly a product of

- the Group's good tenant and investor relations (networks); and
- the Group's long-standing experience, competencies and know-how.

As a result, the Group can minimize the risk inherent in a project while maintaining a high level of profitability.

Customer relations – tenants

Over the years, the TK Development Group has built close partnership relations with a large number of companies, including in particular retail enterprises looking to set up new stores.

Based on these partnerships, the Group has gained in-depth knowledge of tenant needs and requirements, both short-term and long-term. From this platform, the Group is able to develop retail solutions that meet tenant needs and, for example in connection with shopping centres, to put together a retail mix that boosts individual tenant sales.

A number of the companies in the Group's network are key customers with whom the Group continually signs new leases.

Customer relations – investors

The TK Development Group has also built long-standing partnership relations with both Danish and foreign real property investors.

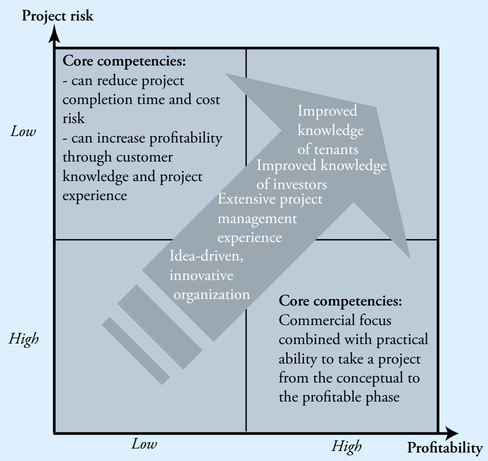
The Group has gained in-depth knowledge of investor requirements and is therefore able to satisfy investor needs and attract new investors. Among other things, the Group offers standardized, international contracts, a problem-free process from initiation to delivery and, moreover, the Group offers centre management through its partial ownership of Euro Mall Centre Management, thereby contributing to minimizing the risk for prospective investors.

Over the years, the Group has sold projects to Danish and foreign banks, investment funds, pension funds and private companies.

Competencies and know-how

Value creation is very much a product of the core competencies of the TK Development Group's staff within specific fields. The staff may be divided into the following main areas: project developers, legal and financial project controllers, and engineers. The project developers initiate the projects launched by the Group. The project developers have great expertise within letting and selling retail and office space. Potential locations are selected for further analysis and conceptual designs for the final projects are prepared in interaction with independent architects, consulting engineers, future tenants, authorities and investors. The Group's engineers and project controllers manage project processes from initiation to delivery and are thus key to ensuring that budgets are adhered to and that values are created in accordance with the plans.

Management believes that the combination of long-standing experience, in-depth knowledge of both investors and tenants as well as professional competencies and know-how enable the Group to complete projects from idea to finalized project at reduced risk and improved profitability.



The Company continuously strives to expand its knowledge base and upgrade its competencies within all phases of project development.

The TK Development Group's knowledge resources

The employees' knowledge, competencies and know-how are essential to the TK Development Group's value creation. To promote the employees' development potential, the Company holds annual personal development interviews. These interviews form the basis for launching development, training and career initiatives for the individual employees.

Project organization

All units in the Group attach weight to creating a stimulating and inspiring learning environment, enabling employees to accumulate knowledge and experience from individual projects and to disseminate such knowledge and experience throughout the organization for the purpose of continuously improving the Group's competencies and know-how.

In order to ensure a high degree of quality in all services provided by the TK Development Group as well as efficient progress in project developments, the Group's staff is anchored in a matrix organization as follows:

		Professional competencies			
		Sale and rental	Controlling	Project managem./ Construction managem.	Finance and accounting
Interdisciplinary competencies	Project group 1				
	Project group 2				
	Project group3				
	Project group 4				

The division into professional environments serves to ensure competencies and professional standards within the individual disciplines of project development.

Organization, management and employees

The TK Development Group's organization and management structure, like the group structure, is divided into Northern Europe and Central Europe.

The Northern Europe and Central Europe divisions operate branch offices managed by divisional managers (senior vice presidents).

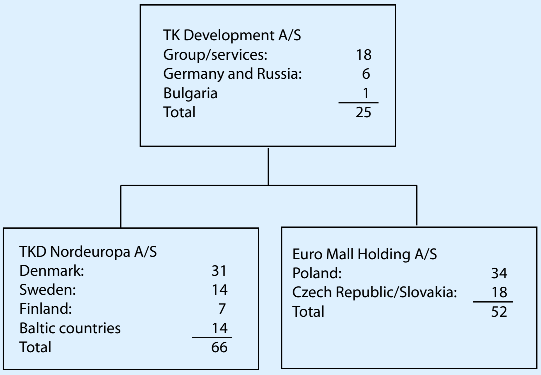
International management team

The Group's international management team consists of the above-mentioned group of persons, as well as functional managers in the individual countries.

Management seminars are held regularly for the Group's management team in Northern and Central Europe. Among other subjects, the management seminars held during the year under review focused on the Group's project portfolio and on broadening the Group's market insight in Northern and Central Europe.

Breakdown of the Group's employees

At 31 January 2007, the Group employed a total of 143 persons, broken down as follows:

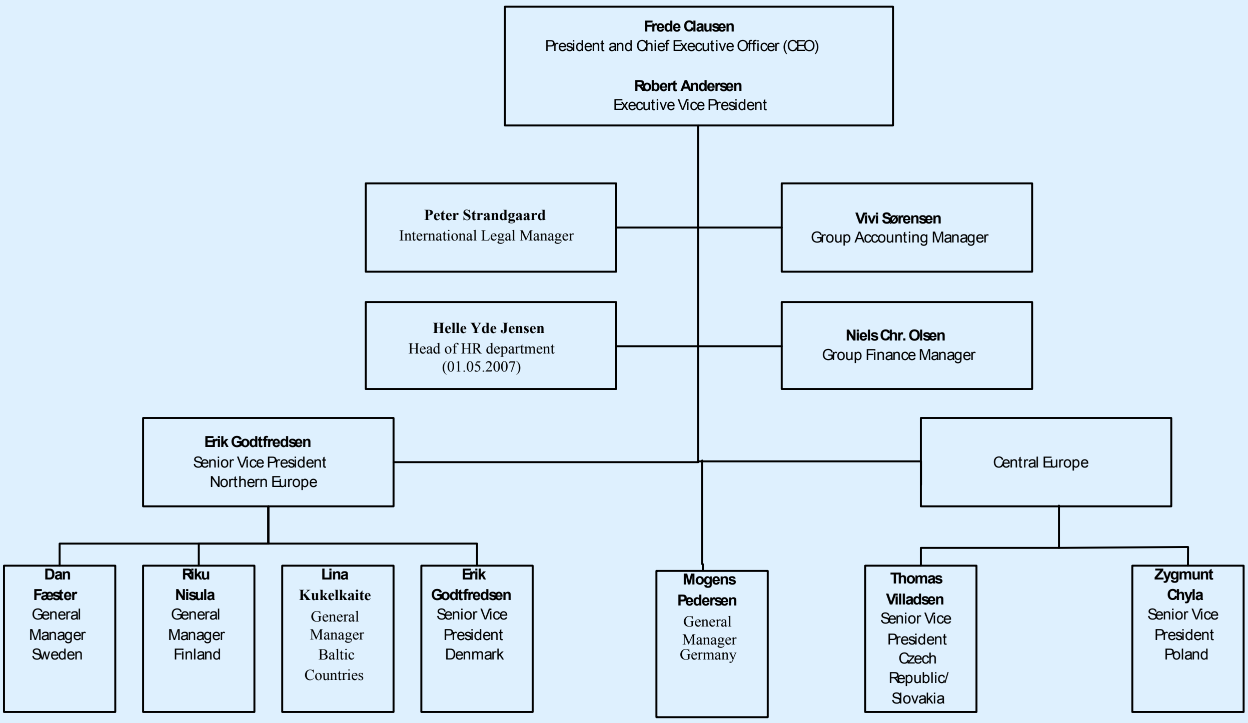


TK Development A/S' staff comprises employees responsible for operating the activities undertaken by the Company and for handling across-the-board group functions, i.e. management, accounting, finance and other staff functions.

In 2006/07, the number of employees dropped from 212 to 143 as a consequence of the sale of 67 % of the activities in Euro Mall Centre Management, meaning that the employees involved in these activities are no longer included in the overall staff count.

Today, all the TK Development Group's business units are staffed with competent employees. In light of the sustained higher activity level anticipated on the Group's markets in the 2007/08 financial year, it may prove necessary to increase the staffing level more frequently.

The TK Development Group's management structure



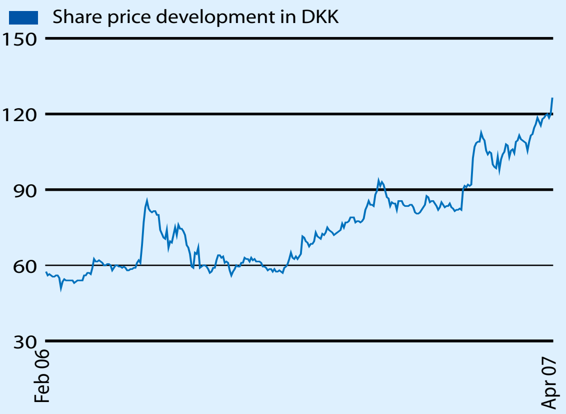
Shareholders

Share capital

TK Development's shares are listed on OMX/the Copenhagen Stock Exchange (www.omxgroup.com/nordicexchange). The share capital amounts to DKK 560,876,200 (nominal value), divided into 28,043,810 shares, each with a nominal value of DKK 20. The Articles of Association contain no restrictions as to the transferability of the shares.

Share price development

On 31 January 2007, TK Development A/S' shares were listed at a price of DKK 82.0 per share with a nominal value of DKK 20, equal to a market value of DKK 2,300 million versus DKK 1,612 million at 31 January 2006.



The number of shareholders grew from 8,657 to 8,729 over the financial year.

The TK Development A/S share increased by 43 % during the period from 1 February 2006 to 31 January 2007, up from DKK 57.51 to DKK 82.00 per share of DKK 20. By comparison, OMX Copenhagen financials and the OMXC20 index rose by 32 % and 16 %, respectively, during the same period.

On 24 April 2007, the TK Development A/S share was listed at a price of DKK 125.0 per share with a nominal value of DKK 20, equal to a market value of DKK 3,505 million.

Volume of trading

During the year under review, the share was traded on 252 days, with a total volume of trading of DKK 4.8 billion. 56,151 trades were completed, covering a total of 67,920,689 shares.

TK Development A/S' shareholders

The table below shows the ownership structure of TK Development A/S as reported to OMX/Copenhagen Stock Exchange pursuant to section 29 of the Danish Securities Trading Act.

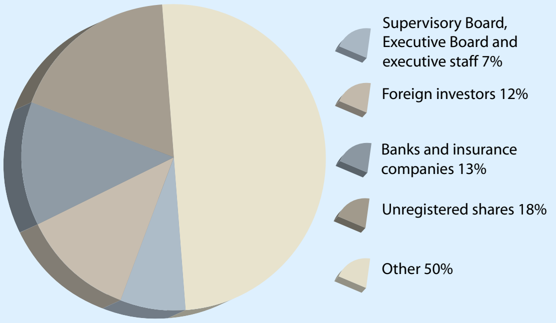
Direct and indirect ownership	Reported ownership interest/voting share
Shareholders	
Skandinaviska Enskilda Banken AB, Copenhagen	8.29 %
Kurt Daell, Lysagervej 25, 2920 Charlottenlund	5.43 %

The table below shows a breakdown of shares held by Management and other executive staff.

Direct and indirect ownership	Number of shares *)	Ownership interest
Supervisory Board:		
Poul Lauritsen	42,130	0.15 %
Torsten Erik Rasmussen	22,760	0.08 %
Kurt Daell	1,522,400	5.43 %
Per Søndergaard Pedersen	151,372	0.54 %
Jesper Jarlbæk	7,000	0.02 %
Executive Board:		
Frede Clausen	121,272	0.43 %
Robert Andersen	14,000	0.05 %
Total	1,880,934	6.70%

*)The number of shares includes all holdings in the household

At the balance sheet date, the number of shareholders totalled 8,729, distributed as follows:



Shareholders' agreements

Management is not aware of any shareholders' agreements that have been concluded between TK Development A/S' shareholders.

Share-based incentive schemes

On 30 December 2005, the Supervisory Board issued warrants to the Executive Board and other executive staff for the subscription of 826,000 shares, each with a nominal value of DKK 20. Subsequently, 122,000 warrants have lapsed, leaving a total of 704,000 active warrants at the balance sheet date. This is a four-and-a-half-year warrant scheme with the first exercise opportunity after three and a half years and with a further three-year (max.) lock-up period in respect of any shares subscribed for. This means that shares having a maximum market value equal to the subscription amount may be divested without restrictions, while shares exceeding a market value equal to the subscription amount can be disposed of no earlier than during a three-year period after subscription, such that up to one-sixth of these shares can be disposed of in each of the six windows during the three-year period. The above-mentioned 704,000 warrants correspond to 2.5 % of the share capital. Warrants comprised by the incentive scheme may be exercised during three six-week windows. These six-week windows are placed thus:

- following publication of the annual report for the 2008/2009 financial year (from around 30 April 2009);
- following publication of the interim report for the six months ending 31 July 2009 (from around 30 September 2009); and
- following publication of the annual report for the 2009/2010 financial year (from around 30 April 2010).

The subscription price per share of nominally DKK 20, before any deduction for dividend, has been fixed at DKK 74.54 in the first exercise window, DKK 77.05 in the second window and DKK 80.63 in the third window.

	Number of warrants
Supervisory Board	0
Executive Board	
Frede Clausen	120,000
Robert Andersen	120,000
Other executive staff	464,000
Total	704,000

Pursuant to the International Financial Reporting Standards, IFRS, share-based compensation paid as remuneration to Management and employees must be charged to the income statement at the fair value of the share compensation at the date of allocation. The costs to the Group of the above-mentioned four-and-a-half-year incentive scheme total around DKK 7 million, which will be expensed over the period from January 2006 to May 2009.

Dividends and dividend policy

The Supervisory Board currently intends to retain any earnings for a continued expansion of the Company's business. The payment of any dividends will be considered from year to year.

The statement of consolidated financial highlights and key ratios on page 8 shows the development in the listed price of shares, equity value, earnings per share and payment of dividends.

Voting rights

The shareholders of TK Development A/S have one vote for each share amount of DKK 1 at general meetings. Shareholders who have acquired shares by transfer may not exercise the voting rights in respect of the relevant shares unless such shares have been registered in TK Development A/S' register of shareholders or the shareholder has reported, and submitted proof of, his acquisition to TK Development A/S not later than eight days prior to the relevant general meeting.

Annual General Meeting

The General Meeting of Shareholders is the supreme authority in all corporate matters of TK Development A/S, subject to the limitations provided by Danish law and TK Development A/S' Articles of Association. The Annual General Meeting must be held in the municipality where TK Development A/S' registered office is located sufficiently early to permit compliance with the Company's applicable time limits for the holding of General Meetings and the filing of annual reports. General Meetings are called by the Supervisory Board. The Annual General Meeting will be held at 5 p.m. on 29 May 2007 in Aalborg Parken.

Extraordinary General Meetings are held following a resolution by the shareholders in General Meeting or the Supervisory Board or at the request of the auditors of TK Development A/S or shareholders collectively holding not less than one-tenth of the total share capital.

All business transacted at General Meetings is decided by a simple majority of votes unless otherwise provided by current legislation; see Article 6 of the Company's Articles of Association.

Registered shares

All shares are registered in book-entry form in accounts maintained in the computer system of VP Securities Services, Helgeshøj Allé 61, Taastrup, Denmark, and must be held and managed through a Danish bank or other institution authorized to be registered as the custodian of the shares. The shares must be issued to named holders and may not be transferred to bearer.

Notification of investment

The Articles of Association or other corporate regulations of TK Development A/S contain no special provisions regarding the reportable level of investment. Reference is made to section 29 of the Danish Securities Trading Act.

Negotiability and transferability of the shares

The shares of TK Development A/S are freely transferable and negotiable instruments pursuant to Danish law and no restrictions apply to the transferability of the shares. No shareholder is under an obligation to have his shares redeemed in full or in part by the Company or any other party.

Other rights

No shares of TK Development A/S carry any special rights.

Limitations on shareholdings

No ownership limitations apply to the shares.

Treasury shares

In the year under review, TK Development A/S sold 22,382 shares and thus holds no treasury shares today. At present, the Company is not authorized to purchase any treasury shares. It is not the Company's policy to hold treasury shares.

Rules on insider trading

TK Development A/S's Management and employees are only allowed to trade in the Company's shares during the six-week window opened after the announcement of annual and half-year financial results and other major corporate financial disclosure documents. The Company keeps a register of the shares held by insiders, including any changes in their portfolios, and announces this information in accordance with existing legislation.

Investor relations

The TK Development Group aims to keep its shareholders and investors up-to-date on all relevant matters.
The Company's website, www.tk-development.dk, includes all stock exchange announcements issued for the past four years, updated share prices and information about projects in progress. When investor presentations are published in connection with annual and interim reports, they are also made available at the Company's website.

Moreover, there is a direct link from TK Development A/S' website to OMX/the Copenhagen Stock Exchange website, which contains further information about the TK Development A/S share (www.omxgroup.com/nordicexchange). Reference is also made to the section on corporate governance.

Financial calendar

Preliminary announcement of 2006/07 annual financial results	25 April 2007
Annual General Meeting	29 May 2007
Interim report for the six-month period ending 31 July 2007	28 September 2007

A new financial calendar will be issued in the period around the publication of the interim report for the six-month period ending 31 July 2007.

Announcements to the Copenhagen Stock Exchange

No.	Dated	Title
No. 3	27-Apr-06	Announcement of 2005/06 annual financial results
No. 4	18 May 2006	Notice convening Annual General Meeting
No. 5	19 May 2006	TK Development A/S has taken due note of the decision made by the Danish Securities Council
No. 6	30 May 2006	Minutes of the Annual General Meeting of TK Development
No. 7	15 June 2006	Further projects added to the charge against TK Development
No. 8	20 June 2006	Senior Vice President charged by the Polish police
No. 9	5-Sep-06	Construction starts on shopping centre in Bialystok, Poland
No. 10	11-Sep-06	Court decides to release Polish Senior Vice President
No. 11	13-Sep-06	TK Development sells shopping centre in Poland
No. 12	14-Sep-06	Sale and construction start of the Entré shopping centre, Malmö
No. 13	20-Sep-06	Senior Vice President still in detention
No. 14	26-Sep-06	Interim report for the six-month period ending 31 July 2006
No. 15	26-Sep-06	Information about the executive staff's and their related parties' transactions in TK Development A/S shares and related securities
No. 16	27-Sep-06	Financial calendar
No. 17	15-Nov-06	Euro Mall Centre Management expands its business platform – and TK Development reduces its ownership interest
No. 18	17-Nov-06	Senior Vice President released
No. 19	21-Nov-06	TK Development sells its first retail park in the Czech Republic
No. 20	28-Nov-06	TK Development sells its first retail park in Poland
No. 21	30-Nov-06	TK Development's subsidiary TKD Nordeuropa has repaid the subordinated bond loan of nom. DKK 220 million
No. 22	13-Dec-06	TK Development has repaid bond loan
No. 23	29-Dec-06	Development of new 71,000 m² multifunctional centre in Gdansk, Poland
No. 1	26 January 2007	TK Development sells Kennedy Arcade, Aalborg / Estimated consolidated profit for 2007/08 of minimum DKK 240 million after tax and minority interests

The complete wording of stock exchange announcements is available at the Company's website.

Corporate governance

The TK Development Group is committed to compliance with the Corporate Governance rules to the widest possible extent to ensure that the Group is managed in accordance with shareholder interests and with due regard to its other stakeholders.

I. The role of the shareholders and their interaction with corporate management

The supreme authority of TK Development A/S is vested in the General Meeting of Shareholders.

The Supervisory Board is committed to ensuring that the General Meeting of Shareholders is a forum for open communication and exchange of opinions between shareholders and the Supervisory Board. All registered shareholders are entitled to vote at the General Meeting, and shareholders who are unable to attend may vote by proxy. To the extent possible, the instruments of proxy are drawn up to allow the individual shareholder to indicate his vote on each individual item on the agenda.

The holding of General Meetings of Shareholders is announced by inserting ads in newspapers, giving not less than eight days' nor more than four weeks' notice. The convening notice is also sent to registered shareholders by letter. In addition to the date and time of the General Meeting of Shareholders, the convening notice also contains information about the items on the agenda and an indication of the proposals submitted for consideration.

TK Development A/S has no limitations in respect of ownership of shares or the number of votes that a shareholder may hold. Shareholders holding in the aggregate not less than one-tenth of the share capital may convene an Extraordinary General Meeting.

During the year, the TK Development Group holds a number of meetings specifically arranged for shareholders, both at its own initiative and at the request of investors. Information is communicated to shareholders via announcements of financial results and stock exchange announcements, and moreover by circulating dedicated shareholder information immediately after the announcement of the annual report and the interim report for the first six months.

The Supervisory Board reviews the Company's capital and share structure on a regular basis, and an update is provided of most recent developments in the annual report.

The Supervisory Board regularly considers whether it is expedient to increase the use of information technology in communications with the Company's shareholders.

II. The role and importance of stakeholders for the Company

The TK Development Group is committed to an open dialogue with its stakeholders, who include investors, tenants, employees, public authorities and local interest groups.

Representatives of the Group also take part in investor meetings, conferences and lectures and related activities.

The Supervisory Board assesses corporate policies on an ongoing basis to ensure that they match the needs of stakeholders.

The Supervisory Board is kept currently informed about the Company's dialogue with its stakeholders and can thus oversee that their interests are safeguarded, if necessary by making changes to the Company's policies in this regard.

III. Openness and transparency

Significant information of importance to shareholders and financial markets is published immediately as stock exchange announcements via OMX/Copenhagen Stock Exchange in accordance with the stock exchange rules. The announcements are prepared both in a Danish and English version. Immediately after being published, the announcement is transmitted as an e-mail to shareholders and stakeholders who have signed up for this service with the TK Development Group. At the same time, the announcement can be accessed on the Company's website.

The TK Development Group's projects have guidelines stipulating at which stages stock exchange announcements are to be issued, and rules have been introduced specifying which projects are of a magnitude warranting the publication of separate announcements. For instance, stock exchange announcements are issued upon the sale of projects representing a sales value of DKK 100 million or more.

The Company's website is being developed on an ongoing basis. The website contains data regarding the Group's project portfolio. Such data are constantly updated. The TK Development Group's website includes a separate Investor Relations section, which is linked to OMX/Copenhagen Stock Exchange's prices and company info page, which gives the updated TK share price and order depth data.

The TK Development Group arranges a number of investor meetings during the year. Immediately after these meetings, the investor presentation material can be accessed from the Company's website. Corporate Governance policies are described on the website. This description is being developed on an ongoing basis.

The disclosure of non-financial information will be upgraded on an ongoing basis, both at the Company's website and in annual reports.

The Company publishes an annual report and an interim report for the first six months. Quarterly reports are not issued, as the Supervisory Board has found that the informative value would not be commensurable with the resource usage, given the special nature of the activities carried on by the TK Development Group.

IV. The tasks and responsibilities of the Supervisory Board

In the interim between General Meetings, the supreme authority of TK Development is vested in the Supervisory Board. The work of the Supervisory Board is regulated via rules of procedure. These rules of procedure are updated once a year. The Supervisory Board appoints a Chairman and a Deputy Chairman.

At least four ordinary Supervisory Board meetings are held each year, one of which is a strategy meeting. The chairmanship arranges meetings in consultation with the Executive Board.

At its meetings, the Supervisory Board considers issues of general importance to the Group, such as:

- Goals and strategies
- Division of responsibilities
- Financial statements and financial reporting
- Authorization for major projects
- Budgets
- Valuation of the Group's properties
- Proposals for mergers, acquisition and sale of companies and properties
- Appointment and remuneration of the Executive Board.

In the event that matters to be considered by the Supervisory

Board require expedited review, an extraordinary board meeting is convened. In special cases, such board meetings may be held as telephone conference meetings. In 2006/07, six board meetings were held, including a strategy meeting.

The Supervisory Board is provided with ongoing reporting updates, and reporting is provided prior to board meetings according to specific guidelines.

The Supervisory Board carries out one annual evaluation of the work of the Supervisory Board and the Executive Board.

The rules of procedure are adapted regularly and include rules about the responsibilities and duties of the Chairman of the Supervisory Board. Further, the rules of procedure specify how information is to be exchanged between the Executive Board and the Supervisory Board.

The Supervisory Board has decided not to set up special board committees. This decision was made in light of the size of the Supervisory Board and the commitment to a high composite information and knowledge level on the board.

V. Composition of the Supervisory Board

According to the Articles of Association, the Supervisory Board must be composed of not less than four nor more than seven members. The Supervisory Board is composed of five members, and reference is made to the section entitled "Posts held by Supervisory and Executive Board members" for more information. The Supervisory Board nominates Niels Roth as a new member. If adopted by the shareholders at the General Meeting, the Supervisory Board will then be composed of six members. Today, Niels Roth is the Deputy Chairman of TK Development's subsidiary, TKD Nordeuropa A/S. Niels Roth (49) has substantial management experience from his previous employment with the Carnegie Group, and for a number of years he was a member of the Danish Securities Council and the Chairman of the Danish Securities Dealers' Association. Niels Roth will boost the Supervisory Board's expertise within management and financial issues.

The Company has decided, in view of its size, not to appoint employee representatives to the Supervisory Board.

The Supervisory Board's competencies cover a wide spectrum, including management, international relations, the property sector, the retail sector and accounting.

Candidates for election to the Supervisory Board are nominated based on an overall assessment of their competencies and experience base. New members are offered a thorough introduction to the Company.

TK Development publishes the number of shares and options held by members of its Executive Board and Supervisory Board in the section entitled "Shareholders". The announcement of annual financial results, page 67, contains information about the positions of the individual Supervisory Board members, their ages, supervisory board memberships and the dates when they joined TK Development A/S' Supervisory Board.

The members of the Supervisory Board are elected at the General Meeting of Shareholders to serve for a term of one year at a time. Setting an age limit for the members of the Supervisory Board has not been considered appropriate, as competencies and experience are weighted higher than an age criterion.

VI. Remuneration of the Supervisory Board and Executive Board

Since 1995, TK Development A/S has been using incentive schemes for the Executive Board and a group of key executives. The basic philosophy underlying these schemes was to tie them closer to the Company and to enhance the commitment of the relevant key executives in pursuing financial gains for TK Development. The Annual Report reviews the current incentive schemes.

The Executive Board members receive a fixed salary and a bonus scheme based on retainment and consolidated profits. There are no special severance programmes for members of the Executive Board. The service agreements are based on ordinary terms.

The term of notice for Executive Board members is 12 months on the part of the Company and six months by the member. Pay and service terms for members of the Executive Board come up for review once a year.

The remuneration of Frede Clausen, President and CEO, amounts to DKK 3.1 million for the 2006/07 financial year, excl. company-provided car, bonus, etc. The remuneration of Robert Andersen, Executive Vice President, amounts to DKK 2.4 million for the 2006/07 financial year, excl. company-provided car, bonus, etc. Executive Board members do not receive any company-provided pension benefits. As concerns incentive schemes, reference is made to the appropriate section under "Shareholders".

The fee payable to the members of the Supervisory Board is calculated using a basic fee. The Chairman is paid three times the basic fee, while the Deputy Chairman is paid twice the basic fee. The total fees paid to the Supervisory Board amounted to DKK 1.0 million for the 2006/07 financial year. The total fees paid to Supervisory Board members in all group companies amounted to DKK 1.8 million for the 2006/07 financial year.

The Supervisory Board members are not remunerated via incentive schemes.

VII. Risk management

One of the tasks of the Supervisory Board is to ensure efficient risk management. A central building block of the Group's risk management is the adopted solvency target for the Group and the liquidity targets for the subgroups with active projects, viz. TKD Nordeuropa and Euro Mall Holding.

Reports to the Supervisory Board are submitted on an ongoing basis with respect to the Group's risk issues, which also constitute an important element in the decision-making basis for all major projects.

The Supervisory Board regularly considers issues relating to the project portfolio, properties, financing, IT and staffing as an element in a broader assessment of potential risks and scarcity factors.

VIII. Auditing

Auditors elected by TK Development A/S' General Meeting of Shareholders: Deloitte, Statsautoriseret Revisionsaktieselskab, Weidekampsgade 6, DK-2300 Copenhagen S, and Nielsen & Christensen, Statsautoriseret Revisionspartnerselskab, Hasseris Bymidte 6, DK-9000 Aalborg.

The Supervisory Board has made the provisional choice of continuing with two auditing firms, even though it is now possible for listed companies to have only one auditing firm. In addition, the Supervisory Board has found that the audit task is the common concern of all board members, for which reason it has not considered it expedient to set up an audit committee.

IX. OMX/Copenhagen Stock Exchange's Corporate Governance Recommendations

In autumn 2005, OMX/Copenhagen Stock Exchange decided to incorporate the revised corporate governance recommendations by the Nørby Committee into its disclosure requirements for listed companies. This means that listed companies must outline their approach to the corporate governance recommendations in annual reports for financial years beginning on or after 1 January 2006.

One of the fundamental principles of the new recommendations is the "comply-or-explain" principle, which implies that companies are required either to comply with the recommendations for corporate governance or explain why they do not comply with the recommendations in whole or in part.

The Supervisory Board is convinced that TK Development A/S lives up to the new corporate governance recommendations.

Risk issues

Financial targets

To provide for sufficient future financial resources, the TK Development Group has adopted liquidity targets for the subgroups with active projects, Euro Mall Holding and TKD Nordeuropa; see below. In addition, Management has adopted a solvency target for the Group corresponding to a solvency ratio of 25 % based on total capital resources.

Covenants related to credit facilities in TK Development

In favour of the banks providing operating credit facilities, TK Development has undertaken at group level to comply with a solvency ratio covenant of 21 %, measured in connection with the presentation of interim and annual reports. This ratio is measured as liable capital relative to total assets. Liable capital is defined as equity including minority interests and subordinated loans, but less any treasury shareholdings and holdings of own subordinated loans. Total assets are defined as all assets less any treasury shareholdings and holdings of own subordinated loans.

Covenant in Euro Mall Holding

The Group's relationship with its co-shareholder, the Investment Fund for Central and Eastern Europe, is subject to a liquidity covenant intended to ensure available funds in Euro Mall Holding, equivalent to fixed costs for a period of six months plus DKK 20 million, not including funds received in the form of proceeds from projects sold. The calculation includes project obligations materializing within six months.

The covenant represents a liquidity target for Euro Mall Holding and a covenant that commits the subgroup vis-à-vis the Group's bankers. The covenant must be calculated and be met before acquiring and initiating projects requiring liquidity, including the acquisition of plots of land and buildings in the Euro Mall Holding group, and after repayments on the intercompany account with the TK Development Group.

The liquidity covenant is defined as follows:

L + K > E + O + R+ DKK 20 million

assuming

L = The Euro Mall Holding group's free cash resources in the form of deposits with banks and the value of listed Danish government and mortgage bonds with a term to maturity of less than five years.
K = The Euro Mall Holding group's amount available on committed operating credit facilities from time to time (excluding project credit facilities).
E = The planned impact on cash resources from the projects which the Euro Mall Holding group is obliged to complete within six months, including the new/expanded project, taking into account committed project credit facilities from financial institutions and forward funding.
O = The Euro Mall Holding group's cash non-project-related capacity costs for the following six months less management fees falling due within six months. In addition, pre-agreed project fees from final and binding agreements with project investors falling due within six months are to be set off against the amount.
R = Interest accruing on the Euro Mall Holding group's operating credit facilities and intercompany accounts with the TK Development Group for the following six months, and half of the repayments on Euro Mall Holding's intercompany accounts with the TK Development Group falling due within six months.

Covenant in TKD Nordeuropa

TKD Nordeuropa is subject to a similar liquidity covenant. This means that available funds will also have to be secured in TKD Nordeuropa equivalent to the fixed costs incurred during a six-month period, without taking into account funds received in the form of proceeds from projects sold. The calculation includes project obligations materializing within six months.

The covenant represents a liquidity target for TKD Nordeuropa and a covenant that will commit the subgroup towards the Group's bankers.

The covenant must be calculated and be complied with before projects requiring liquidity are acquired and initiated, including the acquisition of plots of land and buildings in the TKD Nordeuropa Group, and in connection with making repayments on the intercompany account with the TK Development Group.

The liquidity covenant is defined as follows:

$L + K > E + O + R$

assuming

L = The TKD Nordeuropa Group's free cash resources in the form of deposits with banks and the value of listed Danish government and mortgage bonds with a term to maturity of less than five years.
K = The TKD Nordeuropa Group's amount available on committed operating credit facilities from time to time (excluding project credit facilities).
E = The planned impact on cash resources from the projects which the TKD Nordeuropa Group is obliged to complete within six months, including the new/expanded project, taking into account committed project credit facilities from financial institutions and forward funding.
O = The TKD Nordeuropa Group's cash non-project-related capacity costs for the following six months less management fees falling due within six months. In addition, pre-agreed project fees from final and binding agreements with project investors falling due within six months are to be set off against the amount.
R = Interest accruing on the TKD Nordeuropa Group's operating credit facilities and intercompany accounts with the TK Development Group for the following six months, and half of the repayments on the TKD Nordeuropa Group's intercompany accounts with the TK Development Group falling due within six months.

Risks relating to Group operations

Development activities

The TK Development Group operates as a property developer and seeks to enter into agreements with investors at a very early stage in the development process, the object being to limit the Group's risk solely to the development activity. This risk limitation strategy means that projects are not always fully defined at the time contracts are concluded with investors. However, a contract is usually made with an investor around the time of construction startup. Consequently, the most significant risks attaching to projects for which sales agreements have been concluded are closely linked to individual elements of the implementation process, such as obtaining relevant permits from the authorities, coordinating subcontractors, meeting time schedules, assessing the letting risk and complying with the construction budget. The risk attaching to existing projects may be significant despite advance agreements made with an investor, and may thus also result in major uncertainty regarding cash flows, capital to be tied up and timeframes. If, contrary to expectations, the Group discovers that elements key to the completion of a project cannot be met, a sold project may have to be abandoned or completed at the Group's own expense. Project costs defrayed that relate to unsold projects will have to be expensed if the projects in question are abandoned.

A substantial number of the Group's projects will be sold to investors based on a fixed, agreed initial return calculated on the lease agreements concluded in the project development phase. In cases where a sales agreement is concluded before all lease agreements in the project have been finalized, the Group undertakes a calculated risk that the remaining unlet premises will be let on terms and conditions that ensure a satisfactory profit or the agreed selling price, as the case may be, for the project.

For projects that are sold, construction will not be initiated until the Group expects to be able to meet the requirements from the investor that finalize the project sale. Meeting these requirements typically falls within the Group's sphere of competencies. The Group assumes a calculated risk that it may be unable to meet these requirements, contrary to its expectations.

Basically, construction of unsold projects will only be given the go-ahead if lease agreements have been concluded for at least 60 % of the leasable premises. Thus, the Group assumes the risk of the project being sold as well as project funding. In addition to the above-mentioned project development risks, such projects are also subject to the risk that they cannot be sold at a satisfactory profit. This may force the Group to either keep the project and continue to tie up the working capital involved or sell the project at a loss. This risk will be partly offset by the minimum occupancy rate to be met prior to commencement of construction.

When changes occur in the Group's markets, projects not sold are subject to the risk of investor return requirements increasing sharply, and the Group's consumption of resources may be lost and the value of acquired land or relevant associated rights may depreciate.

Dependency on staff

The knowledge, experience and networks of key employees constitute some of the TK Development Group's greatest assets, and are thus key prerequisites for the Group's ability to carry on profitable business. Accordingly, ensuring these employees' long-term commitment is a vital competitive parameter for the Group. There can be no assurance that the Group can retain existing employees or attract new ones.

Environmental matters

As a development company, the TK Development Group does not carry on any actual production activities that in themselves may have a negative environmental impact. If there are reasons to suspect contamination when plots of land and existing buildings are acquired, the appropriate reservations are made in the purchase process, soil samples are taken and thorough environmental analyses conducted. If a site has been contaminated by previous activities, the land will be cleaned up for the particular purpose for which it is to be used, or the Group will decide not to acquire it. If built-up areas have been insufficiently cleaned up, or if the assessment of the required cleaning-up proves incorrect with respect to undeveloped sites, cleaning-up or disposing of such areas may result in the Group incurring significant unforeseen expenses in the cases where the Group cannot pass on such expenses to its contractors.

Structural changes

For its future earnings, the TK Development Group relies on the inflow of new projects and, by extension, on the future availability of new building sites and planning permission from local authorities. Changes in national legislation, local plans or other factors that make obtaining planning permission difficult or restrict the supply of building sites will have a negative impact on future earnings.

Tax matters

A deferred tax asset of DKK 291.0 million is included in the balance sheet at 31 January 2007. The tax asset relates mainly to tax loss carryforwards in the different subsidiaries, and to negative deferred tax.

Valuation is based on the existing rules for carrying forward losses and group pooling or group contributions and the assumption that each subsidiary is a going concern. A change in the terms and assumptions for carrying forward losses and group pooling/group contributions could result in the value of the tax assets being lower than the value computed at 31 January 2007. Management performed the valuation on the basis of the existing business plans. In the event the business plans do not materialize, the value of the tax assets could be lower than the value computed at 31 January 2007.

Up to and including the 2004/05 financial year, TK Development A/S and the Danish subsidiaries subject to group pooling were taxed with the Group's German subsidiaries on a pooled basis. Tax has not been provided on the retaxation balance, because Management does not plan to invoke changes in the Group that would result in full or partial retaxation.

Risks relating to legal matters

Third-party agreements

A major portion of the TK Development Group's business consists of concluding agreements with development partners, investors, tenants and contractors for property development projects. A description is given below of the most significant risks regarding these contractual issues.

Agreements with development partners

Agreements have been made with the following major development partners: Port of Copenhagen Ltd., Nordkranen Ejendomsudviklingsselskab A/S, Frederikshavn Maritime Erhvervspark A/S, Meinl European Land Ltd., Miller Holdings International Limited, the Baltic Property Trust Group and LMS (DHL) Limited.

The risks primarily break down into potential problems due to disagreements regarding strategy and development focus and speed on the one hand and the risk of cooperation agreements being terminated on the other. TK Development has attempted to counter these risks by concluding long-term cooperation agreements that can only be terminated on the grounds of breach. However, there can be no assurance that either the Group or a partner will not breach the agreement, and there can be no assurance that existing cooperation agreements will not give rise to other disagreements between the parties.

Agreements with investors

The TK Development Group's customers on the investment side are private and institutional investors. The Group seeks to reduce its working capital and risks relating to ongoing projects by applying forward funding from investors, which means that one or more investors undertake to provide funding as project construction progresses. Before construction starts, the investor and TK Development come to an agreement on a well-defined project. The investor remains financially involved throughout the construction period and is consulted on major decisions. These principles ensure that from construction startup, TK Development's risk in the project is mostly limited to the letting risk attaching to any remaining unlet premises and the risk of construction budget overruns. In agreements with institutional investors, the overriding risk thus relates to the Group's ability to deliver on time and according to specifications, while the counterparty risk is less significant. Even though a sales agreement regarding a project has been concluded, major risks may still attach to the project in a number of cases, which may lead to the cancellation of a sales agreement on account of breach by one of the parties.

Several projects are sold via intermediaries to private investors, initially based on framework agreements that typically contain reservations regarding funding procurement and, subsequently, the issuing of title documents, etc. The risk generally attaches to counterparty risks and primarily the ability of intermediaries to lift the reservations that make final completion of a deal conditional. Accordingly, these factors are to some extent outside the influence of the Group.

Agreements with tenants

The risk attaching to lease agreements primarily comprises the ability of tenants to comply with the terms and conditions of the lease agreement, including particularly the obligation to pay. If the tenants do not meet the terms of the lease agreement in a project sold, the investor who has bought the property may in some cases set up a claim against the TK Development Group. In a worst-case scenario, the investor may not be obliged to uphold the acquisition. Attempts are made to reduce the risks by claiming suitable deposits and bank guarantees and generally being alert to any changes in the creditworthiness of tenants. However, there can be no assurance that such measures will be sufficient to curb any losses on account of breach of lease agreements.

Agreements with contractors

All contract assignments are sourced externally and are typically based on fixed-priced contracts containing guarantees as security for performance of the contractor's obligations. This reduces the TK Development Group's risk regarding unforeseen fluctuations in the construction costs with respect to individual projects. However, there can be no assurance that a contractor can honour his obligations under a construction contract, or that the guarantees provided under it are sufficient to ensure that a given project will generate earnings for the Group. If a contractor breaches a construction contract, the worst-case scenario would be that the Group cannot honour its own agreements regarding sale and/or letting of the relevant property, implying that the Group would risk being in breach of concluded agreements.

Litigation

The TK Development Group is currently party to the following legal proceedings/arbitration proceedings that are of relevance due to their scope:

In the summer of 2002, De Samvirkende Købmænd, a trade association of grocery retailers, filed a complaint with the Nature Protection Board of Appeal (Naturklagenævnet) in respect of the City of Copenhagen's approval of the layout of the Field's department store. In particular, the claim asserted that the Field's department store is not one department store, but that it consists of several individual stores. The Nature Protection Board of Appeal made its decision in the matter on 19 December 2003, after which the department store layout was approved. De Samvirkende Købmænd subsequently took out a writ against the Nature Protection Board of Appeal before the Danish High Court. A ruling in the matter is expected at the earliest in 2009 or 2010. Neither the owner of the centre nor the TK Development Group is a direct party to the case, but if the High Court were to uphold De Samvirkende Købmænd's claim in full or in part, the Field's department store may have to be redesigned following negotiations with the relevant local authorities. If the High Court rules in favour of De Samvirkende Købmænd, the owner of Field's may have to incur the financial burden of causing the necessary changes to the building layout, and in that connection it cannot be ruled out that a claim may be made against the Group. In light of previous rulings made, Management believes the risk of this case to be negligible.

In addition, the Group is involved in a few disputes, none of which is deemed to have a scope that, either individually or collectively, may affect the Group's performance to any appreciable extent.

Senior Vice President charged by the Polish police

In June 2006, the Senior Vice President responsible for the Group's Polish branch office was detained, taken into custody and charged by the Polish police with irregularities related to obtaining a public authority permit (zoning permission) for the Polish Galeria Biala shopping centre project in Bialystok. In November 2006, the Senior Vice President was released on bail.

During the entire process, Group Management has been unable to find any irregularities in connection with the project, and thus fails to comprehend that the Senior Vice President could be involved in the alleged practices. The Polish prosecution service has not yet decided whether to indict the Senior Vice President.

If, contrary to Management's expectations, the Senior Vice President is indicted and convicted, this might damage the Group's reputation and thus adversely affect its activities and earnings.

Charges brought by the public prosecutor for serious economic crime

As stated in stock exchange announcements nos. 19/2005 and 20/2005, the prospectus published on 30 December 2005 and the annual report for 2005/06, TK Development A/S and six individuals have been charged by the public prosecutor for serious economic crime with fraudulent income recognition and price manipulation concerning periods covering the 2000/01, 2001/02, 2002/03 and 2003/04 financial years.

The charge from the autumn of 2005 covers 16 projects. On 14 June 2006, the charge against TK Development and the six individuals was supplemented; see stock exchange announcement no. 7/2006. The charge still concerns fraudulent income recognition and price manipulation and also relates to periods covering the 2000/01 to 2003/04 financial years. The charge from June 2006 covers an additional 13 projects, located in both Denmark and Central Europe, bringing up the total to 29 projects.

In addition, charges have now been brought against two of the Company's auditors from Deloitte and Nielsen & Christensen, who no longer serve as auditors for the Group. The charges were brought because, according to the public prosecutor for serious economic crime, the conditions for the Group's use of the percentage of completion method for the relevant financial years had not been met, and the financial statements of TK Development A/S for the 2000/01 to 2003/04 financial years were therefore incorrect on some points.

Management still believes that the charges brought are based on misconceptions concerning the Group's accounting policies. For a more detailed description of the charge, including the exact wording of the charge from October 2005, please see the prospectus published on 30 December 2005, the Group's Annual Report for 2005/06 and stock exchange announcement no. 3/2006.

The matters covered by the charges have no impact on the Group's current financial position.

If the charges lead to the Company being indicted on the counts set out in the charge sheets or for violation of other accounting provisions and to subsequent conviction, the Company may be fined. Assessing the size of such fine is subject to considerable uncertainty. Moreover, the risk exists that investors who have bought or sold shares and/or bonds in TK Development A/S during the relevant period will claim damages from the Company. Whether such claims would lead to the Company becoming liable for damages will depend on, among other things, whether the investors in question can prove a loss and document that such loss has occurred as a result of unlawful actions taken by the Company or its employees. It is not possible to assess the potential extent of any such claims for damages. If convicted of misrepresentation for the purpose of income recognition, the individuals charged may be punished by imprisonment for up to 18 months and, in aggravating circumstances, the punishment may be imprisonment for up to four years. If the charges, a potential indictment and a potential trial continue for a lengthy period of time, such period will put a strain on the Company's resources and the individuals charged, and this may have a material, negative indirect effect on the Group. In the event developments in the case result in one or more of the individuals charged having to resign, this could also have an adverse indirect effect on the Group. A conviction might damage the Group's reputation and thus adversely affect its activities and earnings.

Financial risks

Property prices and rental income

The TK Development Group is affected by price fluctuations on the various property markets on which the Group operates, as well as general economic trends. This applies to the Group's portfolio of building sites, ongoing and completed projects and the intake of new projects. Declining prices of land and property and falling rent levels will impact negatively on the Group's earnings from project sales not finalized.

Carrying amounts of assets

Management believes that the net carrying amount of the project portfolio at 31 January 2007, DKK 1,491.1 million, provides a true and fair view.

In addition to the project portfolio, which is categorized as current assets less prepayments received from customers, the TK Development Group also holds property, plant and equipment in the form of investment property. The value of investment properties is measured at fair value, of which the portfolio of investment properties in the Czech Republic was carried at DKK 304.2 million at 31 January 2007 based on a target rate of return of 7.0 % p.a. calculated using a discounted cash-flow model. The portfolio of investment properties in Germany was carried at DKK 229.5 million at 31 January 2007 based on a target rate of return of 6.0 % p.a. calculated using a discounted cash-flow model. Management believes that the target rates of return are consistent with current market levels. For example, the Group's investment properties are exposed to the following risks:

1. General economic conditions in countries where the Group has investment property holdings
2. Price fluctuations on the property market, including ordinary fluctuations in supply and demand
3. Interest-rate fluctuations
4. Legislative amendments, including tax rules applying to investors
5. Tenants' ability to pay
6. Foreign-exchange fluctuations, although the Group has contracted to have the rent paid in euro. However, the financial standing of tenants may weaken due to negative exchange-rate movements between their local currencies and the euro
7. Consumer confidence and behaviour and, by extension, consumer purchasing power may have a significant influence on the shopping centre tenants' ability to pay,

A change in market return requirements or in factors relating to the properties' rental situation would trigger changes in the value of the investment properties. Such value adjustment would be charged against the Group's income statement. As the Group has access to a performance-driven share of the value adjustments of some of these properties, changes in the value could have a relatively stronger impact than what is reflected in the ownership interest and, by extension, in the value recognized in the consolidated financial statements.

The Group's receivables primarily comprise trade receivables totalling DKK 632.9 million at 31 January 2007. Any writedowns are made on the basis of an assessment of each individual receivable. This assessment may be subject to uncertainty, involving a risk of insufficient writedowns and, in turn, losses on receivables that will have to be charged to the income statement.

Liquidity risks

Having sufficient cash resources is essential for the TK Development Group. In order to complete the development of its planned projects and thereby achieve the expected results, the Group must have or must be able to procure sufficient cash resources to cover the costs and deposits required for the projects, the capacity costs and other obligations. All factors described in this section on risk factors may have an adverse effect on the Group's ability to generate such cash resources.

TKD Nordeuropa A/S has made a commitment to its banks and itself regarding compliance with specific covenants. These covenants may restrict opportunities to launch new business activities. They also mean that cash resources cannot be freely transferred from the TKD Nordeuropa Group to other parts of the Group. In other words, the Group may experience liquidity difficulties, even when there are free cash resources in the Group overall. See the section on financial targets for a more detailed description.

Restrictions have also been agreed with respect to Euro Mall Holding, preventing cash resources from being freely transferred from Euro Mall Holding to other parts of the Group. See the section on financial targets for a more detailed description.

To determine the required liquidity buffer, the Group draws up both short- and long-term cash budgets. The Group has concluded agreements with a number of banks regarding the Company's operating credit facilities and having continued access to project financing. In addition, certain conditions (covenants) attach to the operating credit facilities, which the Group is under an obligation to observe, and in case the conditions are not complied with, the project credit facilities may be terminated. The Company seeks to use forward funding to limit its cash requirements. It is essential that the Group obtains third-party construction funding in cases where forward funding is not available.

Interest-rate risks

As a main rule, the TK Development Group finances its projects in progress by way of short-term, floating-rate bank loans and by forward funding, generally based on a fixed interest rate. The Group's other interest-bearing debt consists of both fixed- and floating-rate loans. The main part of the Group's total interest-bearing debt consists of floating-rate loans. A one percentage point increase in short-term interest rates will, ceteris paribus, have a negative impact on the Group's profit before tax of around DKK 20 million per year. The policy formulated for interest-rate risks is adhered to.

Foreign-exchange risks

The TK Development Group is an international group of companies with operations in Denmark, Sweden, Finland, Latvia, Lithuania, Germany, Russia, Poland, the Czech Republic and Bulgaria. In Denmark, the Group invoices revenue from the project portfolio in Danish kroner, while outside Denmark, the foreign subsidiaries generally invoice in their local currency or in euro. The Group's reporting currency is

Danish kroner. Accordingly, movements in the exchange rates of local currencies and euro relative to Danish kroner influence the Group's revenue, earnings, total assets and equity. In order to minimize the foreign-exchange risk on consolidated earnings, the Group generally raises funding for individual projects in the agreed invoicing currency. Similarly, construction contracts are generally concluded in the relevant project invoicing currency. In the few cases where the Company gains an advantage from concluding the construction contract in a different currency than the relevant project's invoicing currency, the Company generally hedges the foreign-exchange risk through a forward agreement. The foreign subsidiaries pay their staff costs and other administrative expenses in local currencies.

Each Group subsidiary determines its functional currency as the official currency of the primary financial environment in which the entity operates. In determining its functional currency, each unit takes account of which currency has the strongest impact on selling prices, the official currency of the country whose market forces and legislation have the strongest impact on selling prices, and which currency has the strongest impact on costs. All transactions of each unit are measured in the functional currency in order to minimize the foreign-exchange risk of each subsidiary.

In spite of the above-mentioned initiatives to minimize the foreign-exchange risk, changes in the local currencies of foreign subsidiaries or in the euro against Danish kroner will influence the future financial position and results of the TK Development Group.

The policy formulated for foreign-exchange risks is adhered to.

Cross liability between the Group's companies

TK Development A/S has provided guarantees on a continuing basis for the Group's overall banking and guarantee commitments. Also, in a few cases, TK Development has provided guarantees for group companies' agreements, including transactions, construction contracts and leases.

Posts held by Supervisory and Executive Board members

Chairman Poul Lauritsen, Director

Born 16 February 1936
Joined the Supervisory Board in 1992
Term of office ends May 2007

Education:
Commercial education and MSc in Economics and Business Administration from the Copenhagen Business School.

Employment:
1961-1974: Management consultant, director and partner in T. Bak-Jensen A/S.
1976-1989: Director and partner in BakConsult Gruppen A/S (managing partner 1984-1989).
1990-1992: Director in PA Consulting Group A/S.
In addition to the below-mentioned supervisory board memberships, he has been Chairman of Spar Nord Bank A/S, Nowaco A/S and NOVI A/S.

Member of the supervisory boards of:
- Gangsø Møbler A/S (Chairman)
- Hedegaard A/S (Chairman)
- Aalborg Stiftstidende A/S (Deputy Chairman)
- Nordjyske Holding A/S (Deputy Chairman)
- Aa. S. F. Holding A/S (Deputy Chairman)
- House of Businesspartners A/S

Member of the executive board of:
- Poul Lauritsen Aalborg ApS

Poul Lauritsen is considered an independent member of the Supervisory Board. *)

Deputy Chairman Torsten Erik Rasmussen, MBA, Director

Born 29 June 1944
Joined the Supervisory Board in 1998
Term of office ends May 2007

Education:
1961-1964: Commercial education, Dalhoff Larsen & Horneman A/S, Denmark.
1964-1966: National service with the Royal Life Guards, discharged from military service as first lieutenant 1967 (R).
1972: MBA, IMEDE, Lausanne, Switzerland. 1985: International Senior Manager's Program, Harvard Business School, Boston.

Employment:
1961-1971: Dalhoff Larsen & Hornemann, incl. as a director of Northern Soft- & Hardwood Co. Ltd., Congo.
1973: Executive secretary, LEGO System A/S, Denmark.
1973-1997: Finance manager, LEGOLAND A/S, Denmark.
1975-1977: Logistics manager, LEGO System A/S, Denmark.
1977-1978: Assistant manager (logistics), LEGO System A/S, Denmark.
1978-1980: President and CEO, LEGO Overseas A/S, Denmark.
1981-1997: Manager and member of Group Management, LEGO A/S, Denmark.

Member of the supervisory boards of:
- Amadeus Invest A/S (Chairman)
- Best Buy Group A/S (Chairman)
- CPD Invest ApS (Chairman)
- A/S Det Østasiatiske Kompagni (Deputy Chairman)
- Bang & Olufsen A/S (Deputy Chairman)
- JAI A/S (Deputy Chairman)
- Vestas Wind Systems A/S (Deputy Chairman)
- Acadia Pharmaceuticals Inc. + one subsidiary
- Arvid Nilsson A/S
- Coloplast A/S
- ECCO Sko A/S + five subsidiaries
- Morgan Invest ApS
- NatImmune A/S
- Outdoor Holding A/S + one subsidiary
- Schur International A/S
- Vola Holding A/S + one subsidiary

Member of the executive board of:
- Morgan Management ApS

Torsten Erik Rasmussen is considered an independent member of the Supervisory Board. *)

**) See section V.4 in the Corporate Governance Recommendations prepared by the Copenhagen Stock Exchange.*

Per Søndergaard Pedersen, Director

Born 19 March 1954
Joined the Supervisory Board in 2002
Term of office ends May 2007

Education:
Trained with Sparekassen Nordjylland (Spar Nord Bank).

Employment:
1983-1986: Head of the business department at Sparekassen Nordjylland headquarters, Østeraa branch.
1986-1989: Regional manager, Sparekassen Nordjylland, Hasseris branch.
1989-2002: CEO, TK Development A/S.

Member of the supervisory boards of:

- Bjørk & Maigård ApS + three subsidiaries (Chairman)
- Eksport Akademiet Holding ApS + two subsidiaries (Chairman)
- Celenia Software A/S (Chairman) + two subsidiaries
- EIPE Holding A/S (Chairman)
- Ib Andersen A/S Øst (Chairman)
- J. A. Plastindustri A/S (Chairman)
- JMI A/S + three subsidiaries (Chairman)
- Lindgaard A/S – Rådgivende Ingeniører (Chairman)
- Nowaco Group A/S + one subsidiary (Chairman)
- PL-Holding Aalborg A/S + two subsidiaries (Chairman)
- TBP Invest Aalborg A/S (Chairman)
- VICH 4305 ApS (Chairman)
- Aalborg Boldspilklub A/S + six subsidiaries (Chairman)
- Dansk Reservekraft ApS
- Fonden Musikkens Hus i Nordjylland
- Hedegaard A/S
- Kollegiefonden Bikuben
- Marius A/S
- OKF Holding A/S + two subsidiaries
- Scanmach A/S + one subsidiary
- Skandia Kalk International Trading A/S + one subsidiary
- Small Cap Danmark A/S + one subsidiary
- Spar Nord Bank A/S
- Toppenberg Maskinfabrik A/S + one subsidiary
- 9000 LUX A/S

Medlem af direktionen i:

- A.S.P. Ejendom ApS
- PSP Holding ApS

Per Søndergaard Pedersen is not considered an independent member of the Supervisory Board. *)

Jesper Jarlbæk

Born 9 March 1956
Joined the Supervisory Board in 2006
Term of office ends May 2007

Education:
1981: Trained as a state-authorized public accountant.
2006:Licence placed in inactive status.

Employment:
1974-2002: Served with Arthur Andersen (most recently as managing partner).
2002-2006: Deloitte (executive vice president).

Member of the supervisory boards of:

- Groupcare Holding A/S (Chairman)
- Bakmann Holding A/S (Chairman)
- JAWS A/S (Chairman)
- Prospect A/S (Chairman)
- Julie Sandlau China ApS (Chairman)
- Southern Trident (Pty) Ltd. (Chairman)
- March IT A/S (Deputy Chairman)
- Laigaard & Partners A/S (Deputy Chairman)
- Oceanaut, Inc.
- Scan.jour A/S
- Earlbrook Holdings Ltd. A/S
- Nordic Brand Capital Management ApS
- T.P. Audit A/S
- EUM Holding ApS

Member of the executive board of:

- Earlbrook Holdings Ltd. A/S

Jesper Jarlbæk is considered an independent member of the Supervisory Board. *)

**) See section V.4 in the Corporate Governance Recommendations prepared by the Copenhagen Stock Exchange.*

Kurt Daell, Attorney-at-Law

Born 22 March 1941
Joined the Supervisory Board in 2004
Term of office ends May 2007

Education:
1976: MA (Law).
1988: Practising certificate placed in inactive status on the roll of attorneys.

Employment:
1983-1986: Chairman of the supervisory board of A/S Daells Varehus, (served as the CEO 1988-92).
1983-1993: Chairman of the supervisory board of A/S Daells Discount.
1993-1999: Chairman of the supervisory board of A/S Madeleine.
1985-1987: Member of the supervisory board of Dagligvare Gruppen K/S, Vejle.
1987-1991: Member of the supervisory board of Dansk Fryse Økonomi, Osted.
1977-1987: Secretary General for Denmark in AEVPC (Association Européenne de Vente par Correspondance – European Mail Order and Distance Selling Trade Association).
1981-1987: Member of the International Advisory Board of DMA (Direct Marketing Association), USA.

Member of the supervisory boards of:
- A/S Harald Nyborg + 39 subsidiaries (Chairman)
- DORADE A/S
- KD Parat 1 ApS
- KD Parat 2 ApS
- SB af 10. marts 2005 A/S
- Stressmeter A/S

Member of the executive boards of:
- DAVA Holding ApS
- B. Junk ApS
- Springforbi A/S
- Direct Nyt ApS
- Junk & Co. ApS

Kurt Daell is considered an independent member of the Supervisory Board. *)

**) See section V.4 in the Corporate Governance Recommendations prepared by the Copenhagen Stock Exchange.*

Frede Clausen, President and CEO

Born on 30 July 1959
Member of the Executive Board of TK Development since 1992.

Member of the supervisory boards of:
- Euro Mall Holding A/S + three subsidiaries (Chairman)
- Kommanditaktieselskabet DLU nr. 1 + general partner (Chairman)
- Ringsted Outlet Center P/S + general partner (Chairman)
- Udviklingsselskabet Nordkranen A/S + three subsidiaries (Chairman)
- K/S Købmagergade 59, st. (Deputy Chairman)
- Kommanditaktieselskabet Pakhus D+E + general partner
- Kommanditaktieselskabet Danlink-Udvikling + general partner
- Amerikakaj I/S
- Ejendomsselskabet Klampenborgvej I/S
- Step RE CSP A/S
- Palma Ejendomme A/S

Member of the executive board of:
- Frede Clausen Holding ApS

Robert Andersen, direktør

Born 3 April 1965
Executive Vice President of TK Development since 2002

Member of the supervisory boards of:
- Udviklingsselskabet Nordkranen A/S + three subsidiaries
- Kommanditaktieselskabet DLU nr. 1 + general partner
- Kommanditaktieselskabet Pakhus D + E + general partner
- Kommanditaktieselskabet Danlink-Udvikling +general partner
- Kommanditaktieselskabet Østre Havn + general partner
- Byggesocietetet, Aalborg branch
- Euro Mall Poland Holding A/S
- Ringsted Outlet Center P/S + general partner

Member of the executive board of:
- Ringsted Outlet Center P/S + general partner

Statement by the Executive Board and Supervisory Board

The Supervisory Board and Executive Board have today considered and adopted the 2006/07 Annual Report of TK Development A/S. The Annual Report is presented in compliance with the International Financial Reporting Standards (IFRS), as approved by the EU, and additional Danish disclosure requirements regarding annual reports for listed companies. We consider the accounting policies applied to be appropriate, and, in our opinion, the Annual Report gives a true and fair view of the Group's assets, liabilities, equity and financial position at 31 January 2007 and of the results of the Group's operations and cash flows for the 2006/07 financial year.

Aalborg 25 April 2007

Executive Board

Frede Clausen

Robert Andersen

Supervisory Board

Poul Lauritsen

Torsten Erik Rasmussen

Kurt Daell

Per Søndergaard Pedersen

Jesper Jarlbæk

Independent auditors' report

The annual report has been provided with the following auditors' report:

"Independent auditors' report

To the shareholders of TK Development A/S

We have audited the annual report of TK Development A/S for the financial year 1 February 2006 to 31 January 2007, which comprises the statement by Management on the annual report, Management's review, income statement, balance sheet, statement of changes in equity, cash flow statement and notes, including the accounting policies, for the Group as well as the Parent. The annual report has been prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional Danish disclosure requirements for listed companies.

Management's responsibility for the annual report

Management is responsible for the preparation and fair presentation of an annual report in accordance with International Financial Reporting Standards as adopted by the EU and additional Danish disclosure requirements for listed companies. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of an annual report that is free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility and basis of opinion

Our responsibility is to express an opinion on this annual report based on our audit. We conducted our audit in accordance with Danish and International Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the annual report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the annual report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of an annual report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Management, as well as evaluating the overall presentation of the annual report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Our audit has not resulted in any qualification.

Opinion

In our opinion, the annual report gives a true and fair view of the Group's and the Parent's financial position at 31 January 2007, and of their financial performance and their cash flows for the financial year 1 February 2006 to 31 January 2007 in accordance with International Financial Reporting Standards as adopted by the EU and additional Danish disclosure requirements for listed companies.

Aalborg, 25 April 2007

NIELSEN & CHRISTENSEN
Statsautoriseret Revisionspartnerselskab

Marian Fruergaard
State-authorized public accountant

Per Laursen
State-authorized public accountant

Copenhagen, 25 April 2007

DELOITTE
Statsautoriseret Revisionsaktieselskab

Lars Andersen
State-authorized public accountant

Jesper Jørgensen
State-authorized public accountant"

All amounts in DKKm	Group	
	2006/07	2005/06
Net revenue	**2,719.1**	1,623.3
External direct project costs	**-2,206.2**	-1,401.4
Value adjustment of investment properties, net	**111.0**	157.1
Gross profit/loss	**623.9**	379.0
Other external expenses	**-47.7**	-53.4
Staff costs	**-102.2**	-90.7
Total	**-149.9**	-144.1
Profit/loss from ordinary activities before financing, depreciation and amortization	**474.0**	234.9
Depreciation, amortization and writedowns of long-term assets	**-11.5**	-10.0
Profit/loss from ordinary activities before financing	**462.5**	224.9
Income from investments in associates	**-0.5**	-2.6
Financial income	**86.6**	92.6
Financial expenses	**-212.9**	-270.3
Total	**-126.8**	-180.3
Profit/loss before tax	**335.7**	44.6
Tax on profit/loss for the year	**-37.2**	28.0
Profit/loss for the year	**298.5**	72.6
Allocated as follows		
Shareholders of TK Development A/S	**249.4**	28.3
Minority interests	**49.1**	44.3
Profit/loss for the year	**298.5**	72.6
Earnings per share in DKK		
Earnings per share (EPS) of nom. DKK 20	**8.9**	2.0
Diluted earnings per share (EPS-D) of nom. DKK 20	**8.9**	2.0

All amounts in DKKm	Group	
	31.01.07	31.01.06
ASSETS		
Long-term assets		
Goodwill	**29.1**	29.1
Intangible assets	**29.1**	29.1
Investment properties	**533.7**	761.6
Other fixtures and fittings, tools and equipment	**18.0**	25.6
Property, plant and equipment	**551.7**	787.2
Investments in associates	**26.9**	25.5
Other securities and investments	**31.1**	53.4
Deferred tax assets	**291.0**	269.3
Other long-term assets	**349.0**	348.2
Total long-term assets	**929.8**	1,164.5
Short-term assets		
Projects in progress or completed	**1,491.1**	2,260.4
Trade receivables	**401.4**	594.8
Receivables from associates	**1.0**	101.7
Other receivables	**231.5**	241.1
Prepayments	**8.3**	8.7
Total receivables	**642.2**	946.3
Securities	**21.6**	4.1
Cash and cash equivalents	**601.1**	363.8
Total short-term assets	**2,756.0**	3,574.6
TOTAL ASSETS	**3,685.8**	4,739.1

All amounts in DKKm	Group	
	31.01.07	31.01.06
EQUITY AND LIABILITIES		
Equity		
Share capital	**560.9**	560.9
Reserve for adjustment to fair value	**133.5**	165.5
Reserve for foreign-exchange adjustments	**23.6**	21.9
Retained earnings	**435.7**	150.8
Shareholders' share of equity	**1,153.7**	899.1
Minority interests	**137.2**	87.6
Total equity	**1,290.9**	986.7
Short- and long-term liabilities		
Subordinated loan capital	**0.0**	12.4
Credit institutions	**279.6**	457.4
Provisions	**50.9**	38.3
Instrument of indebtedness	**0.0**	3.1
Deferred tax liabilities	**59.9**	38.6
Total long-term liabilities	**390.4**	549.8
Subordinated bond loan	**0.0**	494.4
Credit institutions	**1,500.3**	2,133.6
Trade payables	**269.6**	277.9
Prepayments received from customers	**41.7**	35.5
Corporate income tax	**41.6**	36.5
Provisions	**17.8**	25.1
Other debt	**129.6**	190.0
Deferred income	**3.9**	9.6
Total short-term liabilities	**2,004.5**	3,202.6
Total short- and long-term liabilities	**2,394.9**	3,752.4
TOTAL **EQUITY AND LIABILITIES**	**3,685.8**	4,739.1

All amounts in DKKm	Group						
	Share capital	**Reserve for fair-value adjustment**	**Reserve for foreign-exchange adjustments**	**Retained earnings**	**Total**	**Minority interests**	**Total equity**
Equity at 1 February 2004	280.4	8.4	3.6	18.4	310.8	32.9	343.7
Adjustment due to transition to IFRS	0.0	0.0	-1.0	1.0	0.0	0.0	0.0
Equity at 1 February 2004	280.4	8.4	2.6	19.4	310.8	32.9	343.7
Profit/loss for the year	0.0	157.1	0.0	-128.8	28.3	44.3	72.6
Foreign-exchange adjustment, foreign operations	0.0	0.0	24.7	0.0	24.7	9.4	34.1
Deferred tax on changes in equity for the year	0.0	0.0	-5.4	0.0	-5.4	-1.7	-7.1
Total income	0.0	157.1	19.3	-128.8	47.6	52.0	99.6
Share-based remuneration (warrants)	0.0	0.0	0.0	0.2	0.2	0.0	0.2
Capital increase	280.5	0.0	0.0	280.4	560.9	2.7	563.6
Costs of capital increase	0.0	0.0	0.0	-20.8	-20.8	0.0	-20.8
Sale of subscription rights in connection with capital increase	0.0	0.0	0.0	0.4	0.4	0.0	0.4
Changes in equity 2005/06	280.5	157.1	19.3	131.4	588.3	54.7	643.0
Equity at 31 January 2006	560.9	165.5	21.9	150.8	899.1	87.6	986.7
Profit/loss for the year	**0.0**	**111.0**	**0.0**	**138.4**	**249.4**	**49.1**	**298.5**
Disposal in connection with sale	**0.0**	**-143.0**	**0.0**	**143.0**	**0.0**	**0.0**	**0.0**
Foreign-exchange adjustment, foreign operations	**0.0**	**0.0**	**0.2**	**0.0**	**0.2**	**0.4**	**0.6**
Deferred tax on changes in equity for the year	**0.0**	**0.0**	**1.5**	**0.0**	**1.5**	**0.0**	**1.5**
Total income	**0.0**	**-32.0**	**1.7**	**281.4**	**251.1**	**49.5**	**300.6**
Share-based remuneration (warrants)	**0.0**	**0.0**	**0.0**	**1.9**	**1.9**	**0.1**	**2.0**
Sale of own shares	**0.0**	**0.0**	**0.0**	**1.6**	**1.6**	**0.0**	**1.6**
Changes in equity 2006/07	**0.0**	**-32.0**	**1.7**	**284.9**	**254.6**	**49.6**	**304.2**
Equity at 31 January 2007	**560.9**	**133.5**	**23.6**	**435.7**	**1,153.7**	**137.2**	**1,290.9**

All amounts in DKK	Group	
	2006/07	2005/06
Profit/loss before financing	**462.5**	224.9
Adjustments for non-cash items		
Value adjustments, investment properties	**-111.0**	-157.1
Depreciation and amortization	**11.2**	8.2
Provisions	**3.8**	9.9
Market-value adjustments	**3.8**	-26.2
Increase/decrease in investments in projects, etc.	**786.5**	570.4
Increase/decrease in receivables	**302.4**	157.8
Increase/decrease in payables and other debt	**-29.2**	-38.5
Cash flows from operating activities before net financials and tax	**1,430.0**	749.5
Interest paid, etc.	**-231.9**	-271.4
Interest received, etc.	**50.6**	58.4
Corporate income tax paid	**-28.8**	-30.3
Cash flows from operating activities	**1,219.9**	506.1
Investments in equipment, fixtures and fittings, net	**-3.0**	-4.4
Investments in investment properties, net	**338.5**	-4.8
Purchase of securities and investments	**-2.4**	-17.4
Sale of own subscription rights	**0.0**	0.4
Cash flows from investing activities	**333.1**	-26.2
Increase/decrease in subordinated loan capital	**-506.8**	-272.0
Decrease in long-term financing	**-212.2**	-21.8
Increase in long-term financing	**31.3**	0.0
Increase in project financing	**487.7**	412.7
Decrease in project financing / repayment credit institutions	**-1,117.6**	-1,315.7
Capital increase	**0.0**	560.9
Costs of share issue	**0.0**	-20.8
Floating of subordinated bond loan	**1.6**	0.0
Cash flows from financing activities	**-1,316.0**	-656.8
Cash flows for the year	**237.0**	-176.9
Cash and cash equivalents, beginning of year	**363.8**	533.7
Market-value adjustment of cash and cash equivalents	**0.3**	7.0
Cash and cash equivalents at year-end	**601.1**	363.8

Cash and cash equivalents include temporary deposits related to the sale of the Group's projects, as well as other cash and cash equivalents to which the Group does not have a full right of disposal, a total of DKK 454,0 million.

The figures in the cash flow statement cannot be inferred from the Consolidated Financial Statements alone.

All amounts in DKKm	Group			
Primary segment 2006/07	**Northern Europe**	**Central Europe**	**Unallocated**	**Total**
Net revenue	**1,953.8**	**765.3**	**0.0**	**2,719.1**
Value adjustment of investment properties, net	**1.3**	**109.7**	**0.0**	**111.0**
Profit/loss, associates	**-2.2**	**0.5**	**0.0**	**-1.7**
Profit/loss from ordinary activities before financing	**156.9**	**305.6**	**0.0**	**462.5**
Investments in associates	**26.7**	**0.2**	**0.0**	**26.9**
Segment assets	**2,173.6**	**1,212.8**	**299.4**	**3,685.8**
Segment liabilities	**2,003.7**	**316.3**	**74.9**	**2,394.9**
Capital expenditure	**5.5**	**1.5**	**0.0**	**7.0**
Depreciation and amortization	**8.8**	**2.7**	**0.0**	**11.5**
Other major non-cash costs	**149.9**	**6.6**	**0.0**	**156.5**

All amounts in DKKm	Group			
Primary segment 2005/06	**Northern Europe**	**Central Europe**	**Unallocated**	**Total**
Net revenue	931.6	691.7	0.0	1,623.3
Value adjustment of investment properties, net	2.1	155.0	0.0	157.1
Profit/loss, associates	-2.6	0.0	0.0	-2.6
Profit/loss from ordinary activities before financing	-39.9	264.8	0.0	224.9
Investments in associates	25.5	0.0	0.0	25.5
Segment assets	3,010.9	1,450.8	277.4	4,739.1
Segment liabilities	3,145.3	522.6	84.5	3,752.4
Capital expenditure	5.1	1.8	0.0	6.9
Depreciation and amortization	7.3	2.7	0.0	10.0
Other major non-cash costs	116.5	25.9	0.0	142.4

All amounts in DKKm	Group				
	Retail	Office	Segment mix	Unallocated	Total
Secondary segment 2006/07					
Net revenue	1,544.6	320.3	854.2	0.0	2,719.1
Segment assets	920.6	126.8	1,610.4	1,028.0	3,685.8
Capital expenditure	0.0	0.0	0.0	7.0	7.0
Secondary segment 2005/06					
Net revenue	1,077.1	280.2	266.0	0.0	1,623.3
Segment assets	1,163.0	344.7	2,350.2	881.2	4,739.1
Capital expenditure	0.0	0.0	0.0	6.9	6.9



KOLIN