



Shopping Centre, Frederikssund, Denmark



Prague Outlet Center, Czech Republic



Shopping centre, Nowy Sacz, Poland



Ringsled factory outlet, Denmark



Shopping centre, Jastrzębie, Poland

Interim report for the first six
months 2007/08

TK Development A/S

Announcement No. 7/2007
CVR 24256782

TK
TK•development

Contents

Summary	3
Company information	5
Consolidated financial highlights and key ratios	6
Management's review	7
The first six months of 2007/08 in brief	7
The Group's project portfolio	7
Key events after the balance sheet date	9
Outlook	9
TK Development, the Parent Company	12
TKD Nordeuropa	12
Euro Mall Holding	18
Investment properties	22
Financial review	23
Financial calendar	27
Statement by the Executive Board and Supervisory Board	28
Consolidated financial statements	29
Income statement	29
Balance sheet	30
Statement of changes in equity	32
Cash flow statement	33
Segment information	34

Summary

- During the first six months of the 2007/08 financial year, the TK Development Group recorded a profit of DKK 57.9 million after tax and minority interests against DKK 3.8 million in the first half of 2006/07.
- Consolidated equity totalled DKK 1,285.7 million at 31 July 2007, corresponding to a solvency ratio of 31.3 %. The balance sheet total amounted to DKK 4,104.7 million at 31 July 2007.
- The Group's project portfolio comprised 1,162,000 m² at 31 July 2007, about the same level as at 31 January 2007.
- The Group has expanded its project portfolio in the residential segment in Poland and acquired a large tract of land in Warsaw for the purpose of building 900-1,000 apartments.
- Phase 2 of the Vantaanportti Retail Park in Helsinki, Finland, was sold and handed over to an international investor in the first half of 2007/08.
- The construction of the Prague Outlet Center in Prague has commenced. The construction and letting of premises is progressing according to plan, with the centre scheduled to open in autumn 2007. In the first half of 2007/08, a DKK 85.0 million reversal was made in respect of a writedown on the site made in a previous year.
- During the first half of 2007/08, sales agreements were made with GE Real Estate Central Europe regarding two Czech projects, the Kolin Shopping Centre and the Liberec Retail Park. The total selling price is estimated to amount to about DKK 330 million.
- TK Development has exercised an option to buy half the stake in Euro Mall Holding A/S held by the Investment Fund for Central and Eastern Europe, and has thus increased its holding to 90 %.
- The Group still expects a profit of minimum DKK 240 million after tax and minority interests for the 2007/08 financial year.

In the first half of 2007/08, the Group continued expanding its activities in existing markets to optimize TK Development's present market platform. For example, the Group has acquired a large area of land in Warsaw for the purpose of constructing 900-1,000 residential units, thus continuing the favourable development within this segment.

During the period under review, the Group began developing several retail parks in both Sweden and Finland, and also acquired land in the Czech Republic to establish retail parks, including in Prague. All ongoing projects are showing satisfactory progress.

Project portfolio

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

	31 Jan. 2005	31 Jan. 2006	31 Jan. 2007	31 July 2007
Project portfolio (DKK m.)				
Gross project portfolio (DKK m.)	2,843	2,862	2,039	3,308
Forward funding (DKK m.)	191	638	590	1,143
Carrying amount of project portfolio (DKK m.)	2,652	2,224	1,449	2,165
Development potential in '000 m²:				
Projects sold ('000 m ²)	242	289	351	405
Other projects ('000 m ²)	778	720	810	757
Total project portfolio ('000 m ²)	1,020	1,009	1,161	1,162
Number of projects	90	90	94	88

Key events after the balance sheet date

Bazaar, Gothenburg, Sweden

TK Development and the Swedish housing developer JM AB have entered into a cooperation agreement with SKF Sverige AB to develop SKF's former factory area in the old part of Gothenburg. The contemplated project comprises a total

floor space of about 75,000 m²: 30,000 m² for a shopping centre, 15,000 m² for services/commercial use and 30,000 m² for housing. TK Development will be in charge of developing the 45,000 m² for a shopping centre, services and commercial facilities, while JM AB will have responsibility for the 30,000 m² of housing. The acquisition of land for the project will be completed following the adoption of a local plan, expected in autumn 2009.

Sale of land, Reduta, Warsaw, Poland

After the balance sheet date, TK Development has completed the sale of a plot of land in Warsaw. In the first half of 2007/08, the investor signed a conditional agreement to take over the plot and a blueprint project. The last conditions for completion of the sale have now been fulfilled, and the plot will be handed over to the investor in October 2007.

Outlook

The Group still expects a profit of minimum DKK 240 million after tax and minority interests for the 2007/08 financial year. This estimate is based on the planned completion during the financial year of a number of sold projects.

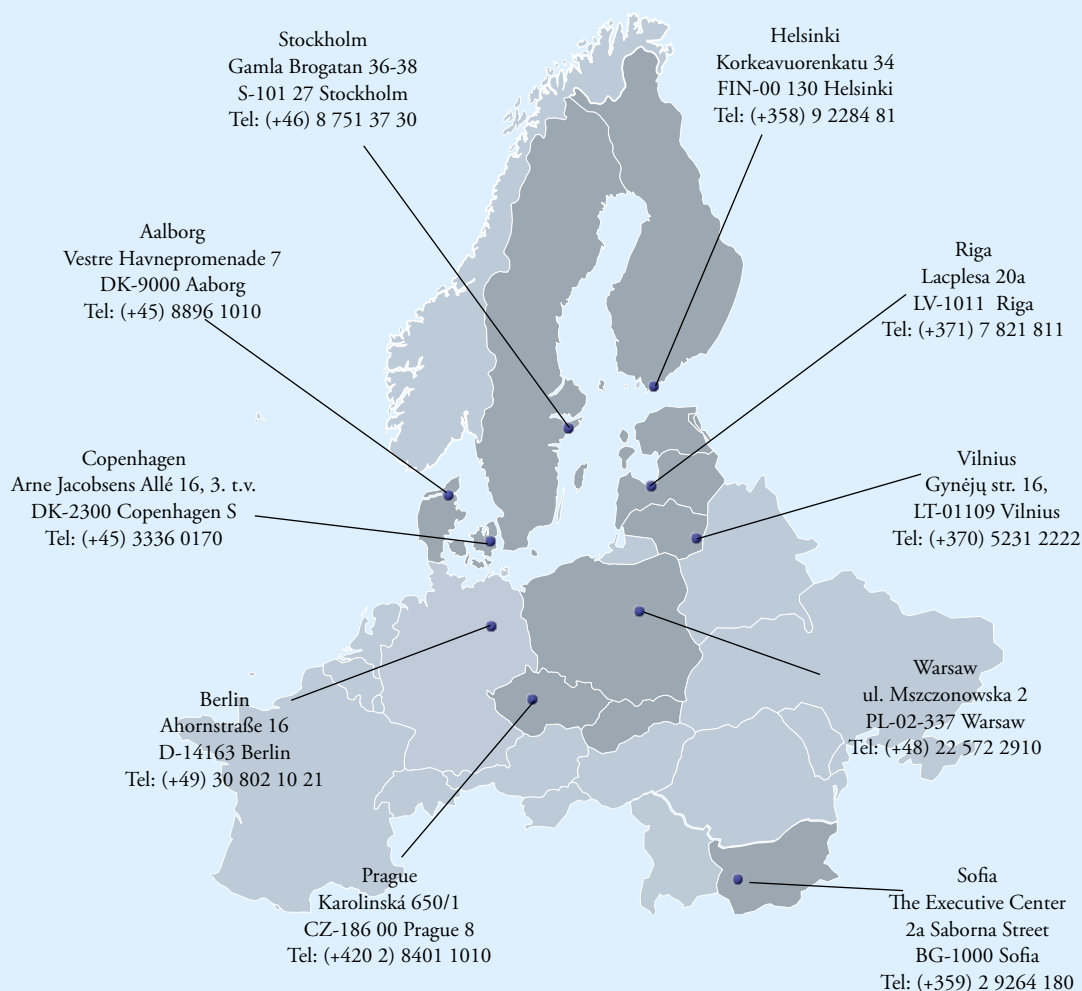
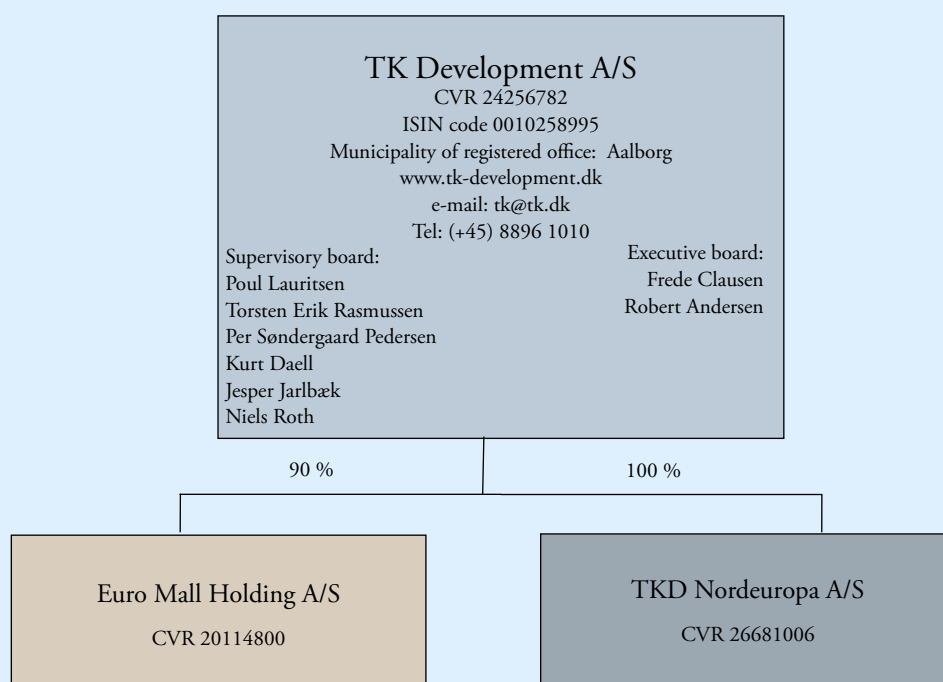
Projects covering about 29,000 m² were handed over during the first half of 2007/08. Projects of about 232,000 m² are expected to be handed over in the second half of 2007/08, bringing the total of handed-over projects in 2007/08 to about 260,000 m².

Combined with a consistently good pipeline of blueprint projects representing more than 1,100,000 m² and corresponding to 3-4 years' activity at the present level, the sustained favourable outlook for the Northern and Central European markets will help underpin the earnings expectations in the longer term.

This Interim Report is available at the TK Development Group's website, www.tk-development.dk.

Further information regarding the 2007/08 Interim Report is available from Frede Clausen, President and CEO, on tel. +45 8896 1010.

Company information



Consolidated financial highlights and key ratios

(DKK million)	2006/07 (First six months)	2006/07	2007/08 (First six months)
Financial highlights:			
Net revenue	437.1	2,719.1	427.9
Value adjustment, investment properties	92.3	111.0	10.8
Gross profit/loss	157.9	623.9	204.5
Profit/loss from ordinary activities before financing	82.8	462.5	121.1
Financing, etc.	-73.2	-126.3	-26.2
Profit/loss before tax	9.6	335.7	94.9
Consolidated profit/loss	26.7	298.5	61.9
Shareholders' share of profit/loss for the year	3.8	249.4	57.9
Balance sheet total	4,422.3	3,685.8	4,104.7
Property, plant and equipment	877.7	551.7	560.2
<i>of which investment properties</i>	853.6	533.7	543.2
Carrying amount of project portfolio	2,095.9	1,449.4	2,165.3
<i>of which total project portfolio</i>	2,131.7	1,491.1	2,236.2
<i>of which prepayments received from customers</i>	-35.8	-41.7	-70.9
Equity excl. minority interests	900.9	1,153.7	1,213.0
Equity	1,011.8	1,290.9	1,285.7
Total capital resources*	1,507.7	1,290.9	1,285.7
Cash flows from operating activities	149.1	1,219.9	-360.2
Net interest-bearing debt, end of year	2,406.7	1,125.1	1,562.7
Key ratios:			
Return on equity (ROE) **	0.8%	24.3%	9.8%
Earnings before interest and tax (EBIT margin)	18.9%	17.0%	28.3%
Solvency ratio (based on equity)	22.9%	35.0%	31.3%
Solvency ratio (based on capital resources)	34.1%	35.0%	31.3%
Equity value (nom. DKK 20)	32.1	41.1	43.3
Earnings per share (EPS-D) of nom. DKK 20	0.1	8.9	2.1
Dividend (in DKK per share)	0.0	0.0	0.0
Listed price of shares (nom. DKK 20)	62	82	135
Key ratios adjusted for the issue of convertible bonds:			
Return on equity (ROE) **	1.0%	24.3%	9.4%
Solvency ratio (based on equity)	23.9%	35.0%	32.2%
Solvency ratio (based on capital resources)	35.0%	35.0%	32.2%
Equity value (nom. DKK 20)	33.3	41.1	44.0
Diluted earnings per share (EPS-D) of nom. DKK 20	0.1	8.9	2.0

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.

*) According to IFRS, total capital resources include minority interests.

**) Converted to full year

Management's review

The first six months of 2007/08 in brief

The Group's profit after tax and minority interests amounted to DKK 57.9 million for the first six months of 2007/08 against DKK 3.8 million for the corresponding period the year before. The balance sheet total amounted to DKK 4,104.7 million at 31 July 2007, an increase of DKK 418.9 million, or 11.4 %, compared to 31 January 2007. Consolidated equity totalled DKK 1,285.7 million at 31 July 2007, with a solvency ratio of 31.3 %.

The Group's ongoing projects recorded satisfactory progress in the first half of 2007/08. Comprising shopping centres, retail parks, housing and combined projects, these projects are described in more detail under the individual business units.

The Group has continued expanding its activities on existing markets to optimize TK Development's present market platform. For example, the Group has acquired a large tract of land in Warsaw, Poland, to continue developing its residential segment in Warsaw after the highly satisfactory startup with the Tivoli Residential Park. In addition, the Group has acquired land for retail parks in the Czech Republic to continue expanding this segment.

In spring 2007, TK Development opened an office in Sofia to investigate the potential for developing shopping centres and retail parks in Bulgaria. Potential locations in major towns and cities are being investigated, and work has started on several specific projects for which the first plots of land are expected to be acquired during the current financial year. Thus, within a short period of time, it is anticipated that Bulgaria will contribute to strengthening the Group's overall project pipeline.

During the period under review, TK Development exercised an option to acquire half the stake in Euro Mall Holding A/S held by the Investment Fund for Central and Eastern Europe,

thus increasing its holding in Euro Mall Holding A/S to 90 %. The price for the shareholding amounted to about DKK 71 million. The reason for exercising the option is the Group's consistently positive expectations of the market potential, coupled with a project pipeline of more than 600,000 m², expected to contribute positively to the following years' results.

The Group's project portfolio

Project portfolio status

The Group's project portfolio comprised 1,162,000 m² at 31 July 2007, of which projects sold account for 405,000 m² and the remaining projects for 757,000 m². Other projects consist of 392,000 m² in TKD Nordeuropa, 351,000 m² in Euro Mall Holding and 14,000 m² in TK Development A/S, the Parent Company. The Group's project portfolio totalled 1,161,000 m² at 31 January 2007.

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

	31 Jan. 2005	31 Jan. 2006	31 Jan. 2007	31 July 2007
Project portfolio (DKK m.)				
Gross project portfolio (DKK m.)	2,843	2,862	2,039	3,308
Forward funding (DKK m.)	191	638	590	1,143
Carrying amount of project portfolio (DKK m.)	2,652	2,224	1,449	2,165
Development potential in '000 m²:				
Projects sold ('000 m ²)	242	289	351	405
Other projects ('000 m ²)	778	720	810	757
Total project portfolio ('000 m ²)	1,020	1,009	1,161	1,162
Number of projects	90	90	94	88

Table 1

The table below shows the distribution of the carrying amount of the projects in the portfolio at 31 July 2007, for the Com-

pany and the two subgroups. The projects are divided into sold and unsold at 31 July 2007 and sub-divided into completed, in progress and not initiated.

Projects at 31 July 2007 *)					
	TKD Nord-europa	EMH	TKD parent	Group, total	
(DKK million)					Per cent of total
Sold					
Completed	0	0	0	0	0.00%
In progress	696	-24	0	672	31.00%
Not initiated	63	63	0	126	5.80%
Total	759	39	0	798	36.80%
Unsold					
Completed	0	0	35	35	1.60%
In progress	171	292	0	463	21.40%
Not initiated	413	408	48	869	40.20%
Total	584	700	83	1,367	63.20%
Total project portfolio	1,343	739	83	2,165	100.00%

*) Adjusted for intercompany eliminations.
Table 2

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

Projects at 31 July 2007					
	TKD Nord-europa	EMH	TKD parent	Group, total	
('000) m ²					Per cent of total
Sold					
Completed	0	0	0	0	0.00%
In progress	121	99	0	220	18.90%
Not initiated	18	167	0	185	15.90%
Total	139	266	0	405	34.80%
Unsold					
Completed	0	0	2	2	0.20%
In progress	44	40	0	84	7.20%
Not initiated	348	311	12	671	57.8%
Total	392	351	14	757	65.2%
Total project portfolio	531	617	14	1,162	100.00%

Table 3

The development at group level is outlined below:

	31 Jan. 2005	31 Jan. 2006	31 Jan. 2007	31 July 2007
(DKK million)				
Sold				
Completed	126	185	0	0
In progress	97	350	523	672
Not initiated	337	78	78	126
Total	560	613	601	798
Unsold				
Completed	1,037	643	180	35
In progress	242	88	113	463
Not initiated	813	880	555	869
Total	2,092	1,611	848	1,367
Total project portfolio	2,652	2,224	1,449	2,165
Number of projects	90	90	94	88
Forward funding	191	638	590	1,143
In % of gross carrying amount of sold projects	25.4%	51.0%	49.5%	58.9%

Table 4

By using forward funding, the Group reduces the funds tied up in the sold project portfolio on an ongoing basis. At 31 July 2007, forward funding represented 58.9 % of the gross carrying amount of sold projects. The use of forward funding is proceeding as planned, in accordance with the Group's strategy.

As appears from above, the carrying amount of sold and unsold projects in progress increased during the period under review. The increase in unsold projects in progress is primarily attributable to joint-venture construction projects where the parties have agreed on a strategy to complete construction and mature the completed project before selling it to an ultimate investor. Such projects include the Prague Outlet Center in the Czech Republic, the factory outlet in Ringsted, Amerika Plads and an underground car park, the two latter projects being located in Denmark.

Under unsold projects, the carrying amount of projects not initiated has increased due to the Group's acquisition of land for blueprint projects, including the Bielany residential project in Warsaw and the shopping centre in Frederikssund.

('000) m ²	31 Jan. 2005	31 Jan. 2006	31 Jan. 2007	31 July 2007
Sold				
Completed	14	21	0	0
In progress	98	188	207	220
Not initiated	130	80	144	185
Total	242	289	351	405
Unsold				
Completed	83	58	14	2
In progress	51	30	42	84
Not initiated	644	632	754	671
Total	778	720	810	757
Total project portfolio	1,020	1,009	1,161	1,162

Table 5

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

Key events after the balance sheet date

Bazaar, Gothenburg, Sweden

TK Development and the Swedish housing developer JM AB have entered into a cooperation agreement with SKF Sverige AB to develop SKF's former factory area in the old part of Gothenburg. The contemplated project comprises a total floor space of about 75,000 m²: 30,000 m² for a shopping centre, 15,000 m² for services/commercial use and 30,000 m² for housing. TK Development will be in charge of developing the 45,000 m² for a shopping centre, services and commercial facilities, while JM AB will have responsibility for the 30,000 m² of housing. The acquisition of land for the project will be completed following the adoption of a local plan, expected in



Bazaar, Gothenburg, Sweden

autumn 2009.

Sale of land, Reduta, Warsaw, Poland

After the balance sheet date, TK Development has completed the sale of a plot of land in Warsaw. In the first half of 2007/08, the investor signed a conditional agreement to take over the plot and a blueprint project. The last conditions for completion of the sale have now been fulfilled, and the plot will be handed over to the investor in October 2007.

Outlook

The TK Development Group still expects a profit of minimum DKK 240 million after tax and minority interests for the 2007/08 financial year. This expectation is based on the planned completion during the financial year of a number of sold projects.

The following projects are scheduled to be handed over in the second half of 2007/08:

Project	Floor space (m2)
The Spinderiet shopping and metropolitan centre, Valby, Denmark	36,200
Retail parks in Århus and Esbjerg, Denmark	5,000
Retail parks in Stockholm, Örebro and Växjö, Sweden	6,400
Retail parks in Lohja and Lappeenranta, Finland	8,700
Milgravja Street, Riga, Latvia	20,000
Other projects/sale of land	59,000
Galeria Biala, Bialystok, Poland	46,000
Targówek Retail Park, Warsaw, Poland	24,400
Extension of the Plejada Shopping Centre, Sosnowiec, Poland	3,600
Sale of land, Reduta, Warsaw, Poland	9,800
Ostrava Retail Park, Ostrava, Czech Republic	10,300
Extension of the Futurum Shopping Centre, Ostrava, Czech Republic	3,000
Total	approx. 232,000

In the first half of 2007/08, projects of about 29,000 m² were handed over, meaning that projects with a total floor space of about 260,000 m² are scheduled to be handed over in 2007/08 as a whole.

These projects are discussed in more detail under the individual business units.

Combined with a consistently good pipeline of blueprint projects representing more than 1,100,000 m² and corresponding to 3-4 years' activity at the present level, the sustained favourable outlook for the Northern and Central European markets will help underpin the earnings expectations

Economic indicators

		Denmark	Sweden	Finland	Baltic States	Poland	Czech Rep.	Slovakia	Bulgaria
GDP (% yr./yr.)	2007	2.1	2.8	4.2	9.4	6.4	5.2	8.8	5.9
	2008	1.8	2.6	3	6.9	5.2	5	7.1	6
Private consumption (% yr./yr.)	2007	2	4.1	4	10	6.4	5.5	6.4	6.8
	2008	1.7	3	3	7.2	4.5	4.5	5.6	6.3

Source: OECD and Danske Bank, September 2007.

in the longer term.

The economic indicators below underpin Management's assessment of the potential for growth in the individual markets.

The growth outlook is driving the retail chains' expansion initiatives throughout the Group's market area. Moreover, in Central and Eastern Europe, there is still an unmet demand for shopping centres and retail parks at the upper end of the quality scale.

In Poland, attractive housing is scarce, and much of the existing housing no longer fulfils the Poles' housing standard requirements. Warsaw continues to develop rapidly and to boost its position as Poland's commercial hub. Combined with relatively high population growth in major towns and cities and falling unemployment, this underpins Management's positive assessment of the market prospects for the residential segment in Poland.

In Bulgaria, work is proceeding on several specific projects, and the Group still expects to acquire the first plots of land in the current financial year. Thus, within a short period of time, Bulgaria is expected to contribute to strengthening the Group's overall project pipeline.

Investors continue to show keen interest in buying high-quality real property projects.

TK Development, the Parent Company

TK Development, the Parent Company, is a holding company for TKD Nordeuropa and Euro Mall Holding as well as the Bulgarian activities. Moreover, this part of the Group owns the projects in Germany and Russia and a few other assets.

The interim results for this part of the Group constitute a profit of DKK 9.6 million after tax.

Revaluation of the Group's German investment properties

The total value of the Group's German investment properties amounted to DKK 229.5 million at 31 July 2007. The revaluation for the period under review amounts to DKK 0.4 million. The revaluation continues to be based on a 6 % rate of return, calculated on the basis of a discounted cash-flow model.

Current assets

The project portfolio consists of four development sites in Germany (of which one is subject to ongoing sales negotiations), rental properties in Russia and a few other assets. The letting of TK Development A/S' projects in Russia and Germany is proceeding satisfactorily.

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 segments consisting of retail property (shopping centres and retail parks), office property and mixed-segment projects.

During the first six months of the 2007/08 financial year, TKD Nordeuropa recorded a profit after tax of DKK 12.4 million against DKK 7.4 million in the corresponding period the year before. In the period under review, the TKD Nordeuropa Group recorded satisfactory progress on its ongoing projects.

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

The old shipyard workshop, Østre Havn, Aalborg, Denmark

In the first half of 2007/08, this old shipyard workshop, which is deemed worthy of preservation and has a floor space of about 3,000 m², was sold to a private investor.

Tammisto Retail Park, Tammisto, Helsinki, Finland

In Tammisto, Finland, the Group has developed and built a 5,300 m² retail park. The project was handed over to a private investor in the first half of 2007/08.

Vantaanportti Retail Park, phase II, Helsinki, Finland

When fully developed, the retail park will comprise about 25,000 m². Phase I of the retail park of about 13,000 m², which is fully let, was sold in a previous financial year. Phase II of the retail park was completed at the end of 2006 and sold to an international investor in the first half of 2007/08.

Project portfolio/project developments

As mentioned above, TKD Nordeuropa recorded satisfactory development in its project portfolio during the first half of 2007/08. At 31 July 2007, the development potential of the portfolio represented 139,000 m² for sold projects and 392,000 m² for other projects/project opportunities, a total of 531,000 m². At 31 January 2007, the total development potential was in the 591,000 m² range.

Project outline

The outline below lists the key projects of TKD Nordeuropa's project portfolio. The carrying amounts of the projects listed below accounted for more than 95 % of the total carry-

ing amount of the project portfolio of TKD Nordeuropa at 31 July 2007. In terms of carrying amount, the five largest projects represented a total of DKK 997.5 million at 31 July 2007.

Project name	City/town	Segment	Floor space (m ²)	TKD's ownership interest	Construction start/ Expected construction start	Opening/ Expected opening
Denmark						
Ringsted factory outlet	Ringsted	Retail/Office	12,500	50%	Autumn 2006	Spring 2008
Østre Teglgade	Copenhagen	Residential	24,000	100 % 1)	2008	Continuous
Amerika Plads, underground car park	Copenhagen	Underground car park	32,000	50%	2004	Continuous
Spinderiet	Valby	Mixed	36,200	100%	Early 2005	Autumn 2007
Ejby Industrivej	Copenhagen	Office	10,000	100%	Mid-2008	Mid-2009
Vandtårnsvej	Copenhagen	Office	21,000	50%	Mid-2008	Continuous
Hadsundvej	Aalborg	Mixed	25,800	100%	Early 2008	Continuous
AaB College, phase II	Aalborg	Mixed	9,300	100%	Late 2006	Early 2008
Østre Havn	Aalborg	Mixed	78,000	50 % 1)	Continuous	Continuous
Amerika Plads, lot C	Copenhagen	Mixed	11,000	50%	Early 2008	Early 2010
Amerika Plads, lot A	Copenhagen	Office	13,500	50%	Early 2008	Early 2010
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: Early 2010.
Shopping centre, Frederikssund	Frederikssund	Retail/ Residential	30,800	100%	Early 2008	Late 2009
Neptunvej	Randers	Mixed	13,000	100%	Early 2008	Late 2008
Retail park, Tagtækkervej	Odense	Retail	6,800	50%	Mid-2007	Mid-2008
Sweden						
Entré, multifunctional centre	Malmö	Mixed	39,500	100%	Mid-2006	Spring 2009
Retail park, Karlstad	Karlstad	Retail	15,000	100%	Late 2010	Late 2011
Retail park, Barkarby, phase IV	Barkarby	Retail	6,000	100%	Late 2007	Mid-2008
Retail park, Marieberg	Örebro	Retail	6,350	100%	Late 2006	Phase 1: Autumn 2007. Phase 2: Autumn 2008.
Retail park, Söderhamn	Söderhamn	Retail	6,800	100%	Autumn 2007	Phase 1: Late 2008. Phase 2: Mid-2009.
Retail park, Borkyrka	Stockholm	Retail	2,400	100%	Spring 2007	Autumn 2007
Retail park, Nyköping	Nyköping	Retail	5,000	100%	Autumn 2007	Autumn 2008
Finland						
Tammerfors Retail Park, phase II	Tammerfors	Retail	5,300	100%	Mid-2008	Early 2009
Lohja Retail Park	Lohja	Retail	4,900	100%	Early 2007	Late 2007
Retail park, Lappeenranta	Lappeenranta	Retail	3,800	100%	Spring 2007	Autumn 2007
Retail park, Seinäjoki	Seinäjoki	Retail	6,750	100%	Mid-2007	Autumn 2008
Baltic States						
Rubicon	Vilnius	Retail	18,500	100%	Spring 2008	Autumn 2009
Milgravja Street	Riga	Residential/ Retail	20,000	50%	Late 2007	-
Ulmana Retail Park	Riga	Retail	12,400	100%	Spring 2008	Early 2009
TKD Nordeuropa, total floor space		approx.	485,000			

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

Projects

Shopping centre, Frederikssund, Denmark

TKD Nordeuropa has acquired several properties in Frederikssund for the purpose of constructing a shopping centre. Following an upgrade of the project plan, the project now comprises a 25,800 m² shopping centre, of which about 4,500 m² will be let to a convenience store operator and the remaining 21,300 m² to specialty stores and restaurants. In addition, TKD Nordeuropa will have an option to construct about 3,000 m² of office space and about 2,000 m² of residential units. Letting has commenced, and the first lease agreements have been signed. A new local plan for the area is expected to be adopted at the end of 2007, and the centre is scheduled to open at the end of 2009. A multi-storey car park with about 800 parking spaces will be built in conjunction with the centre.

Retail park, Storegade, Esbjerg, Denmark

This project consists of a 2,500 m² retail park, which has been fully let. Construction was initiated in spring 2007, with handing-over scheduled for autumn 2007. The project has been sold to a property company on the basis of forward funding.

Retail park, Århus South, Denmark

In Århus, the Group is developing a 5,400 m² retail park. The project will consist of two phases, the first covering about 2,500 m². Construction 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 facilities 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 part, which consists of 2,500 m² of rental units and 9,500 m² of owner-occupied units, has been sold to DVB and a private investor, respectively. A number of the units were handed over to the investors in the first half of 2007/08. The current occupancy rate for the project, exclusive of housing, is 89 %, 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) in autumn 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 new project development. In the first half of 2007/08, TK Development sold the old shipyard workshop, which is deemed worthy of preservation, to a private investor. In addition, attempts are being made to amend the local plan for the purpose of changing the zoning status of 10,400 m² from office to residential use. The local plan is expected to be completed by early 2008.

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 an underground car park. A building complex with about 13,500 m² of office space is to be built on lot A, and a building complex with about 11,000 m² of commercial and residential space on lot C. Construction will take place as the space is let. Part of the underground car park in the Amerika Plads area has been built, and is operated by Europark. The total parking



Ringsted factory outlet, Denmark



Shopping centre, Frederikssund, Denmark



Multi-functional shopping and metropolitan centre Spinderiet, Valby, Denmark



Retail Park, Seinäjoki, Finland



Retail Park, Marieberg, Sweden

facility is expected to be sold upon completion.

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 factory outlet on the site owned in Ringsted. This project consists of a 12,500 m² factory outlet centre as well as restaurant facilities and about 1,000 parking spaces. This will be the first major factory outlet centre in Denmark, and the letting process is underway. Construction started in autumn 2006, and the centre will open in spring 2008. 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, and in this connection TKD Nordeuropa has taken over the company's previous headquarters property at Hadsundvej in Aalborg. The site is located close to the city centre and the university. The project area covers 25,800 m², and current plans provide for a project with residential and office premises. The residential and office facilities will be developed in step with their being let or sold. In the first half of 2007/08, an agreement was made regarding the sale to a private investor of an option to build residential property of about 14,000 m². The sale is subject to permission being granted for the planned construction of residential property. The local plan is currently being prepared. The sale is expected to be completed once the local plan has been adopted, presumably in early 2008.

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 15,500 m², will be handed over in stages. The first phase has been handed over, and the second phase is scheduled for handing-

over at the beginning of 2007.

Østre Teglgade, Copenhagen, Denmark

This project area covers 24,000 m² attractively located at Teglholmen. Owned by TKD Nordeuropa, the land is well-suited for a housing or office project. Construction may be phased in step with letting and/or sale. At present, attempts are being made to change the current zoning status and obtain regulatory approval for constructing residential property on the site.

The Entré multifunctional centre, Malmö, Sweden

In the 2006/07 financial year, 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 is payable by instalments in step with construction of the centre. Construction commenced in mid-2006, and the occupancy rate is about 55 %. The anchor tenants include Hennes & Mauritz, Lindex, Hemköp, Intersport and SF Bio och Sats (Svensk Film). 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 areas and underground parking facilities with 900 spaces.

Retail park, Marieberg, Sweden

This retail park project of 6,350 m² in Örebro, Sweden, will be developed in two phases. The first phase of about 2,350 m² has been fully let and will be handed over to the investor in October 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 autumn 2008. The first phase of the project has been sold to Oppenheim Immobilien Ka-

pitalanlagegesellschaft mbH on the basis of forward funding. The investor has an option to buy the second phase of the project.

Retail park, Söderhamn, Sweden

The Group is developing a 6,800 m² retail park on 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 some of them. A building permit is expected to be granted in autumn 2007, and the first phase is scheduled to open at end-2008 and the second in mid-2009. A letter of intent has been signed by a private investor.

Retail park, Barkarby, Stockholm, Sweden

This project consists of a retail park that will cover 23,450 m², distributed on seven 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 Inter-sport, Askö, Mio and Pay C, were handed over to the investor in autumn 2006. The last and fourth phase has been extended to 6,000 m² with public authority approval, and a lease agreement has been concluded with the electronics chain Media Markt. A building permit for the last phase is expected to be issued in October 2007, with construction to start immediately afterwards. Handing-over of the last phase is scheduled for 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, Botkyrka, Stockholm, Sweden

This project consists of a 2,400 m² retail park. The premises have been fully let, construction has commenced, and handing-over to the investor is scheduled for November 2007. The project has been sold to a private investor based on forward funding.

Retail park, Nyköping, Sweden

This project consists of a 5,000 m² retail park. The premises are divided into two rental units, and a lease agreement has been signed for one of these units. A building permit has been obtained for the project, and construction is expected to start in autumn 2007. The retail park is scheduled to open in autumn 2008. A letter of intent has been signed by a private investor.

Retail park, Lappeenranta, Finland

This project consists of a 3,800 m² retail park. Construction was initiated in spring 2007, with handing-over scheduled for autumn 2007. Binding lease agreements have been signed for about half of the premises. The project has been sold to a private investor, based on forward funding.

Retail park, Seinäjoki, Finland

TKD Nordeuropa has acquired a plot of land in the Finnish town Seinäjoki for the purpose of establishing a 6,750 m² retail park. Construction commenced in August 2007, with completion scheduled for autumn 2008. The current occupancy rate is 71 %. The project has been sold to a private investor, based on forward funding.

Retail park, Rubicon, Vilnius, Lithuania

TKD Nordeuropa has acquired a plot of land in Vilnius for the purpose of building an 18,500 m² retail park. An application for project approval has been submitted, and construction is expected to start in spring 2008, with the opening scheduled for autumn 2009. Letting has started, and the first lease agreements have been signed. Negotiations with potential investors for the project are ongoing.

Ulmana Retail Park, Riga, Latvia

In Riga, TKD Nordeuropa has acquired a plot of land on which the construction of a 12,400 m² retail park is planned. Letting efforts are ongoing, and the first lease agreements have been signed. Construction is expected to commence in spring

2008, and the retail park is scheduled to open at the beginning of 2009. Negotiations with potential investors for the project are ongoing.

Euro Mall Holding

The TK Development Group carries on its activities in Central Europe primarily through Euro Mall Holding, which is 90 % owned by the TK Development Group, with the remaining 10 % owned by the Investment Fund for Central and Eastern Europe.

During the period under review, TK Development exercised an option to acquire half the stake in Euro Mall Holding A/S held by the Investment Fund for Central and Eastern Europe, thus increasing its holding in Euro Mall Holding A/S to 90 %. The price for the shareholding amounted to about DKK 71 million. The reason for exercising the option is the Group's consistently positive expectations of the market potential, coupled with a project pipeline of more than 600,000 m², expected to contribute positively to the following years' results.

In the first half of 2007/08, Euro Mall Holding realized a profit after tax of DKK 39.8 million. The profit after tax for the first half of 2006/07 amounted to DKK 115.2 million.

During the period under review, Euro Mall Holding recorded satisfactory development in its project portfolio, both in terms of progress made on ongoing projects and influx of new ones.

Apart from the operation of the Euro Mall Holding Group's investment properties, the main components of the profit for the period are described below.

Prague Outlet Center, Prague, Czech Republic

The land for this project was acquired in a previous financial

year. The construction of the first phase of the factory outlet centre started in spring 2007 and is progressing according to plan. The factory outlet centre is scheduled to open in November 2007, and the letting of premises is also proceeding as planned. Consequently, Management has assessed that the risks attaching to the project have been reduced substantially. Against this background, the writedown on the project made in a previous year has been partially reversed.

Revaluation 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. The total value of the Group's Central European investment properties amounted to DKK 313.7 million at 31 July 2007, based on a rate of return of 7 %. During the period under review, most of the lease agreements for the shopping centre in Olomouc were renegotiated, resulting in a more than 5 % increase in total rental income from the centre. The revaluation made for the period amounts to DKK 10.4 million and is included in the gross profit.

Project portfolio/project developments

In the first half of 2007/08, Euro Mall Holding recorded satisfactory development in its project portfolio. At 31 July 2007, the development potential of the portfolio represented 266,000 m² for sold projects and 351,000 m² for other projects/project opportunities, a total of 617,000 m². At 31 January 2007, the total development potential was in the 554,000 m² range.

Investment properties are described in a separate section on page 22.

Project outline

The outline below lists the key projects of Euro Mall Holding's project portfolio. The carrying amounts of the projects listed below accounted for more than 85 % of the total carrying amount of the project portfolio of Euro Mall Holding at 31 July 2007. In terms of carrying amount, the five largest projects represented a total of DKK 565.3 million at 31 July 2007.

Projects

Multifunctional centre, Young City, Gdansk, Poland

This multifunctional centre in Gdansk, Poland, will have total premises of about 94,000 m², to be developed in a joint venture with Meinl European Land Ltd. The centre will comprise retail, restaurant and leisure facilities of about 57,000 m², an office tower of about 15,000 m² and a residential tower of about 22,000 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

Project name	City/town	Segment	Floor space (m ²)	TKD's ownership interest	Construction start/ Expected construction start	Opening/ Expected opening
Czech Republic						
Prague Airport Ruzyně II	Prague	Mixed	20,000	100%	2010	2011
Prague Outlet Center	Prague	Retail	25,000	75%	Spring 2007	Phase 1: November 2007. Phase 2: late 2010.
Sterboholý Retail Park	Prague	Retail	7,000	100%	2010	2011
Ostrava Retail Park	Ostrava	Retail	10,300	100%	Early 2007	September 2007
Futurum Shopping Centre, extension	Ostrava	Retail	3,000	20% ¹	Spring 2007	Autumn 2007
Liberec Retail Park	Liberec	Retail	17,100	100%	Autumn 2007	Phase 1: Mid-2008. Phase 2: Spring 2009.
Kolin Shopping Centre	Kolin	Retail	10,000	100%	Autumn 2007	Autumn 2008
Most Retail Park	Most	Retail	8,400	100%	Early 2008	Late 2008
Poland						
Multifunctional centre, Young City, Gdansk	Gdansk	Mixed	94,000	45%	Early 2008	Mid-2010
Galeria Biala	Bialystok	Retail	46,000	24% ¹	Autumn 2006	November 2007
Targówek Retail Park	Warsaw	Retail	24,400	100%	Autumn 2006	Autumn 2007
Bytom Retail Park	Bytom	Retail	25,800	100%	2008	Continuous
Tivoli Residential Park, Targówek	Warsaw	Residential/ Services	26,400	100%	Spring 2007	Phase 1: Mid-2008. Phase 2: Late 2008.
Poznan Warta	Poznan	Retail/Residential	50,000	100%	2008	Continuous
Reduta III	Warsaw	Office	9,800	100%	-	-
Plejada Shopping Centre, extension	Sosnowiec	Retail	3,600	100%	Late 2006	November 2007
Residential Park, Bielany	Warsaw	Residential/ Services	60,000	100%	Early 2008	Continuous
Shopping centre, Tarnow	Tarnow	Retail	14,300	100%	Early 2008	Late 2008
Shopping centre, Nowy Sacz	Nowy Sacz	Retail	14,800	100%	Early 2008	Late 2008
Shopping centre, Jastrzębie	Jastrzębie	Retail	43,300	- ²	Mid-2008	Autumn 2009
Euro Mall Holding, total floor space		approx.	515,000			
1) Euro Mall Holding's share of profit on development amounts to 50 %.						
2) Based on fee income.						

Land Ltd. has undertaken the overall project financing 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. Negotiations are being held with several tenants, all indicating keen interest in renting premises in the centre. 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. An application for a building permit has been submitted, construction is expected to start in early 2008, and the opening is scheduled for mid-2010. This project represents the first phase of a major development plan for the whole area.

Residential project, Bielany, Warsaw, Poland

Euro Mall Holding has acquired a tract of land in Warsaw allowing for the construction of 900-1,000 residential units. The plan is to build the project in four phases. The planned project can be accommodated within the existing local plan, and a building permit for the project is expected to be issued at the beginning of 2008. Construction of the first phase is scheduled to start in early 2008, with handing-over in early 2010. The remaining phases are expected to be handed over successively until 2011. The residential units are to be sold as owner-occupied apartments to private users.

Shopping centre, Jastrzębie, Poland

This project, consisting of a 43,300 m² shopping centre, 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 in mid-2008, and the centre is scheduled to open in autumn 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 5,000 m² hypermarket and specialty stores of about 9,800 m². The current occupancy rate is 77 %. An application has been submitted for a building permit, expected to be issued in early 2008. The opening of the centre is scheduled for the end of 2008. Negotiations with potential investors for the project are ongoing.

Shopping centre, Tarnow, Poland

In the Polish town of Tarnow, Euro Mall Holding has acquired an area of land for the purpose of building a 14,300 m² shopping centre, of which a supermarket will account for about 2,500 m² and specialty stores for about 11,800 m². An application has been submitted for a building permit, expected to be issued in early 2008. The opening of the centre is scheduled for the end of 2008. The current occupancy rate is 57 %, and negotiations with potential investors for the project are ongoing.

Extension of the Plejada Shopping Centre, Sosnowiec, Poland

An agreement has been made between St. Martins Property Corporation Limited, which owns the shopping centre, and Euro Mall Holding, according to which Euro Mall Holding is to be in charge of developing and constructing a 3,600 m² extension of the centre for the purpose of establishing approximately 19 new specialty and brand stores. Construction was initiated in autumn 2006, and the centre extension is planned to open in November 2007.

Galeria Biala, Bialystok, Poland

An agreement has been reached with Meinl European Land Ltd. regarding the development of a shopping and leisure centre in Bialystok in Poland. Meinl has acquired the necessary land and obtained the necessary 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



Retail Park Most, Czech Republic



Prague Outlet Center, Czech Republic



Shopping centre, Nowy Sacz, Poland



Targówek Retail Park, Poland



Tivoli Residential Park, Targówek, Poland

leisure facilities. Construction of the shopping centre started in September 2006, and the opening is scheduled for November 2007. The premises have been fully let.

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 2006/07 financial year, 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 98 %. The total project will consist of 11 retail units. The retail units will open successively in step with their completion, and the whole retail park will be completed by autumn 2007.

Tivoli Residential Park, Targówek, Warsaw, Poland

The Group is developing its first housing project in Poland on the land owned by Euro Mall Holding in the Targówek area in Warsaw. When fully developed, the multi-phase project will consist of 280 residential units and ground-floor premises for service trades. 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 by mid-2008. All units comprised by the first phase of the project have been sold, and the sale of units in the second phase has been initiated. The second phase is also expected to comprise about 140 units. To date, sales agreements for about 30 % of the units in the second phase have been concluded. The construction of the second phase is scheduled for completion at end-2008.

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. Construction of the project will be phased in step with letting. Letting efforts are ongoing, and construc-

tion will be started as space is let.

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. Moreover, there is an option to build a 9,800 m² office property on the site. In the first half of 2007/08, a conditional agreement was made regarding an investor's purchase of the site and the planned project. The final conditions for completion of the sale have now been fulfilled, and the site will be handed over to the investor in October 2007.

Prague Outlet Center, Prague, Czech Republic

Euro Mall Holding is developing a 25,000 m² factory outlet centre on its centrally located 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. Construction of the first phase, consisting of about 18,000 m², started in spring 2007, and the opening is scheduled for November 2007. After startup and maturing, the centre is expected to be sold.

Ostrava Retail Park, Czech Republic

The retail park has been built on Euro Mall Holding's site at the Futurum shopping centre in Ostrava and comprises 10,300 m², with a current occupancy rate of 88 %. The retail park opened on 26 September 2007. In the 2006/07 financial year, the project was sold to GE Real Estate Central Europe based on forward funding. 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 Euro Mall Holding is to be in charge of developing and implementing the project. Construction has started, and the new extension is expected to open in autumn 2007.

Liberec Retail Park, Czech Republic

This project consists of a 17,100 m² retail park. The project will be built in phases, the first covering about 11,400 m². The first phase will consist of 13 units and the second phase of 6 units. Letting has been initiated, and binding lease agreements for 60 % of the premises comprised by the first phase have been signed. A building permit for the project was obtained in the first half of 2007/08. Construction is planned to start in October 2007, with the first phase scheduled to open in mid-2008 and the second in spring 2009. In the first half of 2007/08, the project was sold to GE Real Estate Central Europe on the basis of forward funding.

Kolin Shopping Centre, Czech Republic

This project consists of a 10,000 m² shopping centre. In the first half of 2007/08, a building permit was obtained for the project. Construction will start in October 2007, and the centre is scheduled to open in autumn 2008. Tenants have signed letters of intent for about 80 % of the premises. The project was sold to GE Real Estate Central Europe in the first half of 2007/08, based on forward funding.

Most Retail Park, Czech Republic

Euro Mall Holding has acquired a plot of land in the Czech town Most for the purpose of establishing an 8,400 m² retail park. A detailed project plan has been drawn up, and a building permit is expected to be issued in early 2008. Completion of the project is scheduled for the end of 2008.

Investment properties

The Group's investment properties are included 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 543.2 million at 31 July 2007.

The outline below shows the Group's investment properties.

Project name	Segment	Floor space (m ²)	Ownership interest	Opening
Central Europe (Czech Rep.)				
Futurum Shopping Centre Ostrava	Retail	23,600	20%	May 2000
Futurum Multifunctional Centre 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/Berlin	Residential/Mixed	26,000	100%	1994-1998
Total investment properties		78,000		
* Floor space denotes the total floor space, including common areas.				

Central Europe

Euro Mall Holding's investment properties had a carrying amount of DKK 313.7 million at 31 July 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 has been included in the carrying amount. In the first half of 2007/08, the letting situation was satisfactory. During the period under review, most of the lease agreements for the Haná Shopping Centre in Olomouc were renegotiated, resulting in a more than 5 % increase in total rental income from the centre. Furthermore, the development in the first half of 2007/08 has meant that new lease agreements replacing previous ones have generally resulted in a higher rent level.

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 Euro Mall Holding is

in charge of developing and implementing the project. Construction has started, and the new extension is expected to open in autumn 2007.

Germany

The Group has five investment properties in Germany, 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 first half of 2007/08, the letting situation was satisfactory, and the properties have almost been fully let.

At 31 July 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.

Financial review

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

The same accounting policies have been used as in the preparation of the Annual Report for 2006/07. The comparative figures for the first half of 2006/07 have been adjusted accordingly.

The Interim Report has not been audited.

Income statement

Revenue

The revenue for the first half of 2007/08 totalled DKK 427.9 million against DKK 437.0 million for the first half of 2006/07.

The breakdown of net revenue by geographical segment is as follows: 93.2 % in Northern Europe and 6.8 % in Central Europe. The revenue breaks down on the following business segments: 77.6 % on the retail segment, 12.4 % on mixed-segment projects and 10.0 % on the residential segment.

Gross margin

The gross margin for the first half of 2007/08 amounted to DKK 204.5 million against DKK 157.9 million in the first half of 2006/07. In addition to earnings from the operation and sale of the Group's projects, see the description above, the gross margin has been impacted by a reassessment of the risk attaching to the Group's Prague Outlet Center project in Prague, the Czech Republic, meaning that a reversal of DKK 85.0 million has been made in respect of a writedown made in

a previous year. Moreover, the gross margin includes a positive revaluation of the Group's investment properties amounting to DKK 10.8 million. A DKK 92.3 million revaluation was made in the first six months of the 2006/07 financial year.

Staff costs and other external expenses

Staff costs and other external expenses amounted to DKK 78.8 million for the first half of 2007/08, a 12.5 % increase compared to the first half of 2006/07.

Staff costs totalled DKK 54.1 million in the first half of 2007/08, thus up 13.3 % on the first half of 2006/07. From 31 July 2006 to 31 January 2007, the number of employees in the Group rose from 142 (excluding Euro Mall Centre Management) to 143, and to 158 during the six-month period ending on 31 July 2007. The increase in employees during the first half of 2007/08 is primarily attributable to the strengthening of project development and project management in the organization. Other external expenses totalled DKK 24.7 million against DKK 22.3 million in the first half of 2006/07, equal to a 10.8 % increase.

Financing, etc.

In the first half of 2007/08, the Group recorded net financing expenses of DKK 26.4 million, a reduction of DKK 46.8 million, or 63.9%, compared to the same period the year before. This reduction is due to two factors: for one thing, two high-interest subordinated debenture loans were repaid at the end of 2006, and for another, the Group has substantially reduced its net interest-bearing debt due to the sale of a number of completed projects.

Tax on profit for the period

The tax calculated on the profit for the period amounts to DKK 33.1 million, equal to a tax rate of 34.8 %. This tax amount is a combination of tax on the profit for the period, a negative adjustment of the tax asset in the Danish part of the Group due to the lowering of the Danish corporate tax rate

from 28 % to 25 %, and a reassessment of the total tax asset, resulting in a positive adjustment compared to the writedown made in a previous year.

Profit after tax

The Group's profit after tax amounted to DKK 61.9 million, and the shareholders' share of the profit after tax amounted to DKK 57.9 million.

Balance sheet

The Group's balance sheet total amounted to DKK 4,104.7 million at 31 July 2007, a reduction of DKK 317.5 million from 31 July 2006 and an increase of DKK 418.9 million from 31 January 2007.

Assets

Goodwill

Goodwill totalled DKK 31.3 million at 31 July 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 July 2007 continue to be valued on the basis of a rate of return of 6 %. During the period under review, a revaluation was made in respect of these investment properties, amounting to DKK 0.4 million. The valuation of the Group's Central European investment properties is still based on a rate of return of 7 %. The revaluation for the period amounts to DKK 10.4 mil-

lion.

At 31 July 2007, the total value of the Group's investment properties constituted DKK 543.2 million, of which DKK 313.7 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 279.5 million at 31 July 2007, down DKK 11.6 million from 31 January 2007. Based on existing budgets and profit forecasts for a five-year period, Management has made a specific assessment of the valuation of the deferred tax asset. Within this period, Management thus expects to be able to utilize the tax losses underlying the deferred tax asset.

Project portfolio

Relative to 31 January 2007, the total project portfolio increased by DKK 745.1 million to DKK 2,236.2 million. This growth is attributable to several factors, including that

- construction is proceeding on sold projects for which no forward funding agreements have been made;
- construction is proceeding on joint-venture projects for which no forward funding agreements have been made;
- tracts of land for the purpose of blueprint projects were bought during the period under review; and
- a DKK 85.0 million reversal was made in respect of a writedown made in a previous year on a project in the Czech Republic.

The project portfolio totalled DKK 2,131.7 million at 31 July 2006.

Total prepayments based on forward-funding agreements amounted to DKK 1,143.2 million at 31 July 2007 against

DKK 590.4 million at 31 January 2007. This increase reflects the forward funding accumulated on projects in progress. At 31 July 2007, forward funding represented 58.9 % of the gross carrying amount of sold projects. The use of forward funding is proceeding according to plan, in accordance with the strategy adopted by the Group within this area.

Receivables

Total receivables amounted to DKK 562.3 million at 31 July 2007 against DKK 642.3 million at 31 January 2007 and DKK 682.2 million at 31 July 2006. This decline is primarily attributable to trade receivables.

Cash and cash equivalents

Cash and cash equivalents amounted to DKK 381.2 million at 31 July 2007 against DKK 601.1 million at 31 January 2007 and DKK 323.6 million at 31 July 2006.

Equity and liabilities

Equity

Consolidated equity totalled DKK 1,285.7 million at 31 July 2007, of which DKK 72.7 million is attributable to minority interests. At 31 January 2007, consolidated equity amounted to DKK 1,290.9 million, of which DKK 137.2 million was attributable to minority interests. Consolidated equity totalled DKK 1,011.8 million at 31 July 2006.

As mentioned above, the change in minority interests occurred because during the period under review, TK Development bought half the stake in the subgroup Euro Mall Holding A/S held by the Investment Fund for Central and Eastern Europe.

The solvency ratio amounts to 31.3 %.

Long-term liabilities

The Group's long-term liabilities represented DKK 371.4 mil-

lion at 31 July 2007, a DKK 19.0 million reduction from 31 January 2007. The reduction is due mainly to a decline in provisions following the Group's agreement with a few investors to trade in rent guarantees in respect of projects sold in previous years. Long-term liabilities totalled DKK 302.7 million at 31 July 2006.

Short-term liabilities

Short-term liabilities climbed by DKK 443.1 million from 31 January 2007 to DKK 2,447.6 million at 31 July 2007. The increase is due mainly to a hike in trade payables and in bank debt resulting from withdrawals on building credits to finance projects in progress. Short-term liabilities totalled DKK 3,107.7 million at 31 July 2006.

Financial liabilities have been offset against trade receivables, 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 80.7 million.

Cash flow statement

The cash flow statement shows negative cash flows from operating activities of DKK 360.2 million and positive cash flows from financing activities of DKK 124.5 million. In the first half of 2007/08, capital was invested in joint-venture projects in progress, and land was acquired for the projects planned.

(DKK million)	2006/07 (First six months)	2006/07 (First six months)	2007/08 (First six months)
Cash flows from operations	149.1	1,219.9	- 360.2
Net interest-bearing debt, end of period	2,406.7	1,125.1	1,562.7

Senior Vice President charged by the Polish police

In June 2006, the Senior Vice President in charge of the

Group's Polish branch office was detained, taken into custody and charged by the Polish police with irregularities related to obtaining regulatory approval (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

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.

In spring 2007, charges were also brought against two of the Company's former 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 considers that the charges are based on misconceptions concerning the Group's accounting policies.

As part of its investigations, in June 2007 the public prosecutor for serious economic crime asked the committee charged with drafting legal opinions under the auspices of the Institute of State-Authorized Public Accountants to answer a number of questions on accounting and auditing issues in order to form an opinion on whether TK Development A/S and its subsidiaries were entitled to use the percentage of completion method as a basis for recognizing income.

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

Financial targets

To provide for sufficient future financial resources, Management has adopted a liquidity target for the subgroup TKD Nordeuropa to ensure that the funds available equal fixed costs for a period of six months. Euro Mall Holding has adopted a similar liquidity target intended to ensure that the funds available equal fixed costs for a period of six months, plus an added DKK 20 million. The calculation basis does not include funds received in the form of proceeds from projects sold, whereas it does include project obligations materializing within six months. These liquidity targets must be met prior to the acquisition and startup of cash-intensive projects, including the acquisition of land and buildings.

In addition, Management has adopted a solvency target for the whole Group corresponding to a solvency ratio of 25 % based on total capital resources. With a solvency ratio of 31.3 %, the Group has met its solvency target.

Liquidity targets and solvency targets are used as covenants in respect of the banks providing operating credit facilities to the Group. Both these targets were met during the period under review.

Financial calendar

Preliminary announcement of annual results 2007/08	24 April 2008
Annual General Meeting	27 May 2008
Announcement of interim results	26 June 2008
Interim Report 2008/09	30 September 2008

Statement by the Executive Board and Supervisory Board

The Supervisory and Executive Boards have today considered and adopted the Interim Report for the period 1 February 2007 to 31 July 2007 for TK Development A/S.

The Interim Report, which is unaudited, is presented in compliance with the provisions on recognition and measurement in the International Financial Reporting Standards (IFRS), as approved by the EU, and in accordance with Danish disclosure requirements for the interim reports of listed companies.

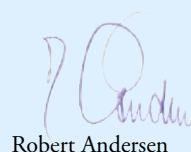
We consider the accounting policies applied to be appropriate, and, in our opinion, the Interim Report gives a true and fair view of the Group's assets, liabilities, equity and financial position at 31 July 2007 and of the results of the Group's operations and cash flows for the period 1 February 2007 to 31 July 2007.

Aalborg, 28 September 2007

EXECUTIVE BOARD




Frede Clausen

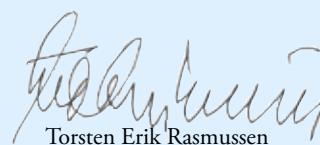


Robert Andersen

SUPERVISORY BOARD



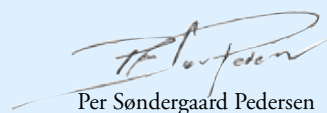
Poul Lauritsen



Torsten Erik Rasmussen



Kurt Daell



Per Søndergaard Pedersen



Jesper Jarlbæk



Niels Roth

Income statement

All amounts in DKKm	2007/08 (First six months)	2006/07 (First six months)
Net revenue	427.9	437.1
External direct project costs	-234.2	-371.5
Value adjustment of investment properties, net	10.8	92.3
Gross profit/loss	204.5	157.9
Other external expenses	24.7	22.3
Staff costs	54.1	47.8
Total	78.8	70.1
Profit/loss from ordinary activities before financing, depreciation and amortization	125.7	87.8
Depreciation, amortization and writedowns of long-term assets	4.6	5.0
Profit/loss from ordinary activities before financing	121.1	82.8
Income from investments in associates	0.2	0.0
Financial income	12.5	42.7
Financial expenses	-38.9	-115.9
Total	-26.2	-73.2
Profit/loss before tax	94.9	9.6
Tax on profit/loss for the year	33.0	-17.1
Profit/loss for the year	61.9	26.7
Allocated as follows		
Shareholders of TK Development A/S	57.9	3.8
Minority interests	4.0	22.9
Total	61.9	26.7
Earnings per share in DKK		
Earnings per share (EPS) of nom. DKK 20	2.1	0.1
Diluted earnings per share (EPS-D) of nom. DKK 20	2.0	0.1

Balance sheet

All amounts in DKKm	31.07.07	31.01.07	31.07.06
ASSETS			
Long-term assets			
Goodwill	31.3	29.1	29.1
Intangible assets	31.3	29.1	29.1
Investment properties	543.2	533.7	853.6
Investment properties under construction	0.3	0.0	0.0
Other fixtures and fittings, tools and equipment	16.7	18.0	24.1
Property, plant and equipment	560.2	551.7	877.7
Investments in associates	23.9	26.9	25.4
Other securities and investments	10.9	31.1	50.2
Deferred tax assets	279.4	291.0	294.3
Other long-term assets	314.2	349.0	369.9
Total long-term assets	905.7	929.8	1,276.7
Short-term assets			
Projects in progress or completed	2,236.2	1,491.1	2,131.7
Trade receivables	274.8	401.4	371.2
Receivables from associates	9.3	1.0	116.2
Other receivables	274.7	231.5	188.7
Prepayments	3.5	8.3	6.2
Total receivables	562.3	642.2	682.3
Securities	19.3	21.6	8.0
Cash and cash equivalents	381.2	601.1	323.6
Total short-term assets	3,199.0	2,756.0	3,145.6
ASSETS	4,104.7	3,685.8	4,422.3

Balance sheet

All amounts in DKKm	31.07.07	31.01.07	31.07.06
LIABILITIES AND EQUITY			
Equity			
Share capital	560.9	560.9	560.9
Reserve for adjustment to fair value	144.3	133.5	257.8
Reserve for foreign-exchange adjustments	24.0	23.6	17.1
Retained earnings	483.8	435.7	65.1
Shareholders' share of equity	1,213.0	1,153.7	900.9
Minority interests	72.7	137.2	110.9
Total equity	1,285.7	1,290.9	1,011.8
Short- and long-term liabilities			
Credit institutions	264.2	279.6	227.1
Provisions	38.0	50.9	37.5
Deferred tax liabilities	69.2	59.9	38.1
Total long-term liabilities	371.4	390.4	302.7
Subordinated bond loan	0.0	0.0	495.9
Credit institutions	1,719.1	1,500.3	2,181.9
Trade payables	461.9	269.6	220.5
Prepayments received from customers	70.9	41.7	35.8
Corporate income tax	41.4	41.6	25.8
Provisions	13.0	17.8	9.6
Other debt	140.2	129.6	131.3
Deferred income	1.1	3.9	7.0
Total short-term liabilities	2,447.6	2,004.5	3,107.8
Total short- and long-term liabilities	2,819.0	2,394.9	3,410.5
TOTAL LIABILITIES AND EQUITY	4,104.7	3,685.8	4,422.3

Statement of changes in equity

Equity

The Share capital of TK Development A/S are not divided into classes of shares and consist of 28.043.810 shares of DKK 20 each. (nom. DKK 560.876.200)

All amounts in DKKm	31.07.07	31.01.07	31.07.06
Share capital			
Share capital beginning of the year	560.9	560.9	560.9
Total share capital	560.9	560.9	560.9
Reserve for adjustments to fair value			
Reserve for adjustments to fair value, beginning of the year	133.5	165.5	165.5
Result for the period	10.8	111.0	92.3
Disposal	0.0	-143.0	0.0
Total reserve for adjustments to fair value	144.3	133.5	257.8
Reserve for foreign exch. adjustments			
Reserve for foreign exch. Adjustments, beginning of the year	23.6	21.9	13.2
Effect of changed accounting policies IAS 21:			
Primo	0.0	0.0	8.7
Half year 2006/07	0.0	0.0	-1.3
Foreign-exchange adjustment, foreign operations	0.1	0.2	-3.5
Tax on changes in equity for the year	0.3	1.5	0.0
Total reserve for foreign exch. adjustments	24.0	23.6	17.1
Retained earnings			
Retained earnings, beginning of the year	435.7	150.8	159.5
Effect of changed accounting policies IAS 21:			
Primo	0.0	0.0	-8.7
Half year 2006/07	0.0	0.0	1.3
Profit/loss for the year	47.1	138.4	-87.7
Disposal	0.0	143.0	0.0
Share-based remuneration (warrants)	1.0	1.9	1.1
Sale of own shares or subscription right in connection with capital increase	0.0	1.6	1.6
Total retained earnings	483.8	435.7	65.1
Total	1,213.0	1,153.7	900.9
Minority interests			
Minority interests beginning of the year	137.2	87.6	87.6
Disposals for the year	-68.6	0.0	0.2
Result for the period	4.0	49.1	22.9
Foreign-exchange adjustment, foreign operations	0.1	0.4	0.1
Share-based remuneration (warrants)	0.0	0.1	0.1
Total minority interests	72.7	137.2	110.9
Total equity	1,285.7	1,290.9	1,011.8

Cash flow statement

All amounts in DKKm	2007/08 (First six months)	2007/08	2006/07 (First six months)
Profit/loss before financing	121.1	462.5	82.8
Adjustments for non-cash items			
Value adjustments, investment properties	-10.8	-111.0	-92.3
Depreciation and amortization	4.5	11.2	5.0
Provisions	-17.3	3.8	-16.3
Market-value adjustments	-1.9	3.8	1.0
Increase/decrease in investments in projects, etc.	-701.7	786.5	120.5
Increase/decrease in receivables	88.5	302.4	271.3
Increase/decrease in payables and other debt	231.5	-29.2	-114.9
Cash flows from operating activities before net financials and tax	-286.1	1,430.0	257.1
Interest paid, etc.	-73.5	-231.9	-121.9
Interest received, etc.	12.4	50.6	28.5
Corporate income tax paid	-13.0	-28.8	-14.6
Cash flows from operating activities	-360.2	1,219.9	149.1
Investments in equipment, fixtures and fittings, net	-2.7	-3.0	-2.7
Investment in investment properties	0.3	338.5	0.0
Investment in investment properties under construction	-0.3	0.0	0.0
Investment in leasehold improvements	0.0	0.0	-0.1
Purchase of securities and investments	20.2	-2.4	0.0
Cash flows from investing activities	17.5	333.1	-2.8
Repayment, subordinated loan capital	0.0	-506.8	-12.4
Repayment, long-term financing	-15.4	-212.2	-233.4
Raising of project financing	0.0	31.3	0.0
Reduction of project financing/repayments, credit institutions	725.8	487.7	234.2
Cost of share issue	-515.1	-1,117.6	-177.2
Increase ownership interest in Euro Mall Holding A/S	-70.8	0.0	0.0
Sale of treasury shares	0.0	1.6	2.8
Cash flows from financing activities	124.5	-1,316.0	-186.0
Cash flows for the year	-218.2	237.0	-39.7
Cash and cash equivalents, beginning of year	601.1	363.8	363.8
Market-value adjustment of cash and cash equivalents	-1.7	0.3	-0.5
Cash and cash equivalents at year	381.2	601.1	323.6

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 255.5 million.

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

Segment information

All amounts in DKKm	Northern Europe	Central Europe	Unallocated	Total		
Primary segment 2007/08						
Net revenue	398.7	29.2	0.0	427.9		
Value adjustment of investment properties, net	0.4	10.4	0.0	10.8		
Profit/loss, associates	0.0	0.2	0.0	0.2		
Profit/loss from ordinary activities before financing	43.8	77.3	0.0	121.1		
Investments in associates	23.5	0.4	0.0	23.9		
Segment assets	2,399.8	1,421.9	283.0	4,104.7		
Segment liabilities	2,163.4	581.5	74.1	2,819.0		
Capital expenditure	1.5	1.5	0.0	3.0		
Depreciation and amortization	4.0	0.6	0.0	4.6		
Other major non-cash costs	-1.9	-79.0	0.0	-80.9		
Primary segment 2006/07						
Net revenue	343.9	93.2	0.0	437.1		
Value adjustment of investment properties, net	2.8	89.5	0.0	92.3		
Profit/loss, associates	0.1	0.0	0.0	0.1		
Profit/loss from ordinary activities before financing	-64.5	147.3	0.0	82.8		
Investments in associates	25.4	0.0	0.0	25.4		
Segment assets	2,756.8	1,451.1	214.4	4,422.3		
Segment liabilities	2,774.8	566.9	68.7	3,410.4		
Capital expenditure	3.4	0.0	0.0	3.4		
Depreciation and amortization	3.9	1.1	0.0	5.0		
Other major non-cash costs	107.0	0.4	0.0	107.4		
Secondary segment 2007/08						
Net revenue	332.0	0.0	42.6	53.3	0.0	427.9
Segment assets	1,358.2	226.6	379.1	1,365.2	775.6	4,104.7
Capital expenditure	0.0	0.0	0.0	0.0	3.0	3.0
Secondary segment 2006/07						
Net revenue	360.0	5.3	0.0	71.8	0.0	437.1
Segment assets	1,000.6	524.5	0.0	2,020.1	877.1	4,422.3
Capital expenditure	0.0	0.0	0.0	0.0	3.4	3.4