Bazaar, Gothenburg, Sweden

Fashion Arena Outlet Center, Prague, Czech Republic

Preliminary announcement of 2007/08 annual financial results

TK Development A/S

Stock exchange announcement no. 3/2008

CVR 24256782

Stocznia Multifunctional Centre, Young City, Gdansk, Poland

Premier Outlets Center, Ringsted, Denmark

Residential Park, Bielany, Warsaw, Poland

Table of contents

SUMMARY

The profit of DKK 249.5 million after tax and minority interests meets expectations for the year. TK Development continues to expect profits to increase to about DKK 300 million after tax for the 2008/09 financial year.

On 24 April 2008, the Supervisory Board of TK Development A/S considered and adopted the 2007/08 Annual Report. The key points are given below:

- TK Development recorded a profit of DKK 249.5 million after tax and minority interests, compared to a profit estimate of DKK 240-250 million and a profit of DKK 249.4 million the year before.
- Management considers the profit for the year to be satisfactory.
- Consolidated equity totalled DKK 1,533.8 million at 31 January 2008, corresponding to a solvency ratio of 37.7 %.
- The return on equity was 19.2 % for the 2007/08 financial year.
- The Group's project portfolio developed as planned. The project portfolio increased by 51,000 m² (net) to 1,212,000 m² at 31 January 2008, distributed on handed-over projects of 195,000 m² and new, added projects of 246,000 m².
- In the first half of 2007/08, TK Development exercised its 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 shareholding to 90 %.
- For the 2008/09 financial year, the Group expects to generate a profit after tax of about DKK 300 million.

2007/08 – a year of intense activity

In the 2007/08 financial year, TK Development handed over projects totalling 195,000 m², and maintained a high activity level in both the Northern and the Central European markets.

The projects handed over include the Spinderiet shopping and district centre in Valby, Denmark, of 37,100 m²; Galeria Biala in Bialystok, Poland, of 46,000 m²; Targówek Retail Park in Warsaw, Poland, of 24,400 m²; Ostrava Retail Park in Ostrava, the Czech Republic, of 10,300 m²; the extension of the Plejada Shopping Centre in Sosnowiec, Poland, of 3,600 m²; Vantaanportti Retail Park, phase II, in Helsinki, Finland, of 11,650 m²; as well as retail parks in several of the Group's markets totalling 26,100 m².

Projects were sold to such companies as Ejendomsinvesteringsselskabet Dades A/S, Meinl European Land Ltd., Credit Suisse Asset Management Immobilien Kapitalanlagegesellschaft, GE Real Estate Central Europe, St. Martins Property Corporation Ltd. as well as several private investors.

Satisfactory progress in the Group's projects

The Group's ongoing projects have shown satisfactory progress. Ongoing construction is progressing as planned, the letting of the Group's ongoing and planned projects is generally proceeding satisfactorily, the expected public authority permits have been obtained, and the Group has entered into agreements to sell a number of its projects to both international and private investors.

The Group continues to focus on the use of forward funding. At 31 January 2008, more than 90 % of the investments in the Group's ongoing sold projects were financed by forward funding, with investors paying successively in step with completion of construction.

The Group expects to sell a large plot of land in Poland in the course of 2008/09. Moreover, the Group expects additional income from the sale of land in Denmark next year.

Difficult market conditions in Poland due to overheating of the construction sector meant that two shopping centre projects had to be postponed.

The Prague Outlet Center (Fashion Arena Outlet Center) in Prague opened in November 2007. As mentioned in the interim report for the first half of 2007/08, a DKK 85.0 million reversal was made in respect of an impairment loss recorded in a previous year for the land for this project.

Construction of the Group's first housing project in Poland, the Tivoli Residential Park in Warsaw, began in spring 2007.

New projects of 246,000 m² in 2007/08

As well as handing over projects, the Group added a satisfactory number of new projects to its portfolio in the 2007/08 financial year. Covering 246,000 m², these additions resulted in a 51,000 m² net increase of the project portfolio, which totalled 1,212,000 m² at 31 January 2008.

The Group has continued expanding existing markets to optimize TK Development's present market platform.

In Sweden, the Group and the Swedish housing developer JM AB have entered into a cooperation agreement with SKF Sweden AB to develop SKF's former factory area in the old part of Gothenburg. The project comprises a total floor space of 75,000 m². TK Development will be in charge of developing the 45,000 m² for a shopping centre and services/commercial use, while JM AB will have responsibility for the 30,000 m² of housing. Moreover, through a qualification procedure, TK Development has been selected to build a new commercial centre in the municipality of Danderyd near Stockholm.

The Group has acquired a right to buy an area of land in Hyvinkää for the construction of the Group's first shopping centre project in Finland, which will thus cement its position in this market. The Group has also acquired plots of land to build retail parks and other projects in both the Czech Republic and the Northern European markets.

In addition, TK Development has acquired a large tract of land in Warsaw, Poland, to build 900-1,000 residential units and thus continue the positive development in this segment.

The Group's project portfolio

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

	31 Jan. 2006	31 Jan. 2007	31 Jan. 2008
Project portfolio (DKKm)			
Gross project portfolio	2,862	2,039	2,777
Of which, forward funding	638	590	832
Carrying amount of project portfolio	**2,224**	**1,449**	**1,945**
Development potential in '000 m²:			
Sold projects	289	351	264
Remaining projects	720	810	948
Total project portfolio	**1,009**	**1,161**	**1,212**
Number of projects	90	94	86

Outlook for 2008/09

TK Development continues to expect profits to increase to about DKK 300 million after tax for the 2008/09 financial year, corresponding to a return on equity of almost 20 %.

This announcement of annual financial results is available on TK Development's website www.tk-development.dk.

Any questions relating to this preliminary announcement of 2007/08 annual financial results may be directed to Frede Clausen, President and CEO, on telephone no.
(+45) 88961010.

COMPANY INFORMATION

TK Development A/S
CVR 24256782

90 % — **Euro Mall Holding A/S**
CVR 20114800

100 % — **TKD Nordeuropa A/S**
CVR 26681006

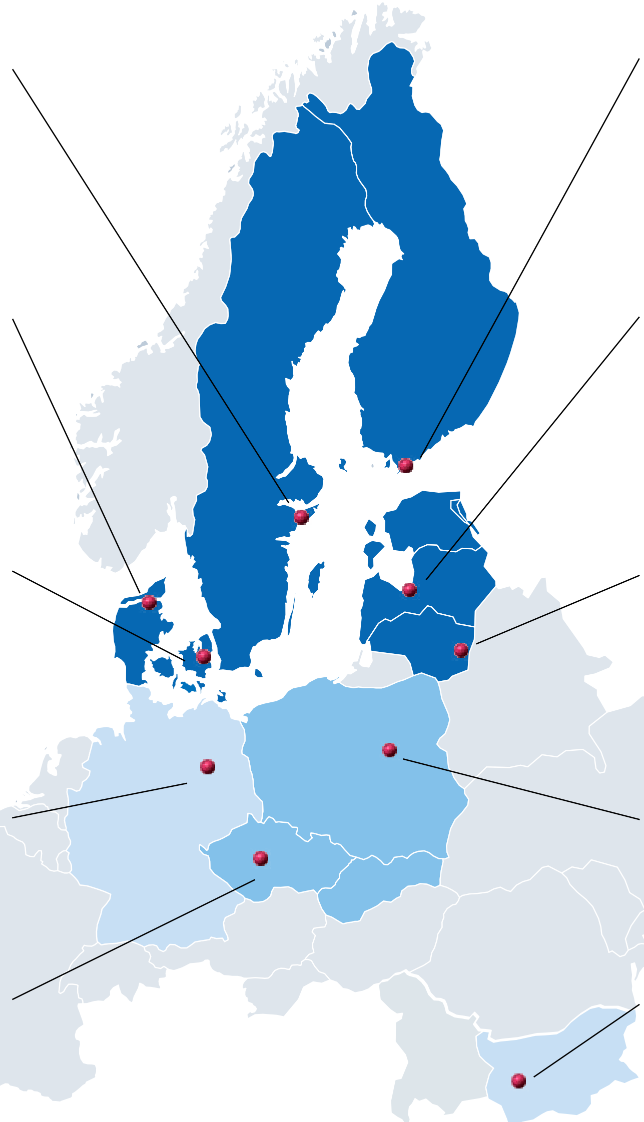
Stockholm
Gamla Brogatan 36-38
S-101 27 Stockholm
T: (+46) 8 751 37 30

Aalborg
Vestre Havnepromenade 7
DK-9000 Aalborg
T: (+45) 8896 1010

Copenhagen
Arne Jacobsens Allé 16, 3. t.v.
DK-2300 Copenhagen S
T: (+45) 3336 0170

Berlin
Ahornstraße 16
D-14163 Berlin
T: (+49) 30 802 10 21

Prague
Karolinská 650/1
CZ-186 00 Prague 8
T: (+420) 2 8401 1010



Helsinki
Korkeavuorenkatu 34
FIN-00 130 Helsinki
T: (+358) 9 2284 81

Riga
Duntes str. 6
LV-1013 Riga
T: (+371) 7 821 811

Vilnius
Gynėjų str. 16
LT-01109 Vilnius
T: (+370) 5231 2222

Warsaw
ul. Mszczonowska 2
PL-02-337 Warsaw
T: (+48) 22 572 2910

Sofia
Sterling Office
2a Saborna Street, 7th fl.
BG-1000 Sofia
T: (+359) 2 9264 180

ISIN code: 0010258995 • **Municipality of registered office:** Aalborg • **Homepage**: www.tk-development.dk • **e-mail**: tk@tk.dk
Executive board: Frede Clausen og Robert Andersen
Supervisory board: Poul Lauritsen, Torsten Erik Rasmussen, Per Søndergaard Pedersen, Kurt Daell, Jesper Jarlbæk and Niels Roth

CONSOLIDATED FINANCIAL HIGHLIGHTS AND KEY RATIOS

Consolidated financial highlights and key ratios (DKK million)	2003/04	2004/05 *)	2005/06 *)	2006/07	**2007/08**
Financial highlights:					
Net revenue	1,557.2	2,131.8	1,623.3	2,719.1	**2,586.8**
Value adjustment, investment properties	0.0	8.4	157.1	111.0	**44.5**
Gross profit/loss	-624.0	413.0	379.0	623.9	**553.8**
Profit/loss from ordinary activities before financing	-847.5	253.0	224.9	462.5	**386.8**
Financing, etc.	-166.1	-158.0	-177.7	-126.3	**-41.7**
Profit/loss before tax	-1,013.7	94.4	44.6	335.7	**345.4**
Consolidated profit/loss	-850.2	81.6	72.6	298.5	**271.9**
Shareholders' share of profit/loss for the year	**-722.8**	**33.1**	**28.3**	**249.4**	**249.5**
Balance sheet total	6,762.6	5,291.2	4,739.1	3,685.8	**4,070.9**
Property, plant and equipment	794.1	628.0	787.2	551.7	**598.8**
of which investment properties	648.0	598.7	761.6	533.7	**584.6**
Carrying amount of project portfolio	4,978.0	2,715.0	2,224.8	1,449.4	**1,945.5**
of which total project portfolio	4,978.0	2,715.0	2,260.4	1,491.1	**1,998.3**
of which prepayments received from customers	0.0	0.0	-35.6	-41.7	**-52.8**
Equity excl. minority interests	574.1	310.8	899.1	1,153.7	**1,439.9**
Equity	**579.6**	**343.7**	**986.7**	**1,290.9**	**1,533.8**
Total capital resources**	1,237.8	1,122.5	1,493.5	1,290.9	**1,533.8**
Cash flows from operating activities	-959.6	1,507.5	506.1	1,219.9	**142.6**
Net interest-bearing debt, end of year	5,093.3	3,603.7	2,577.9	1,125.1	**1,094.6**
Key ratios:					
Return on equity (ROE)	-72.0%	11.2%	8.5%	24.3%	**19.2%**
Earnings before interest and tax (EBIT margin)	-54.4%	11.9%	13.9%	17.0%	**15.0%**
Solvency ratio (based on equity)	8.5%	6.5%	20.8%	35.0%	**37.7%**
Solvency ratio (based on capital resources)	18.3%	21.2%	31.5%	35.0%	**37.7%**
Equity value (nom. DKK 20)	40.9	22.2	32.1	41.1	**51.3**
Earnings per share (EPS-D) of nom. DKK 20	-51.6	2.3	2.0	8.9	**8.9**
Dividend (in DKK per share)	0.0	0.0	0.0	0.0	**0.0**
Listed price of shares (nom. DKK 20)	23	34	57	82	**63**
Key ratios adjusted for the issue of convertible bonds and warrants:					
Return on equity (ROE)	-65.3%	11.2%	8.5%	24.3%	**19.2%**
Solvency ratio (based on equity)	10.0%	6.5%	20.8%	35.0%	**37.7%**
Solvency ratio (based on capital resources)	18.3%	21.2%	31.5%	35.0%	**37.7%**
Equity value (nom. DKK 20)	46.1	22.2	32.1	41.1	**51.3**
Diluted earnings per share (EPS-D) of nom. DKK 20	-49.3	2.3	2.0	8.9	**8.8**

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.

For fiscal year 2003/04 Danish GAAP (percentage of completionmethod) has been used. Ficscal year hereafter is according to IFRS (completed contract method).

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, 2006/07 and 2007/08.

TK DEVELOPMENT IN OUTLINE

In 2007/08, the Group handed over projects totalling 195,000 m² and added new projects of 246,000 m² to its portfolio. The Group recorded satisfactory progress in its portfolio during the year under review.

The 2007/08 financial year

The profit for the 2007/08 financial year amounts to DKK 249.5 million after tax and minority interests, compared to DKK 249.4 million the year before. The balance sheet total amounted to DKK 4,070.9 million at 31 January 2008, a 10.4 % increase compared to 31 January 2007. Consolidated equity totalled DKK 1,533.8 million, and the solvency ratio stood at 37.7 %. The return on equity for 2007/08 reached 19.2 %.

The profit for the year meets the previously announced profit forecast of DKK 240-250 million after tax and minority interests, and Management considers this performance satisfactory.

The Group's ongoing projects have shown satisfactory progress. Ongoing construction is progressing as planned, the letting of the Group's ongoing and planned projects is generally proceeding satisfactorily, the expected public authority permits have been obtained, and the Group has entered into agreements to sell a number of its projects to both international and private investors. These projects comprise shopping centres, retail parks, housing and combined projects and are discussed in more detail under the individual business units.

The Group continues to focus on the use of forward funding. At 31 January 2008, more than 90 % of the investments in the Group's ongoing sold projects were financed by forward funding, with investors paying successively in step with completion of construction.

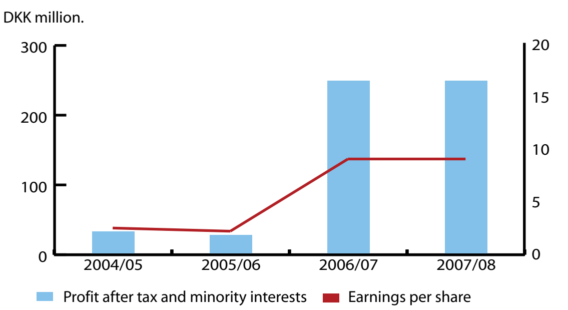
The Group expects to sell a large plot of land in Poland in the course of 2008/09. Moreover, the Group expects additional income from the sale of land in Denmark next year.

Difficult market conditions in Poland due to overheating of the construction sector meant that two shopping centre projects had to be postponed.

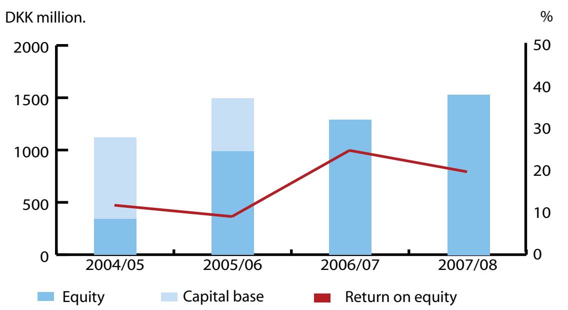
The outline below shows the projects handed over that contributed to earnings in 2007/08. In the year under review, projects totalling about 195,000 m² were handed over. These projects are discussed in more detail under the individual business units TKD Nordeuropa and Euro Mall Holding.

Project	Floor space (m²)
The Spinderiet shopping and district centre, Valby, Denmark	37,100
Østre Havn, the shipyard workshop, Aalborg, Denmark	3,000
Hadsundvej, AaB College, Aalborg, Denmark	13,300
Retail parks in Århus and Esbjerg, Denmark	5,000
Retail parks in Stockholm, Örebro and Växjö, Sweden	7,100
Vantaanportti Retail Park, phase II, Helsinki, Finland	11,650
Retail parks in Tammisto, Lohja and Lappeenranta, Finland	14,000
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	9,000
Ostrava Retail Park, Ostrava, Czech Republic	10,300
Extension of the Futurum Shopping Centre, Ostrava, Czech Republic	3,000
Other projects/land	6,500

Profit after tax and minority interests, and earnings per share



Equity and return on equity



The Group has continued expanding existing markets to optimize TK Development's present market platform. New projects include a cooperation agreement made with SKF and JM AB regarding a major project in Gothenburg, Sweden, and the acquisition of land for retail parks and other projects in the Czech Republic and the Northern European markets. Moreover, through a qualification procedure TK Development has been awarded the contract to construct a new commercial centre in Djursholm, in the municipality of Danderyd in Sweden. The Group has also begun developing its first shopping centre project in Finland and acquired a large plot of land in Warsaw, Poland, to continue developing the housing segment after the extremely satisfactory start with the Tivoli Residential Park. For further details, please see the section "Project developments" and the description of the individual projects under the respective business units.

In the first half of 2007/08, TK Development exercised its 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 shareholding to 90 %. The price paid for the shares was about DKK 71 million. The Group's continued, positive view of the market potential and a project pipeline of more than 540,000 m², which is expected to positively impact earnings in the years to come, are the reason for the decision to exercise the option.

Project developments

In the 2007/08 financial year, the Group added new projects totalling 246,000 m² to its portfolio, which include:

Project	Segment	Floor space (m²)
Office project, Vejle, Denmark	Office	30,000
Retail projects in Denmark	Retail	11,300
Bazaar, Gothenburg, Sweden	Retail	45,000
Kofoten, Kristianstad, Sweden	Retail	5,800
Retail park, Enebyängen, Danderyd, Sweden	Retail	12,500
Shopping centre, Hyvinkää, Finland	Retail	30,000
Maskavas Retail Park, Riga, Latvia	Retail	8,000
Residential Park, Bielany, Poland	Residential	60,000
Sterboholy Retail Park, Czech Republic	Retail	7,000
Most Retail Park, Czech Republic	Retail	8,400

The projects are described in more detail in the section regarding the project portfolio under the respective business units, TKD Nordeuropa and Euro Mall Holding.

The Group's project portfolio

Project portfolio status

The Group's project portfolio comprised 1,212,000 m² at 31 January 2008, of which projects sold account for 264,000 m² and the remaining projects for 948,000 m². The remaining projects consist of 573,000 m² in TKD Nordeuropa, 361,000 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 development in the Group's project portfolio is outlined below:

(DKKm)	31 Jan. 2006	31 Jan. 2007	31 Jan. 2008
Sold			
Completed	185	0	0
In progress	350	523	29
Not initiated	78	78	52
Total	**613**	**601**	**81**
Remaining			
Completed	643	180	465
In progress	88	113	186
Not initiated	880	555	1.213
Total	**1,611**	**848**	**1,864**
Total project portfolio, net	**2,224**	**1,449**	**1,945**
Forward funding	638	590	832
Total project portfolio, gross	2,862	2,039	2,777
In % of gross carrying amount of sold projects	51.0 %	49.5 %	91.1 %

Table 1.

('000) m²	31 Jan. 2006	31 Jan. 2007	31 Jan. 2008
Sold			
Completed	21	0	0
In progress	188	207	109
Not initiated	80	144	155
Total	**289**	**351**	**264**
Remaining			
Completed	58	14	34
In progress	30	42	54
Not initiated	632	754	860
Total	**720**	**810**	**948**
Total project portfolio	**1,009**	**1,161**	**1,212**
Number of projects	**90**	**94**	**86**

Table 2.

By means of forward funding, the Group continuously reduces the funds tied up in the portfolio of sold projects. At 31 January 2008, forward funding represented more than 90 % of the gross carrying amount of sold projects. The use of forward funding is proceeding as planned in compliance with the Group's strategy.

As the figures show, the carrying amount of sold projects in progress decreased significantly in the year under review, due in part to the handing-over of the Group's project "Spinderiet" in Valby, which was not based on forward funding. The increase in other completed projects is attributable to completion of the Fashion Arena Outlet Centre in the Czech Republic and the Premier Outlets Center in Denmark. Both projects form part of joint ventures in which the partners have agreed on a strategy to construct and subsequently mature the project before selling it to the ultimate investor.

The increase in investments in the remaining, not initiated projects is primarily due to the Group's acquisition of land for projects planned, including Residential Park, Bielany, in Warsaw, Poland, the shopping centre in Frederikssund, Denmark, and retail parks in several of the Group markets.

The table below shows the distribution of the carrying amount of the projects in the portfolio at 31 January 2008 for the two business units and, to a lesser degree, the Parent Company. The projects are divided into sold and unsold at 31 January 2008 and subdivided into completed, in progress and not initiated.

Projects at 31 January 2008 (DKKm)	TKD Nord-europa *)	EMH	TKD, Parent *)	Group, total	
Sold					Per cent of total
Completed	0	0	0	0	0.0 %
In progress	30	-1	0	29	1.5 %
Not initiated	23	29	0	52	2.6 %
Total	**53**	**28**	**0**	**81**	**4.1 %**
Unsold					
Completed	107	323	35	465	23.9 %
In progress	117	69	0	186	9.6 %
Not initiated	537	628	48	1,213	62.4 %
Total	**761**	**1,020**	**83**	**1,864**	**95.9 %**
Total project portfolio	**814**	**1,048**	**83**	**1,945**	**100.0 %**

*) Adjusted for intercompany eliminations.

Table 3.

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 January 2008 (m² ('000))	TKD Nord-europa	EMH	TKD Parent	Group, total	
Sold					Per cent of total
Completed	0	0	0	0	0.0 %
In progress	75	34	0	109	9.0 %
Not initiated	8	147	0	155	12.8 %
Total	**83**	**181**	**0**	**264**	**21.8 %**
Unsold					
Completed	13	19	2	34	2.8 %
In progress	40	14	0	54	4.5 %
Not initiated	520	328	12	860	70.9 %
Total	**573**	**361**	**14**	**948**	**78.2. %**
Total project portfolio	**656**	**542**	**14**	**1,212**	**100.0 %**

Table 4.

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

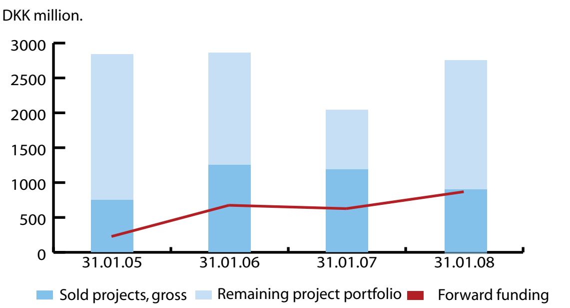
Outlook

For the 2008/09 financial year, the Group anticipates an unchanged, sustained high level of activity. The profit after tax is expected to amount to about DKK 300 million, corresponding to a return on equity of almost 20 %.

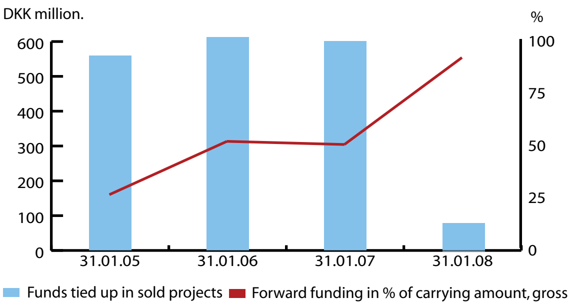
TK Development has an option to acquire the remaining ownership share held by the Investment Fund for Central and Eastern Europe in Euro Mall Holding A/S. The above profit forecast assumes that this option will be exercised effective 1 February 2008.

The profit forecast only includes value adjustments of the Group's investment properties that result from indexation of rent and any improved operating results. Thus, it does not include any value adjustments following from changes in fixed

Gross projekt portfolio



Funds tied up in sold projects



return requirements or the possible sale of one or more of the investment properties involved.

The forecast for 2008/09 is based on the market conditions described in more detail for each individual market; see below under ”Markets and business units”.

Post-balance sheet events

After the balance sheet date, TK Development has sold its 21,000 m² project area at Vandtårnsvej, Copenhagen. In April 2008, the main part of the Group's remaining areas at Hadsundvej was sold and transferred to the administrative region of Northern Jutland.

In Germany, the Group sold and transferred one of its plots to a convenience chain in February 2008.

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

Markets and business units

TK Development has business activities in two geographical areas, Northern and Central Europe.

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.

The Group aims to benefit from the geographical market presence established over a number of years and thus exploit the unrealized potential on all markets through the related retailer and investor networks.

The project portfolio, which represents three to four years' activity, reflects the promising potential on the markets on which the Group operates.

Management expects the following short-term development for significant variable market factors:

- The rental level will remain unchanged or increase slightly in view of the high demand from retail tenants.
- Land prices and construction costs have reached a high level and are estimated to stagnate and fall based on a decline in the national economies, but with some variations from country to country.
- Some investors will expect higher returns on their investments, which will result in falling prices. This is a consequence of the credit crisis, which gives rise to higher equity capital requirements and financing costs. High-quality projects can still be expected to attract high prices.

The international credit crisis that has hit the financial markets has not affected TK Development directly. Although the Group has a healthy cash flow and a large liquidity buffer, it will be indirectly affected if investors' return requirements change. Several large projects to be handed over in the next few years have been sold in advance at agreed rates of return.

The growth in Central European economies is anticipated to promote the expansion of retail chains, thus positively impacting growth in two of TK Development's core segments, the retail and residential segments.

Northern European markets

Geographically, TKD Nordeuropa's activities are broken down on four core markets: Denmark, Sweden, Finland and the Baltic States. TKD Nordeuropa has activities in the individual markets within various segments, as shown by the table below.

	Denmark	Sweden	Finland	Baltic States
Shopping centres	•	•	•	•
Stores/ Superstores	•	•	•	•
High-street properties	•			
Offices	•			
Segment mix	•	•		•
Housing	•			

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 TKD Nordeuropa's markets, historically leading to higher prices for the Group's projects. The higher financing costs and equity capital requirements resulting from the international credit crisis will cause some investors to increase their return requirements. Investors continue to show keen interest in buying real property projects, but the credit crisis has sharpened their focus on project quality.

The market for letting retail premises is generally sound, which is reflected by such factors as a slightly higher rental level for retail tenants and fewer vacant premises.

Construction costs have climbed in all the Group's markets, but Management estimates that the intermittently overheated situation will be normalized in the course of 2008.

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 segments, but mainly the retail segment.

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 2008).

Management has strong expectations particularly for the retail segment, supported by expectations of low unemployment and good purchasing power. Convenience goods and retail chains in Denmark are focusing on new and central locations in their constant efforts to secure market shares and generate growth. The retail segment is thus expected to prosper. The new Danish Planning Act, adopted in June 2007, changes the permitted sizes and locations of retail stores, and the Group has adapted its market focus accordingly. The Act also opens up greater opportunities for establishing district centres in small towns.

Denmark - startup in 1989	2006	2007	2008e	2009e
GDP (% yr./yr.)	3.9	1.8	1.5	0.9
Private consumption (% yr./yr.)	3.8	2.5	2.6	1.5
Unemployment (%)	3.9	2.7	2.2	2.6

(Source: Nordea, April 2008)

The office market is viewed with optimism, with appealing sites attracting tenants and investors alike. The prime locations held by the Group, typically in waterfront areas, are usually co-owned with business partners. The Group expects to create attractive projects on this basis in the years to come. Examples of such projects include the Group's locations at Amerika Plads in Copenhagen and Stuhrs Brygge in Aalborg.

Sweden

As in previous years, the business activity in Sweden is anticipated to focus on the retail segment. Swedish growth rates are fairly high, and the ongoing expansion in the retail sector continues to make the country an interesting market in this segment. The Group also intends to focus on developing individual, major shopping centre 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 2008).

Sweden - startup in 1997	2006	2007	2008e	2009e
GDP (% yr./yr.)	4.1	2.6	2.1	1.5
Private consumption (% yr./yr.)	2.5	3.1	2.0	1.6
Unemployment (%)	7.0	6.1	5.9	6.4

(Source: Nordea, April 2008)

Finland

Since establishing a branch office in Finland, the Group has developed retail parks primarily. The focus is expected to remain on the retail segment, in particular superstores and individual, major shopping centre projects. In Finland, retail tenancies normally generate returns ranging from 4.5 % to 6.5 % p.a. (Source: Jones Lang Lasalle - Nordic City Report, Spring 2008).

The Group is preparing the development of a number of retail projects, which is supported by the country's sustained high economic indicators.

Finland - startup in 1999	2006	2007	2008e	2009e
GDP (% yr./yr.)	4.9	4.4	2.3	1.8
Private consumption (% yr./yr.)	4.1	3.7	3.1	2.1
Unemployment (%)	7.7	6.9	6.2	6.2

(Source: Nordea, April 2008)

Baltic States

In recent years, the three Baltic States have experienced substantial growth, and EU membership is expected to stimulate continued growth and thus boost purchasing power. The Group has developed several projects, of which the first shopping centre project has been completed. The Group is now working on more retail projects.

Latvia - startup in 2001	2006	2007	2008e	2009e
GDP (% yr./yr.)	11.9	10.9	5.6	5.1
Private consumption (% yr./yr.)	19.8	16.2	7.0	4.0
Unemployment (%)	7.0	5.8	6.2	6.9

(Source: Nordea, January 2008)

Lithuania - startup in 2001	2006	2007	2008e	2009e
GDP (% yr./yr.)	7.7	9.1	7.4	6.7
Private consumption (% yr./yr.)	11.8	12.3	14.0	8.0
Unemployment (%)	5.6	4.3	4.0	4.5

(Source: Nordea, January 2008)

The markets in the Baltic States have changed in the past few years. Formerly an immature market in which provisions were made to meet risks, the Baltic States now have a return requirement that reflects a more mature market. This development has resulted in a reduction of about one percentage point in investors' return requirement. The required rate of return for the retail market is currently about 6.0 – 8.0 % p.a. (Source: KOBA – Commercial Property Market 2007).

The Group intends to focus on the retail segment in both Latvia and Lithuania, but will also evaluate the office and residential segments.

Central European markets

In Central Europe, the Group has activities in Poland, the Czech Republic and Slovakia. In addition, the Group is currently investigating the potential for developing shopping centres and retail parks in Bulgaria. Euro Mall Holding has activities within the following segments of the individual markets:

	Poland	Czech Republic	Slovakia
Shopping centres	•	•	•
Stores/Superstores	•	•	•
Offices	•		
Segment mix	•	•	
Housing	•		

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

The Group has a well-developed 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.

In recent years, the return requirement on the Group's Central European markets has declined considerably, leading to higher prices for the Group's projects. The rates of return on the Central European markets on which the Group operates have approached those prevailing in other European markets, and the return requirement is expected to remain fairly stable for the next year.

The economic indicators for the Group's markets, see below, underpin Management's assessment of the growth potential in the individual markets. The anticipated growth stimulates the retail chains' expansive drive throughout the Group's market area, while the demand for high-quality shopping centres and retail parks continues in Central and Eastern Europe.

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

Poland

The outlook for the Polish market remains positive. Both local and international retailers continue to show keen interest in renting premises in prime-location retail centres and minor shopping centres in Poland. This is reflected, among other things, by highly satisfactory pre-completion letting of the Group's projects in progress. The rental level for the retail segment has risen slightly. Future projects are expected to be located in smaller towns, and projects in towns with fewer than 100,000 inhabitants are now considered feasible.

In Poland, shopping centre projects are currently sold at net returns ranging from 5.5 % to 7.0 % (Source: Jones Lang Lasalle's report "Warsaw City Profile", September 2007), and together with economic indicators and forecasts for Poland this supports the healthy market potential.

Poland - startup in 1995	2006	2007	2008e	2009e
GDP (% yr./yr.)	6.2	6.5	5.3	5.4
Private consumption (% yr./yr.)	5.2	5.9	5.0	4.5
Unemployment (%)	14.9	12.8	11.0	10.0

(Source: Nordea, January 2008)

Construction costs in Poland have climbed rapidly for a period of time, but Management believes that the price level will stabilize in the course of 2008.

Development of housing in Central Europe

The Group's business platform now also includes the housing market in Central Europe, currently Poland, where Management considers the market prospects to be bright.

In Poland, attractive housing is scarce, and much of the existing housing no longer fulfils the Poles' housing standard requirements. Central Europe is still undergoing major structural changes, and Warsaw is continuously developing and strengthening its position as Poland's commercial hub. Combined with relatively high population growth in major towns and cities and continuously falling unemployment, these factors are essential to a sustained high demand for housing in major towns and cities in Poland. Demand for owner-occupied housing is particularly high, spurred by improved financing options for home buyers.

The development of the Group's first housing project in Central Europe was initiated in Warsaw, Poland, in autumn 2006 and comprises close to 300 residential units. The project "Tivoli Residential Park" is being built in phases, and all units are expected to be completed and sold before the end of 2008. This project is proceeding highly satisfactorily, and the Group's next housing project "Residential Park, Bielany", comprising 900-1,000 units to be built in four phases, is expected to start in mid-2008.

Despite rising construction costs, as mentioned above, Management still considers the housing market in Poland attractive, also in light of the expected stabilization of the price level in the course of 2008.

Czech Republic

The Czech market continues to experience strong demand for tenancies in attractive retail projects. The market for retail parks and shopping centres in minor towns is considered attractive. In the previous financial year, Euro Mall Holding sold its first retail park project, and continued developing this segment in 2007/08. The Group has several retail park and shopping centre projects in its portfolio, which it continuously strives to strengthen, with the main focus on the retail segment. The rental level for the retail segment has increased slightly and is expected to continue rising, while the return requirement is estimated to remain unchanged in the next year.

In the Czech Republic, shopping centre projects and retail parks are currently sold at net returns ranging from 5.5 % to 7.5 % (Source: Jones Lang Lasalle's report ”Prague City Profile”, September 2007), and together with economic indicators and forecasts for the Czech Republic this underpins Management's expectations for the market.

Czech Republic - startup in 1997	2006	2007	2008e	2009e
GDP (% yr./yr.)	6.4	6.1	4.4	4.7
Private consumption (% yr./yr.)	5.4	5.9	4.4	4.8
Unemployment (%)	8.1	6.5	5.6	4.9

(Source: Nordea, January 2008)

Slovakia

Management estimates that demand for shopping centres in Slovakia will be moderate over the next few years, as demand for shopping centres has already been met in most of the major towns and cities in Slovakia. Management believes that there will be a future demand for retail parks in Slovakia and is currently assessing the market potential.

The positive economic development in Slovakia underpins this belief.

Slovakia - startup in 1999	2006	2007	2008e	2009e
GDP (% yr./yr.)	8.5	10.4	7.5	6.7
Private consumption (% yr./yr.)	5.9	7.1	6.9	6.1
Unemployment (%)	12.0	10.5	9.7	9.0

(Source: Nordea, January 2008)

Bulgaria

TK Development opened an office in Sofia in spring 2007 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 project opportunities. Within a short period of time, it is anticipated that Bulgaria will contribute to strengthening the Group's overall project portfolio.

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	2007	2008e	2009e
GDP (% yr./yr.)	6.1	5.8	5.7	4.5
Private consumption (% yr./yr.)	7.1	6.1	7.7	5.8
Unemployment (%)	9.1	6.9	7.0	7.0

(Source: ING Directional Economics, February 2008)

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 year's results for this part of the Group constitute a loss of DKK 6.0 million after tax.

Revaluation 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 total value of these properties represented DKK 228.3 million at 31 January 2008. The value adjustment in the 2007/08 financial year amounted to DKK -1.1 million. This value adjustment is based on a 6 % rate of return, calculated on the basis of a discounted cash-flow model.

Investment properties are described in the section "Investment properties" on page 28.

Current assets

The project portfolio includes four plots of land in Germany, of which one plot was sold after the balance sheet date.

Moreover, the project portfolio consists of rental properties in Russia and a few other assets. The letting of the projects is progressing satisfactorily.

TKD NORDEUROPA

TKD Nordeuropa realized a profit after tax of DKK 53.7 million in the 2007/08 financial year. During the year, TKD Nordeuropa handed over projects totalling 95,000 m².

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

TKD Nordeuropa primarily operates in the retail property segment (shopping centres and retail parks), the office segment and the mixed segment (including multifunctional projects).

In the 2007/08 financial year, TKD Nordeuropa realized a profit after tax of DKK 53.7 million against DKK 104.3 million the year before. In the 2006/07 financial year, the profit before tax was positively impacted by earnings from the sale of projects completed in previous financial years.

In the 2007/08 financial year, the Group recorded satisfactory progress in its ongoing projects and a satisfactory intake of new projects.

Handed-over projects

Projects totalling a floor space of 95,000 m² have been handed over. Major projects contributing to the profit for the year include the following:

Spinderiet, Valby, Denmark
This multifunctional shopping and district centre, which consists of retail, restaurant, office, leisure and residential facilities, opened on 15 November 2007. The project, excl. residential facilities, has been sold to Dades, a property investment company. The residential section, 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. Residential units with a floor space of almost 3,000 m² are expected to be handed over to the investor in spring 2008.

Retail park, Århus South, Denmark
This project consists of a retail park of about 5,400 m², to be built in two phases, of which the first completed phase of about 2,500 m² was handed over to the investors, a property company and a user, in November 2007.

Retail park, Storegade, Esbjerg, Denmark
This 2,500 m² retail park has been fully let and sold to a property company. Construction started in spring 2007, and the retail park was handed over to the investor in October 2007.

The shipyard workshop, Østre Havn, Aalborg, Denmark
This 3,000 m² shipyard workshop, which is deemed worthy of preservation, has been sold to a private investor.

AaB College, Aalborg, Denmark
Part of the area at Hadsundvej, Aalborg, has been sold to Aalborg Boldspilklub A/S, and the development comprises a sports college with course and conference facilities as well as accommodation for students, with a total floor space of approx. 15,500 m². The first phase was handed over in a previous financial year, and the second in November 2007.

Retail park, Marieberg, Sweden
The 6,350 m² retail park project in Örebro, Sweden, is to be developed in two phases. The first phase of about 2,350 m² has been fully let and was handed over to Oppenheim Immobilien Kapitalanlagegesellschaft mbH in October 2007.

Retail park, Botkyrka, Stockholm, Sweden
This project consists of a 2,400 m² retail park, which has been fully let. Upon completion, the retail park was handed over to a private investor in October 2007.

Retail park, Barkarby, Sweden
In the year under review, the land for the last phase of the retail park was handed over to the German investment fund, Commerz Grundbesitz Spezialfondsgesellschaft mbH.

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 was sold in a previous financial year. Phase II was completed at end-2006 and sold to an international investor in July 2007.

Retail parks, 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 March 2007. The project in Lappeenranta consists of a 3,800 m² retail park. Following completion of construction, the retail park was handed over to a private investor in November 2007. The 4,900 m² retail park in Lohja was also completed and handed over to a private investor in November 2007.

Selected projects handed over by TKD Nordeuropa in 2007/08

Spinderiet, Valby, Denmark

Retailpark, Botkyrka, Stockholm, Sweden

Vantaanportti Retail Park, phase II, Helsinki, Finland

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 90 % of the total carrying amount of the project portfolio of TKD Nordeuropa at 31 January 2008. In terms of carrying amount, TKD Nordeuropa's five largest projects represented a total of DKK 482.1 million at 31 January 2008.

Project name	City/town	Segment	Floor space (m²)		TKD's ownership interest	Construction start/Expected construction start	Opening/Expected opening
Denmark							
Premier Outlets Centre	Ringsted	Retail	13,200		50%	Autumn 2006	March 2008
Østre Teglgade	Copenhagen	Office/residential	24,000	1)	100%	2008	Continuous
Amerika Plads, underground car park	Copenhagen	Under-ground car park	32,000		50%	2004	Continuous
Spinderiet, remaining units	Valby	Residential	3,000		100%	Early 2005	Spring 2008
Ejby Industrivej	Copenhagen	Office	15,400		100%	End-2008	End-2009
Vandtårnsvej	Copenhagen	Office	21,000		50%	-	Spring 2008
Hadsundvej	Aalborg	Mixed	18,150		100%	Continuous	Continuous
Østre Havn/Stuhrs Brygge	Aalborg	Mixed	80,000	1)	50%	Continuous	Continuous
Amerika Plads, lot C	Copenhagen	Mixed	11,000		50%	2008	End-2010/Early 2011
Amerika Plads, lot A	Copenhagen	Office	13,500		50%	2008	End-2010/Early 2011
Århus South, phase II	Århus	Retail	2,900		100%	Mid-2009	Early 2010
Shopping centre, Frederikssund	Frederikssund	Retail/ Residential	30,800		100%	Spring 2008	End-2009
Neptunvej	Randers	Mixed	5,000		100%	End-2008	End-2009
Retail park, Tagtækkervej	Odense	Retail	6,800		100%	Mid-2007	Mid-2008
Retail park, Anelystparken, phase IV	Århus	Retail	2,800		100%	Early 2008	Mid-2008
Retail park, Aabenraa	Aabenraa	Retail	4,200		100%	Autumn 2008	Mid-2009
Retail park, Brønderslev	Brønderslev	Retail	5,000		100%	Autumn 2008	Mid-2009
Office project, Vejle	Vejle	Office	30,000		100%	Mid-2009	Mid-2010
Sweden							
Entré, multifunctional centre	Malmö	Mixed	39,500		100%	Mid-2006	Spring 2009
Bazaar, Gothenburg	Gothenburg	Mixed	45,000		100%	Early 2011	2013
Retail park, Karlstad	Karlstad	Retail	15,000		100%	End-2010	End-2011
Retail park, Barkarby, phase IV	Barkarby	Retail	5,600		100%	End-2007	Autumn 2008
Retail park, Marieberg, phase II	Örebro	Retail	4,000		100%	Mid-2008	Autumn 2009
Retail park, Söderhamn	Söderhamn	Retail	6,800		100%	Mid-2008	Phase 1: Autumn 2009 Phase 2: Mid-2010
Retail park, Nyköping	Nyköping	Retail	5,000		100%	Autumn 2007	Mid-/Autumn 2008
Retail park, Kofoten, Kristianstad	Kristianstad	Retail	5,800		100%	Spring 2008	End-2008
Retail park, Enebyängen, Danderyd	Danderyd	Retail	12,500		100%	Autumn 2008	Autumn 2009
Finland							
Pirkkala Retail Park, phase II	Tammerfors	Retail	5,300		100%	End-2008	End-2009
Retail park, Seinäjoki	Seinäjoki	Retail	6,750		100%	Mid-2007	Autumn 2008
Shopping centre, Hyvinkää	Hyvinkää	Mixed	25,200		100%	End-2008	2010
Baltic States							
Ukmerges Street (prev. Rubicon)	Vilnius	Retail	18,500		100%	Spring 2008	January 2009
Milgravja Street	Riga	Residential/Retail	20,000		50%	-	Autumn 2008
Ulmana Retail Park	Riga	Retail	12,400		100%	Spring 2008	January 2009
Maskavas Retail Park	Riga	Retail	8,000		100%	End-2008	End-2009
TKD Nordeuropa, total floor space		**approx.**	**555,000**				

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

Project portfolio

In the 2007/08 financial year, TKD Nordeuropa recorded satisfactory progress in its ongoing projects and a satisfactory intake of new projects. At 31 January 2008, the development potential of TKD Nordeuropa's total project portfolio represented about 83,000 m² for sold projects and 573,000 m² for the remaining projects, a total of 656,000 m². At 31 January 2007, the total development potential was 591,000 m².

Projects

Shopping centre, Frederikssund, Denmark

TKD Nordeuropa owns several properties in Frederikssund that are to be used for a new shopping centre. The project consists of a 30,800 m² shopping centre, of which about 4,500 m² will be let to supermarket operators and 21,300 m² to specialty stores and restaurants, while about 3,000 m² is reserved for office premises and about 2,000 m² for residential premises. The occupancy rate has reached 51 %, and the anchor tenants include Kvickly, Fakta, Hennes & Mauritz, Synoptik and Skoringen. The local plan for the area was adopted in December 2007. Construction is expected to start in spring 2008, and the opening is scheduled for end 2009. A multistorey car park with about 800 parking spaces will be established in conjunction with the centre.

Århus South, phase II, Denmark

In Århus, the Group is developing a retail project of about 5,400 m². The project consists of two phases, of which the first completed phase of about 2,500 m² was handed over to the investors in November 2007: a property company and a user. The second phase has been sold to a property company on the basis of forward funding. Construction will start once the letting status and relevant authority approvals are in place.

Spinderiet, Valby – remaining premises, Denmark

This multifunctional shopping and district 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 residential facilities and about 550 parking spaces, opened on 15 November 2007. The project, excl. the residential facilities, has been sold to Dades, a property investment company. The residential section, 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. About 3,000 m² of the residential units are expected to be handed over in spring 2008.

Østre Havn/Stuhrs Brygge, Aalborg, Denmark

In the area previously occupied by Aalborg Shipyard at Stuhrs Brygge, TKD Nordeuropa is developing a business and residential park of about 80,000 m², for which TKD Nordeuropa regularly buys land for new project development. In the 2007/08 financial year, TK Development sold a 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 mid-2008.

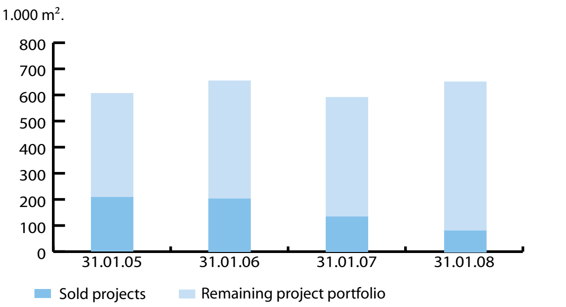
Amerika Plads, Copenhagen, Denmark

Kommanditaktieselskabet Danlink Udvikling (DLU), which is owned 50/50 by Arealudviklingsselskabet I/S 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, and negotiations with several potential tenants are ongoing. Part of the underground car park in the Amerika Plads area has been built, and is operated by Europark. The total parking facility is expected to be sold upon completion.

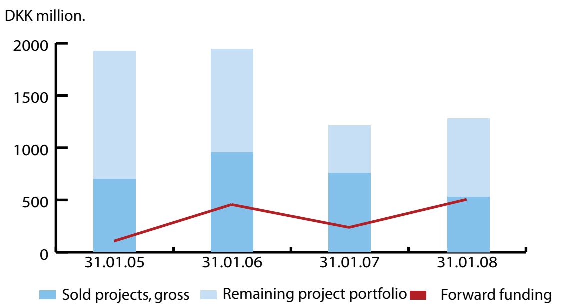
Premier Outlets Centre, Ringsted, Denmark

This project (previously Ringsted Factory Outlet) has been developed in a 50/50 joint venture with Miller Developments, an experienced factory outlet developer. This project consists of a factory outlet centre and restaurant facilities, with a total floor space of 13.200 m², and about 1,000 parking spaces. This will be the first major factory outlet centre in Denmark. The centre opened on 6 March 2008, and the current occupancy rate is 47 %. Negotiations with several potential, inter-

Project portfolio in TKD Nordeuropa in m²



Gross project portfolio, TKD Nordeuropa



national investors are ongoing. After startup and maturing, the centre is expected to be sold.

Hadsundvej, Aalborg, Denmark
The project area covers a total of 24,800 m², of which 4,150 m² was sold to AaB in the 2007/08 financial year. During the year under review, an agreement was made regarding the sale to a private investor of an option to build residential property of about 14,000 m², under which premises can be handed over successively. The sale is subject to permission being granted for the planned construction of residential property. Most of the remaining area was sold and handed over to the administrative region of Northern Jutland after the balance sheet date.

Østre Teglgade, Copenhagen, Denmark
This project area covers 24,000 m² attractively located at Teglholmen. The area is well-suited for a housing or office project. The project can be completed in phases, in step with the letting and/or sale of premises.

Retail park, Anelystparken, phase IV, Århus, Denmark
This project consists of a 2,800 m² retail park, of which about 70 % has been let to date. Construction has started and is scheduled for completion in mid-2008.

Office project, Vejle, Denmark
In Vejle, TKD Nordeuropa has acquired an option to buy a tract of land to construct an office building of about 30,000 m². The local plan for the area is expected to be adopted at the end of 2008. This project allows for phased construction and is scheduled for completion in mid-2010.

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 has been fixed on the basis of a return requirement of 6 %, and the sales agreement is based on forward funding. Construction commenced in mid-2006, and the occupancy rate is about 65 %. The anchor tenants include Hennes & Mauritz, Lindex, Hemköp, Intersport, SF Bio (Svensk Film) and 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 25,800 m² has been allocated for retail stores, 10,700 m² for restaurants, cinema, fitness and bowling facilities, 300 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.

Bazaar, Gothenburg, Sweden
TKD Nordeuropa 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.

Retail park, Marieberg, Sweden
The 6,350 m² retail park project in Örebro, Sweden, is to be developed in two phases. The first phase of about 2,350 m², which has been fully let, was handed over to Oppenheim Immobilien Kapitalanlagegesellschaft mbH 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 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 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 some of them. The first phase is expected to open in autumn 2009, and the second in mid-2010. 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 23,050 m², distributed on seven stores, when fully developed. 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 has been extended to 5,600 m² with public authority approval, and a lease agreement with the electronics chain Media Markt has been signed. A building permit for the last phase was issued in October 2007, and construction has started. The last phase is expected to be handed over in autumn 2008. The total project has been sold to the German investment fund Commerz Grundbesitz Spezialfondsgesellschaft mbH on the basis of forward funding.

Retail park, Nyköping, Sweden
This 5,000 m² project consists of three rental units, of which two have been let. Following the issuance of a building permit for the project, construction started at the end of 2007. The rental units are scheduled to open in mid-2008 and autumn 2008, respectively. Part of the project was sold to a private investor after the balance sheet date.

Kofoten, Kristianstad, Sweden
TKD Nordeuropa has acquired a property in Kristianstad and is planning a conversion and extension in order to establish a retail park of about 5,800 m². Construction is expected to start in spring 2008 and to be completed by end-2008.

Retail park, Enebyängen, Danderyd, Sweden
Through a qualification procedure, TKD Nordeuropa has won a contract to build a new commercial centre in the municipality of Danderyd near Stockholm. The total project is expected to comprise a 12,500 m² retail park, and a supermarket operator has signed a lease agreement for 4,300 m². Construction is expected to start in autumn 2008, with the opening scheduled for autumn 2009.

Retail park, Seinäjoki, Finland
TKD Nordeuropa has acquired a tract of land in the Finnish town Seinäjoki for the purpose of establishing a 6,750 m² retail park. Construction was initiated in August 2007 and is expected to be completed in autumn 2008. The current occupancy rate is 71 %. The project has been sold to a private investor, based on forward funding.

Shopping centre, Hyvinkää, Finland
TKD Nordeuropa has acquired a right to buy a tract of land in Hyvinkää in Finland for the purpose of constructing an 18,500 m² combined shopping centre, hotel, office and medical clinic. In addition, the project comprises about 6,700 m² of residential space. The local plan is expected to be adopted sometime in 2008 so that construction can begin in autumn 2008, with the opening scheduled for 2010.

Retail park, Ukmerges Street (previously 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 granted, and construction is expected to start in spring 2008, with the opening scheduled for January 2009. Letting has started, and the first Heads of Terms have been signed by tenants. Negotiations with potential investors for the project are ongoing.

Milgravja Street, Riga, Latvia
In Riga, Latvia, the Group is proceeding with the sale of its Milgravja Street project, which comprises options to build residential property of about 20,000 m². An agreement has been made with the buyer, and the sale is expected to be completed in autumn 2008.

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 is ongoing, and Heads of Terms have been signed for most of the premises. Construction is expected to commence in spring 2008, and the retail park is scheduled to open in January 2009. Negotiations with potential investors for the project are ongoing.

Maskavas Retail Park, Riga, Latvia
TKD Nordeuropa has acquired an option to buy a tract of land in the southern part of Riga for the purpose of developing an 8,000 m² retail park. Construction is estimated to start at the end of 2008 once the relevant authority approvals are in place, with completion scheduled for late 2009.

Selected projects in progress in TKD Nordeuropa

The Entré multifunctional centre, Malmö, Sweden

Shoppingcenter, Frederikssund, Denmark

Shoppingcenter, Hyvinkää, Finland

EURO MALL HOLDING

Euro Mall Holding realized a profit after tax of DKK 224.2 million in the 2007/08 financial year. During the year, Euro Mall Holding handed over projects totalling 100,000 m².

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

Euro Mall Holding primarily operates in the retail property segment (shopping centres and retail parks) and the mixed segment (including multifunctional projects) and in Poland, also in the housing segment.

Euro Mall Holding continued the positive development from the year before, realizing a profit after tax of DKK 224.2 million in the 2007/08 financial year against DKK 243.9 million the year before.

The Group recorded satisfactory progress in its projects in the 2007/08 financial year.

Handed-over projects

Projects totalling a floor space of 100,000 m² have been handed over. Major projects contributing to the profit for the year include the following:

Galeria Biala, Bialystok, Poland
This 46,000 m² shopping centre, developed in cooperation with and sold to Meinl European Land Ltd., comprises a hypermarket, about 90 speciality stores and leisure facilities. The shopping centre opened on 5 December 2007, and all premises have been fully let.

Targówek Retail Park, Warsaw, Poland
This project consists of a 24,400 m² retail park situated next to the Targówek Shopping Centre. The project comprises 11 retail units, which have been opened successively in step with completion. The whole retail park was handed over to Credit Suisse Asset Management Immobilien Kapitalanlagegesellschaft in November 2007.

Extension of the Plejada Shopping Centre, Sosnowiec, Poland
Euro Mall Holding has handled the development and construction of a 3,600 m² extension of this centre on behalf of St. Martins Property Corporation Ltd. The extension of the centre opened on 28 November 2007.

Sale of land, Reduta, Warsaw, Poland
This land, comprising an option to build 9,800 m², was sold to a foreign investor in the year under review.

Ostrava Retail Park, Czech Republic
This 10,300 m² retail park has been built on Euro Mall Holding's site at the Futurum Shopping Centre in Ostrava. The retail park opened on 26 September 2007 and was handed over to GE Real Estate Central Europe.

Extension of the Futurum Shopping Centre, Ostrava, Czech Republic
Euro Mall Holding has handled the development and construction of a 3,000 m² extension of this centre on behalf of GE Capital/Heitman. The extension opened on 22 November 2007.

Fashion Arena Outlet Center, Prague, Czech Republic
The plots of land for this project (previously Prague Outlet Centre) were acquired in previous financial years. Construction of the first phase of the factory outlet centre was completed in autumn 2007, and the centre opened on 15 November 2007. The current occupancy rate is approaching 75 %, and the letting of the remaining premises is proceeding as planned. Management estimates that the risks associated with the project have been substantially reduced compared to previous years. Therefore, the impairment loss recorded on the project in a previous year was partially reversed in the first half of 2007/08.

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 356.3 million at 31 January 2008.

In the previous financial year, the Group entered into an agreement with GE Capital/Heitman regarding a 3,000 m² extension of the Futurum Shopping Centre in Ostrava. Euro Mall Holding was in charge of developing and implementing the project, which opened on 22 November 2007. The property has been transferred from "Property, plant and equipment under construction" to "Investment properties" and is now an integral part of the Futurum Shopping Centre in Ostrava.

Selected projects handed over by Euro Mall Holding in 2007/08

Galeria Biala, Bialystok, Poland

Targówek Retail Park, Warsaw, Poland

Retail Park Ostrava, Czech Republic

The investment properties have been valued on the basis of a 7 % rate of return. The revaluation for the year under review amounts to DKK 45.6 million and is attributable to improved rental income, particularly from the Haná Shopping Centre in Olomouc for which most of the lease agreements were renegotiated, generating an increase in total rental income for the centre in excess of 5 %.

Project portfolio

The development potential of the project portfolio represented 542,000 m² at 31 January 2008, of which sold projects accounted for 181,000 m² and remaining projects for 361,000 m². The project portfolio has developed as planned, which means that several projects have been completed and handed over, and that the remaining projects have recorded satisfactory progress. The development potential of the project portfolio represented 554,000 m² at 31 January 2007.

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 90 % of the total carrying amount of the project portfolio of Euro Mall Holding at 31 January 2008. In terms of carrying amount, Euro Mall Holding's five largest projects represented a total of DKK 839.1 million at 31 January 2008.

Project name	City/town	Segment	Floor space (m²)	TKD's ownership interest	Construction start/ Expected construction start	Opening/Expected opening
Poland						
Stocznia Multifunctional Centre, Young City	Gdansk	Mixed	94,000	45%	Mid-2008	End-2010
Residential Park, Bielany	Warsaw	Residential/ Services	60,000	100%	Autumn 2008	2010 - 2012
Tivoli Residential Park, Targówek	Warsaw	Residential/Services	26,400	100%	Spring 2007	End-2008
Poznan Warta	Poznan	Retail/Residential	50,000	100%	-	End-2008
Shopping centre, Tarnów	Tarnów	Retail	14,300	100%	Mid-2008	Spring 2009
Shopping centre, Nowy Sącz	Nowy Sącz	Retail	14,800	100%	Mid-2008	Spring 2009
Shopping centre, Jastrzębie	Jastrzębie	Retail	43,300	1) -	Autumn 2008	Early 2010
Bytom Retail Park	Bytom	Retail	25,800	100%	2008	Continuous
Czech Republic						
Prague Airport Ruzyne II	Prague	Mixed	20,000	100%	2010	2011
Fashion Arena Outlet Center	Prague	Retail	25,000	75%	Spring 2007	Phase 1: November 2007 Phase 2: End-2010
Sterboholy Retail Park	Prague	Retail	7,000	100%	2010	2011
Liberec Retail Park	Liberec	Retail	17,100	100%	Autumn 2007	Phase 1: Autumn 2008 Phase 2: Autumn 2009
Kolin Shopping Centre	Kolin	Retail	10,000	100%	Autumn 2007	Autumn 2008
Most Retail Park	Most	Retail	8,400	100%	Mid-2008	Spring 2009
Euro Mall Holding, total floor space		**approx.**	**420,000**			

1) Based on fee income.

Projects

Stocznia 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 two residential towers totalling 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 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 mid-2008, and the opening is scheduled for end-2010. This project represents the first phase of a major development plan for the whole area.

Residential Park, 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. A building permit for the project is expected to be issued in mid-2008. Construction of the first phase is projected to start in autumn 2008, with handing-over scheduled for early 2010. The remaining phases are expected to be handed over successively until 2012. The residential units are expected to be sold as owner-occupied units to private users.

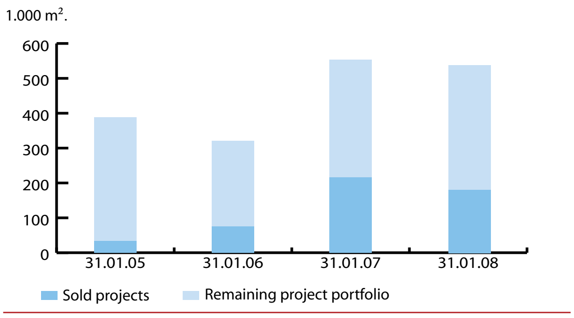
Tivoli Residential Park, Targówek, Warsaw, Poland
The Group is developing its first housing project in Poland on the plot of land owned by Euro Mall Holding in the Targówek area in Warsaw. When fully developed, the multiphase project will consist of 280 residential units and about 7,800 m² premises for service trades. The residential units will be sold as owner-occupied apartments. The construction of the first phase of about 140 residential units, of which 98 % have been sold, started in spring 2007 and is expected to be completed by autumn 2008. The second phase is also expected to comprise about 140 units. To date, sales agreements for about 55 % of the units in the second phase have been concluded. The construction of the second phase is also scheduled for completion in autumn 2008. The buildings for service trades are scheduled for completion in mid-2009.

Shopping centre, Tarnów, Poland
In the Polish town of Tarnów, 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. A building permit has been issued for the project, and the centre is expected to open in mid-2009.The current occupancy rate is 86 %, and negotiations with potential investors for the project are ongoing.

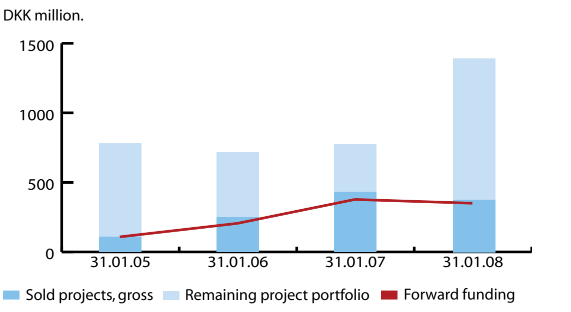
Shopping centre, Nowy Sącz, Poland
Euro Mall Holding has acquired a plot of land in the Polish town of Nowy Sącz for the purpose of constructing a shopping centre with a 5,000 m² hypermarket and specialty stores of about 9,800 m². The current occupancy rate is 95 %. A building permit for the project has been obtained, and the centre is scheduled to open in mid-2009. Negotiations with potential investors for the project are ongoing.

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

Projekt portfolio, Euro Mall Holding in m²



Gross projekt portfolio, Euro Mall Holding



construction management of the project on a fee basis. Construction is expected to start in autumn 2008, and the centre is scheduled to open in early 2010.

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 construction will be started as space is let.

Fashion Arena Outlet Center, Prague, Czech Republic
Euro Mall Holding is developing a 25,000 m² factory outlet centre on its centrally located site in Prague. The first phase of about 18,000 m² opened on 15 November 2007. The current occupancy rate for the phase is almost 75 %. At present, negotiations with several potential, international tenants for the remaining premises are ongoing. The project has been 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. After startup and maturing, the centre is expected to be sold.

Liberec Retail Park, Czech Republic
This project consists of a 17,100 m² retail park and will be built in phases, the first covering about 11,400 m² and consisting of 13 units. Letting has been initiated, and binding lease agreements for 70 % of the premises comprised by the first phase have been signed. Construction started in October 2007, with the first phase scheduled to open in autumn 2008 and the second in autumn 2009. The project has been 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. Following the issuance of a building permit for the project, construction started in October 2007. The centre is expected to open in autumn 2008. The current occupancy rate is 77 %. The project has been sold to GE Real Estate Central Europe on the basis of 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, letting has been initiated, and a building permit is expected to be issued in spring 2008. The project is scheduled for completion in spring 2009.

Selected projects in progress in Euro Mall Holding

Stocznia Multifunctional Centre, Young City, Gdansk, Poland

Kolin Shopping Centre, Czech Republic

Residential Park, Bielany, Warsaw, Poland

INVESTMENT PROPERTIES

The letting of the Group's investment properties proceeded satisfactorily in 2007/08. The value of investment properties totalled DKK 584.6 million at 31 January 2008.

The Group's investment properties

Project name	City/town	Segment	Floor space* (m^2)	Ownership interest	Opening
Central Europe (Czech Rep.)					
Futurum Ostrava	Ostrava	Retail	26,600	20%	May 2000
Futurum Hradec Králové	Hradec Králové	Retail	18,300	20%	Nov. 2000
Haná Shopping Centre	Olomouc	Retail	10,100	20%	Sept. 2002
Central Europe, total			**55,000**		
Germany	Lüdenscheid/Berlin	Residential/ Mixed	26,000	100%	1994-1998
Total investment properties			**81,000**		

*** Incl. common areas**

The Group's investment properties are included in the balance sheet under property, plant and equipment. Investment properties are measured at fair value and represented a value of DKK 584.6 million at 31 January 2008.

Central Europe

Euro Mall Holding's investment properties had a carrying amount of DKK 356.3 million at 31 January 2008, based on a rate of return of 7.0 % p.a., calculated on the basis of a discounted cash-flow model over a five-year period.

In the previous financial year, the Group entered into an agreement with GE Capital/Heitman regarding a 3,000 m^2 extension of the Futurum Shopping Centre in Ostrava. Euro Mall Holding was in charge of developing and implementing the project, which opened on 22 November 2007. The property has been transferred from "Property, plant and equipment under construction" to "Investment properties" and is now an integral part of the Futurum Shopping Centre in Ostrava.

The 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 these properties. This share was included in the carrying amount at 31 January 2008.

In the 2007/08 financial year, the letting situation was satisfactory, and as shown in the tables below, the centres have been fully let.

Development in occupancy rates	2005	2006	2007
Shopping Centre Futurum, Ostrava	97	100	100
Multifunctional Centre Futurum, Hradec Králové	100	100	100
Shopping Centre Haná, Olomouc	100	100	100

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 2007/08 financial year, the letting situation was satisfactory, and the properties have almost been fully let.

At 31 January 2008, the properties were recognized at DKK 228.3 million based on a rate of return of 6.0 % p.a. calculated on the basis of a discounted cash-flow model over a ten-year period. The assumptions of the cash-flow model imply an initial yield of 4.9 %.

FINANCIAL REVIEW FOR 2007/08

The profit after tax amounted to DKK 249.5 million. The return on equity reached 19.2 %, and the solvency ratio stood at 37.7 %.

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.

Income statement

Revenue

The revenue for the 2007/08 financial year totalled DKK 2,586.8 million against DKK 2,719.1 million in the 2006/07 financial year.

The breakdown of revenue by geographical segment is as follows: 64.1 % in Northern Europe and 35.9 % in Central Europe. Revenue breaks down on the following business segments: 56.2 % on the retail segment, 43.5 % on the mixed segment and 0.3 % on the housing segment.

Gross margin

The gross margin for the 2007/08 financial year amounted to DKK 553.8 million, against DKK 623.9 million the year before. The gross profit margin amounted to 21.4 %, which is considered satisfactory.

Apart from earnings generated by the operation and sale of the Group's projects, the gross margin (see above) has been affected by the reassessed risk attaching to the Group's Fashion Arena project (previously Prague Outlet Centre) in Prague, the Czech Republic, which led to a DKK 85.0 million reversal in the first half of the financial year in respect of an impairment loss recorded in a previous year. The gross margin also includes a (net) positive value adjustment of the Group's investment properties of DKK 44.5 million. The value adjustment for the 2006/07 financial year amounted to DKK 111.0 million.

Staff costs and other external expenses

Staff costs and other external expenses amounted to DKK 158.4 million for 2007/08, an increase of 5.7 % compared to the year before.

Staff costs totalled DKK 110.6 million in the 2007/08 financial year, thus up 8.2 % on the previous year. As at 31 January 2008, the number of employees in the Group had increased from 143 to 161 compared to 31 January 2007. The increase is primarily attributable to the reinforcement of the Group's project development activities.

Other external expenses amounted to DKK 47.8 million against DKK 47.7 million the year before.

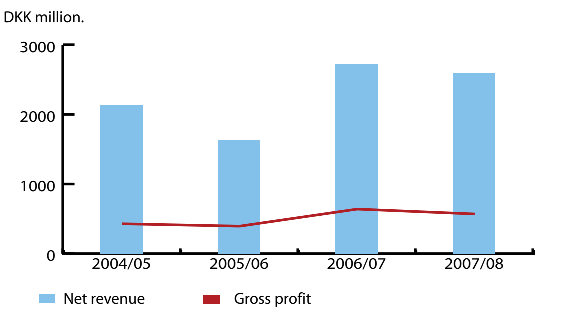
Financing

In the 2007/08 financial year, the Group recorded net financing expenses of DKK 41.7 million, a reduction of 67.0 % compared to the year before. This reduction is due in part to the repayment of two high-interest bond loans at the end of 2006 and in part to a substantial reduction of the Group's net interest-bearing debt following the sale of a number of completed projects.

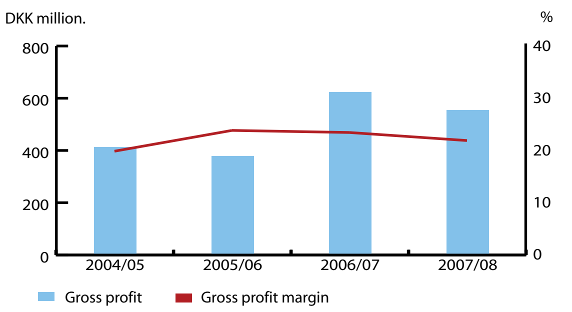
Tax on net profit or loss for the year

The tax on the profit for the year amounts to DKK 73.5 million, corresponding to a tax rate of 21.3 %. This amount is composed of calculated tax on profit for the year, with part of the earnings having been realized as tax-free capital gains; a

Net revenue and gross profit



Gross profit and gross profit margin



negative adjustment of the tax assets in the Danish part of the Group following a reduction of the Danish tax rate from 28 % to 25 %, and a renewed assessment of the total tax asset.

Profit after tax

The Group's profit after tax amounted to DKK 271.9 million, and the shareholders' share of the profit after tax amounted to DKK 249.5 million.

Balance sheet

The Group's balance sheet total amounted to DKK 4,070.9 million at 31 January 2008, an increase of DKK 385.1 million, or 10.4 %, compared to 31 January 2007.

Goodwill

Goodwill amounted to DKK 31.3 million at 31 January 2008, increasing by DKK 2.2 million in the year under review due to the Group's acquisition of half the stake in Euro Mall Holding A/S held by the Investment Fund for Central and Eastern Europe. The carrying amount of goodwill has been subjected to an impairment test, which has not given rise to the recognition of any goodwill impairment.

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 2008 continue to be valued on the basis of a rate of return of 6 %. The value adjustment of these investment properties in the 2007/08 financial year was negative in the amount of DKK 1.1 million. The valuation of the Group's Central European investment properties is still based on a 7 % rate of return, resulting in a value adjustment for the year of DKK 45.6 million.
In the 2007/08 financial year, DKK 6.8 million was transferred from "Investment properties under construction" to "Investment properties", because the extension of the Futurum Shopping Centre in Ostrava, the Czech Republic, was completed and opened for trading in autumn 2007.

At 31 January 2008, the total value of the Group's investment properties constituted DKK 584.6 million, of which DKK 356.3 million relates to the Group's Central European investment properties in Euro Mall Holding, and DKK 228.3 million relates to the German investment properties.

Deferred tax asset

The deferred tax asset in the balance sheet amounted to DKK 266.0 million at 31 January 2008, down about 8.6 % from 31 January 2007. 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 resulted in an accumulated DKK 47.5 million impairment of the tax asset.

Project portfolio

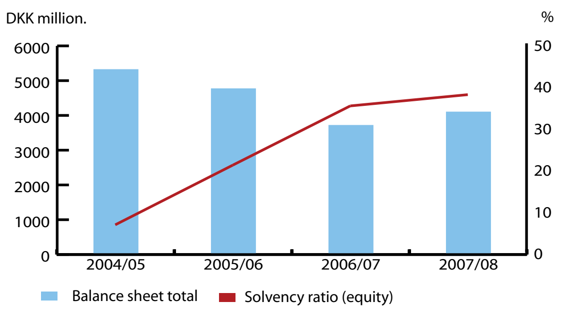
The total project portfolio grew by DKK 507.2 million compared to 31 January 2007, amounting to DKK 1,998.3 million at 31 January 2008. This growth is the combined result of several factors, the chief being:

- land has been bought for the purpose of carrying out planned projects;
- a DKK 85.0 million reversal has been made in respect of an impairment loss on a Czech project recorded in a previous year;
- construction has been carried out and is still ongoing on projects forming part of joint ventures where no forward-funding agreements have been made.

Total prepayments based on forward-funding agreements amounted to DKK 832.0 million at 31 January 2008 against DKK 590.4 million at 31 January 2007. The increase is attributable to accumulated forward funding on projects in

Profit after tax and minority interests, and earnings per share

Balance sheet total and solvency ratio



progress. To the extent possible, the Group strives to base agreements on the sale of its projects on forward funding. The use of forward funding is proceeding as planned and complies with the Group's strategy in this area. At 31 January 2008, forward funding accounted for more than 90 % of the gross carrying amount of sold projects.

Receivables

Total receivables amounted to DKK 495.3 million, a reduction of DKK 146.9 million from 31 January 2007. This reduction is primarily attributable to trade receivables.

Cash and cash equivalents

Cash and cash equivalents amounted to DKK 644.4 million at 31 January 2008, the same level as at 31 January 2007, when cash and cash equivalents totalled DKK 601.1 million.

Equity

Consolidated equity totalled DKK 1,533.8 million at 31 January 2008, of which DKK 93.9 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.

The change in minority interests occurred because in the 2007/08 financial year, the Investment Fund for Central and Eastern Europe sold half its stake in the TK subgroup, Euro Mall Holding, to TK Development.

The remaining increase in equity since 31 January 2007 is primarily attributable to the profit for the year and positive foreign-exchange adjustments of net investments in subsidiaries.

The solvency ratio amounts to 37.7 %.

Long-term liabilities

The Group's long-term liabilities represented DKK 482.5 million at 31 January 2008, a DKK 92.1 million increase from the year before. The chief reason for this increase is that, when changing its main bankers, the Group replaced some of its operating credits with long-term financing that is subject to annual repayments.

Short-term liabilities

Short-term liabilities totalled DKK 2,054.6 million at 31 January 2008, on a par with the year before.

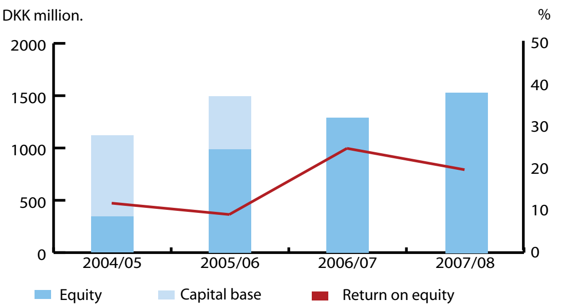
Financial liabilities have been offset against trade receivables and tied-up cash and cash equivalents, to the extent that the Company has a right of setoff and also intends or is contractually obliged to realize assets and liabilities at the same time. The amount offset against trade receivables totals DKK 79.1 million, and the amount offset against tied-up cash and cash equivalents totals DKK 628.2 million, a total of DKK 707.3 million.

Cash flow statement

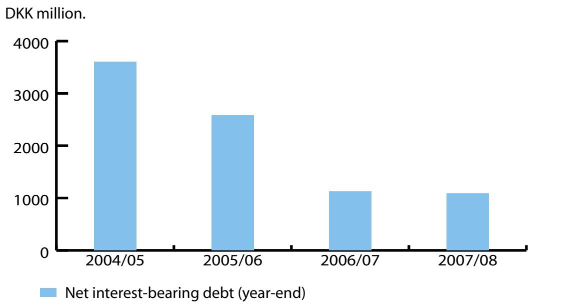
The cash flow statement shows positive cash flows from operating activities of DKK 142.6 million, negative cash flows from investing activities of DKK 56.5 million, due mainly to the Group's increased stake in Euro Mall Holding A/S, and negative cash flows from financing activities of DKK 43.5 million.

(DKK mio.)	2005/06	2006/07	2007/08
Cash flows from operations	506.1	1,219.9	142.6
Net interest-bearing debt, end of year	2,577.9	1,125.1	1,094.9

Equity and return on equity



Net interest-bearing debt



OTHER MATTERS

Litigation/other legal issues

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

For more details about the charges brought by the public prosecutor for serious economic crime and the case against the Group's Senior Vice President in Poland, reference is made to the section "Risk issues" on page 50.

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 minimum 30 %, calculated as the ratio of equity to total assets.

In the 2007/08 financial year, the Group replaced its main bankers, Danske Bank, with Nordea. The Group has undertaken a commitment towards its main bankers to meet a liquidity target and a solvency target. Both targets were met during the year under review.

Dividend

The Supervisory Board recommends to the Annual General Meeting that no dividend be distributed for the 2007/08 financial year.

Annual General Meeting

A General Meeting will be held in TK Development A/S on 27 May 2008. The Supervisory Board intends to recommend to the Annual General Meeting that:

1. no dividend be distributed for the 2007/08 financial year;
2. the Supervisory Board be authorized to acquire treasury shares having a nominal value of not more than 10 % of the share capital;
    a. that any such acquisition of treasury shares may take place at the officially listed price at the date of acquisition ±10 %; and
    b. that any such authorization be granted for a period of 18 months as from the date of the appropriate resolution being passed at the General Meeting;
3. that the following provision be inserted in the Company's Articles of Association: "The Company has prepared general guidelines for the remuneration of the Supervisory and Executive Boards, including incentive pay for the Executive Board. These guidelines were presented to and adopted by the Company's shareholders in General Meeting on 27 May 2008";
4. that in the period from 28 May 2008 to 30 June 2008, the Supervisory Board be authorized to issue warrants, without a pre-emptive right for the Company's existing shareholders, through one or more issues for a total of up to nominally DKK 14,000,000 (700,000 shares of DKK 20 each) to the Executive Board and other executive staff members in the Company and in consolidated enterprises.

The complete wording of the resolutions proposed will appear from the agenda of the Annual General Meeting.

The full Annual Report is downloadable from TK Development's website, www.tk-development.dk, as from 16 May 2008.

BUSINESS CONCEPT

Management considers the turnaround initiated in early 2004 to be completed. Today, the Group is in the midst of a growth phase and has a substantial earnings potential in its existing markets.

Company history

TK Development 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 as well as associated mixed-segment and multifunctional projects, 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.

Turnaround completed

In the 2002/03 and 2003/04 financial years, the Group recognized substantial losses as a result, among other things, of major impairment losses on a number of projects, particularly in Central Europe, which was largely attributable to 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 thus implemented the reconstruction as planned.

Together with cost savings, the capital restructuring was the first of four phases in the overall turnaround by the Group.

The second phase consisted of optimizing and maturing completed projects and subsequently re-selling them. This considerably reduced the balance sheet total and interest-bearing debt, while releasing working capital for new and future projects, an essential element in strengthening the focus on the Group's core business: the development of real property.

The third phase consisted of adapting the Group's business model so as to minimize risks. This was done by using forward funding, which means that investors buy the projects at a relatively early stage, typically when the building permit is granted. At this stage, the investor usually pays for the site and design, with successive payments being made as the project is completed. The result was a reduction of the capital tied up and optimized use of the Group's capital. The goal is to use forward funding for most of the Group's projects.

The fourth phase consisted of maintaining and expanding the Group's pipeline of projects, as opposed to the period 2003-2005 when the main focus was on completing existing projects. Today, the Group is once more recording a satisfactory influx of new projects, and its project pipeline represents three to four years' activity.

In the midst of a growth phase

Following completion of the four phases, the Group has now launched a subsequent, fifth phase; 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 part of this growth phase, the Group opened an office in Sofia in spring 2007 to investigate the potential for developing shopping centres and retail parks in the Bulgarian market.

Today, the Group has a strong capital base with a solvency ratio of around 38 %, and has realized a return on equity of about 20 % in the past two years. Combined with a project portfolio where the earnings potential remains at a satisfactorily high level, this helps underpin future earnings projections for the Group.

Mission statement and strategy

Mission and strategy

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

The Group operates in the property development and services environments, and specializes in being the creative and result-oriented link between tenants and investors.

Strategy

In collaboration with tenants and investors, TK Development 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, which includes managing construction and concluding contracts with both construction companies and subcontractors for the execution of the building works.

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.

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.

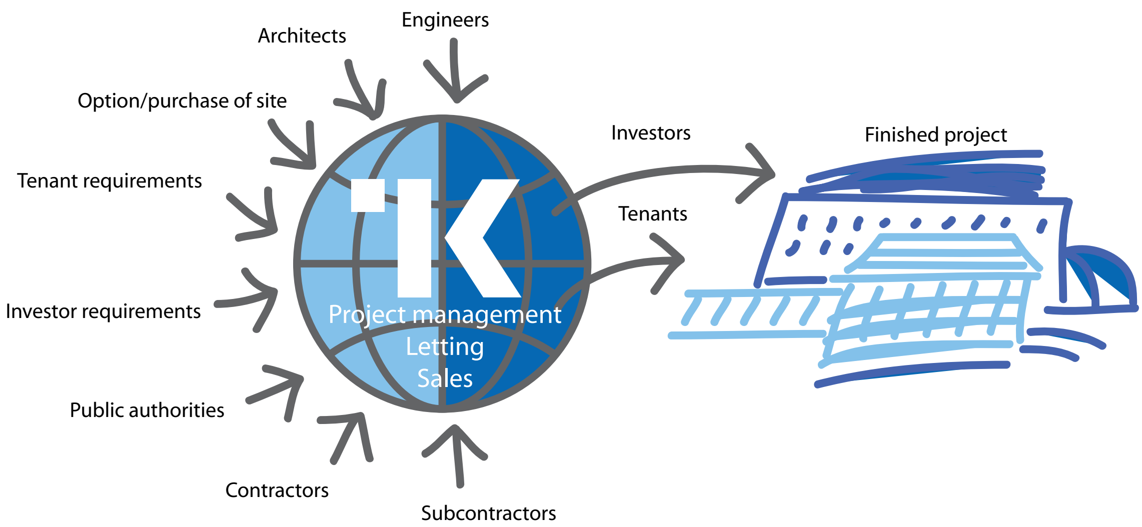
Project development

The Group has strong networks forged on the basis of long-standing, 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 project typically goes through the following stages:

- Based on the requirements of tenants and investors for specific locations, sites are sought out and selected in prime locations.
- A rough budget is drawn up.
- As a basic principle, the Group acquires the selected area by way of options to buy.
- Independent architects then prepare a project outline.
- The Group's project engineers review construction costs



indicated in the project proposal.

- A final budget is prepared and submitted for approval by Management.
- Lease agreements are concluded with future project tenants. Frequently, agreements concerning a sale to one or more investors are 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 tenanted, 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.

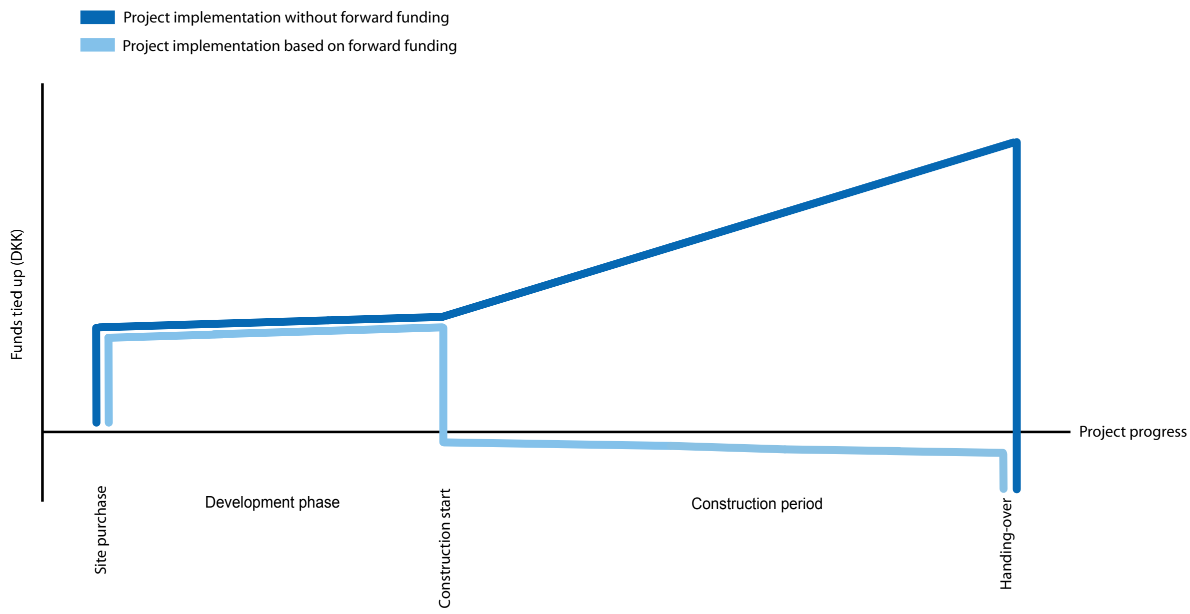
A number of management tools contribute to ensuring a satisfactory project process. Construction is typically not initiated until at least 60 % of a project is let or sold. If the project is sold, construction will not be initiated until the Group anticipates being able to meet such investor requirements as would allow final completion of the project sale. Meeting these requirements typically falls within the Group's spheres of competency. Careful project management and follow-up are essential to any project, and project finances and cash flows are also monitored closely.

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.

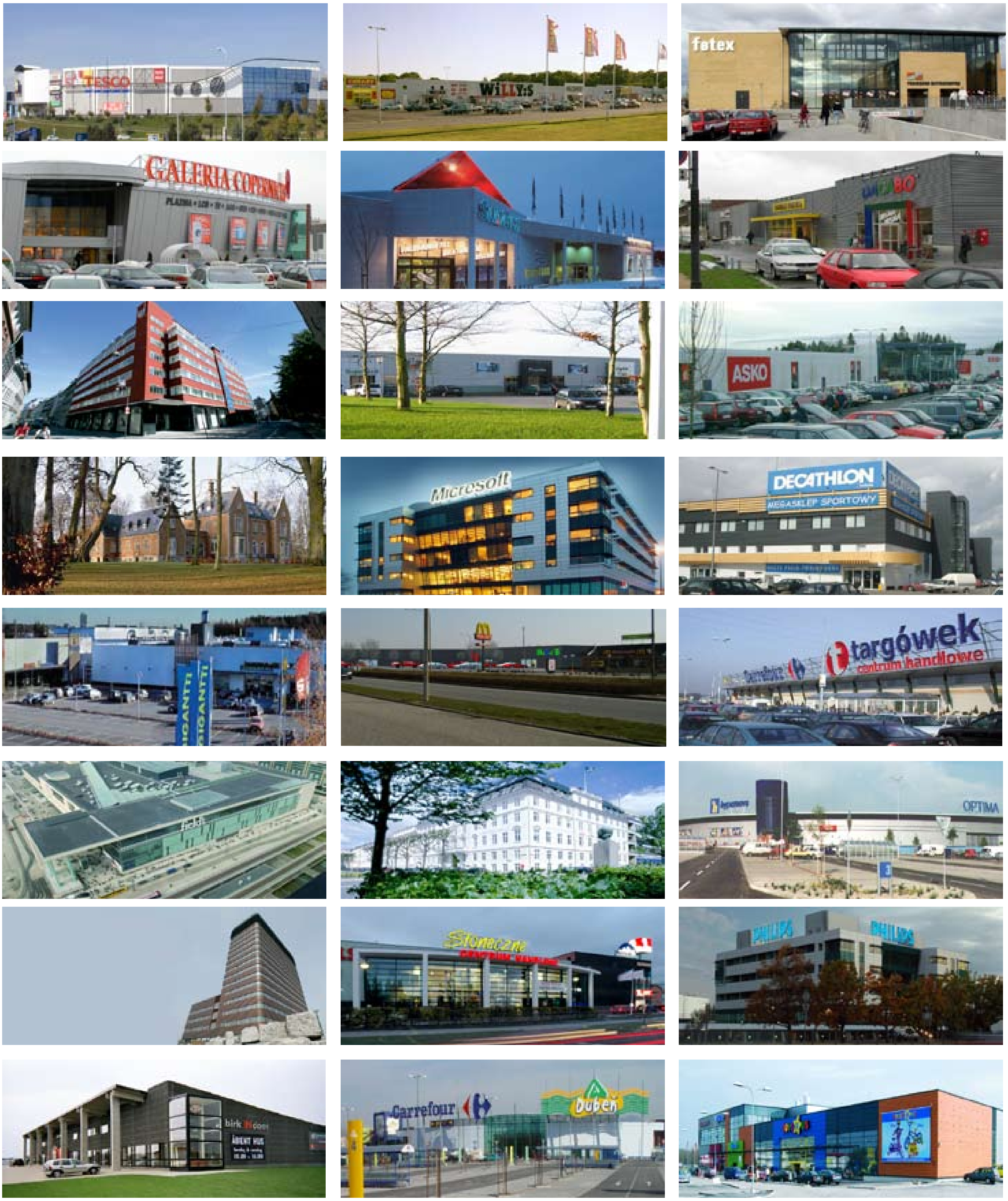
In general, the Group aims to secure the sale of projects at an early stage and Management believes it is important to expand investor commitment by having the investors fund the project during the construction process (forward funding) where possible. Forward funding agreements with investors are usually 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 reduces the balance sheet total and minimizes the risk. Before construction starts, the investor and TK Development come to an agreement on a well-defined project. The investor remains involved throughout the construction period and is consulted on major decisions. These principles ensure that, apart from the risk of not completing the project, TK Development's risk from construction startup is typically limited to the letting risk attaching to any remaining unlet premises and the risk of construction budget overruns.

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



Reference projects

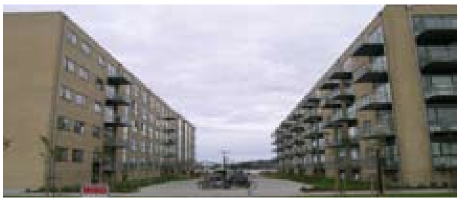








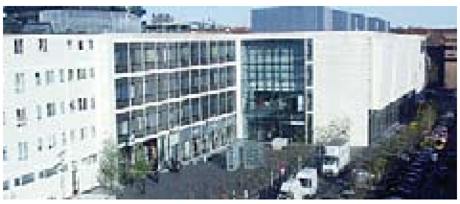








For further information about reference projects, please see www.tk-development.dk

VALUE CREATION IN TK DEVELOPMENT

Value creation in TK Development pivots on its employees' know-how and competencies. In 2007/08, a training programme was launched to raise the Group's overall level of expertise.

Value creation in TK Development is largely a product of the Group's good tenant and investor relations (networks) and the knowledge, long-standing experience and competencies possessed by the Group's employees. Close relations with tenants, investors and other business partners as well as the considerable expertise of the Company's staff enable TK Development to continue creating added value for its shareholders.

TK Development aims to develop real property projects that meet high standards. The close tenant and investor relations and the employees' considerable expertise help reduce project risks as far as possible, thus ensuring that the developed product generates satisfaction for tenants and investors alike, as well as satisfactory earnings for the Group on the individual projects.

The Group's employees – knowledge resources

The employees' knowledge, competencies and know-how are essential to TK Development's value creation, as value creation is very much a product of the core competencies of TK Development's staff within specific fields. The staff may be divided into the following main areas: Project developers, letting managers, legal and financial project controllers, and engineers. The project developers initiate the projects launched by the Group. Some project developers have great expertise in letting and selling retail and office space, while other project developers have specialized in the residential segment. 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.

Training programme

A high level of expertise among TK Development's staff is essential for minimizing the risk associated with individual projects, while maximizing project profitability.

To continue reinforcing value creation, TK Development has launched a training programme to raise employees' level of expertise to an even higher level. The aim is to strengthen the Group in the development phases that are critical to securing the value of the individual project for TK Development.

The training programme, which comprises the Group's project developers and engineers as well as letting managers, is based on the individual employee's level of competence. After identifying the individual employee's present qualifications, his or her need for training is assessed. Then a training programme is set up to strengthen the employee's ability to create new projects, as well as manage and complete projects.

The training programme extends over a period of three years, and the plan is for all employees of TK Development to undergo a similar training programme. Employee training programmes help cement TK Development's position as an attractive workplace, for both existing and future employees.

Apart from offering a training programme, TK Development holds annual personal development interviews with all employees. These interviews form the basis for launching supplementary development and training as well as career initiatives for the individual employees.

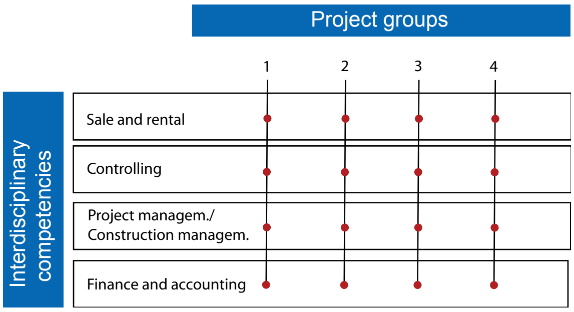
Incentive schemes

With staff being an essential factor for ensuring the Group's sustained development and growth, TK Development has launched warrant schemes for a number of employees as part of its efforts to retain and attract staff. TK Development intends to use incentive schemes in the future as well.

Project organization

The Group attaches 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 and employees' competencies and know-how.

In order to ensure a high degree of quality in all services provided by the Group to tenants and investors - as well as efficient progress and quick decisions in the development of individual projects - the Group's staff is anchored in a matrix organization as follows:



The matrix organization means that all the Group's peak competencies, covering the progress of a project from blueprint to completion, exist in the project group that carries through the individual project from A to Z.

Organization, management and employees

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

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

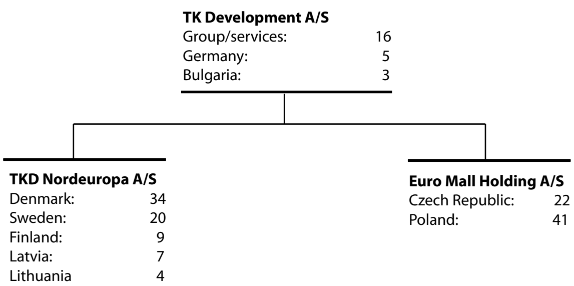
International management team

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. The management seminars held during the year under review focused on the Group as an efficient networking organization and on developing, training and retaining the Group's employees.

Breakdown of the Group's employees

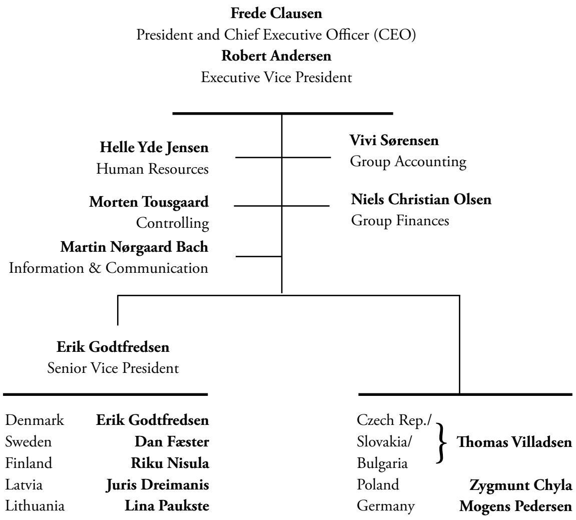
At 31 January 2008, the Group employed a total of 161 persons, broken down as follows:



Group functions and related services include management, accounting, finance and other staff functions.

In the 2007/08 financial year, the Group increased its number of employees from 143 to 161, primarily to strengthen its project development area as a consequence of a heightened activity level, which is expected to continue.

The Group's management structure is shown below:



Customer relations

TK Development's customers consist of tenants and investors. TK Development continuously strives to create new, improved services for tenants, an approach that boosts the Group's image as an attractive business partner for tenants and investors alike.

Tenant relations

Over the years, TK Development has built close partnership relations with a large number of companies, including in particular retail chains 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, TK Development 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.

The close cooperation with a wide circle of tenants has largely arisen because development activities in eight different countries enable the Group to offer a geographical spread to tenants wishing to set up business in new markets.

Investor relations

TK Development 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 and a problem-free process from initiation to delivery. 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 a range of Danish and foreign banks, investment funds, pension funds and private companies.

SHAREHOLDERS

In 2007/08, the number of trades in the TK Development share totalled 84,917, with a total trading volume of DKK 6.5 billion. The number of shareholders fell from 8,729 to 8,387 in the year under review.

Share capital

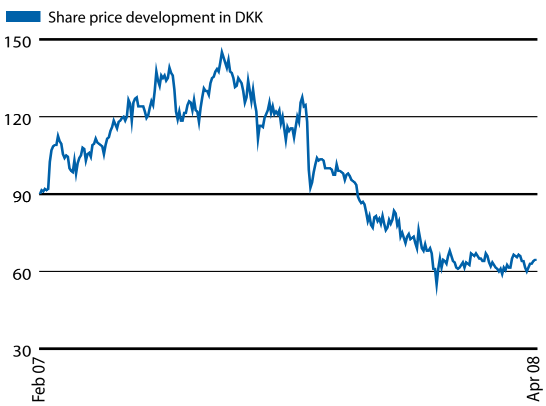
TK Development A/S' shares are listed on OMX Nordic Exchange Copenhagen A/S (www.omxgroup.com/nordicexchange). The share capital amounts to DKK 560,876,200 (nominal value), distributed on 28,043,810 shares, each with a nominal value of DKK 20. The shares are not divided into several share classes, and no shares are subject to special rights or restrictions with regard to the payment of dividend or repayment of capital. Each share confers one vote on the holder. The Articles of Association contain no restrictions on the transferability of the shares.

Share price development

On 31 January 2008, TK Development A/S' shares were listed at a price of DKK 63.0 per share with a nominal value of DKK 20, equal to a market value of DKK 1,767 million versus DKK 2,300 million on 31 January 2007.

The TK Development A/S share fell by 23 % during the period from 1 February 2007 to 31 January 2008, from a price of DKK 82.0 to DKK 63.0 per share of DKK 20. By comparison, OMX Copenhagen Financials and the OMXC20 index dropped by 27 % and 12 %, respectively, during the same period.

On 23 April 2008, the TK Development A/S share was listed at a price of DKK 62.0 per share with a nominal value of DKK 20, equal to a market value of DKK 1.7 billion.



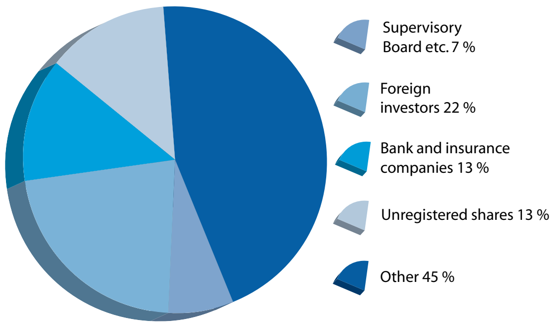
Trading volume

During the year under review, the share was traded on 249 days, with a total trading volume of DKK 6.5 billion. 84,917 trades were completed, covering a total of 59,429,589 shares.

The total number of trades increased by 51 % on the previous year, but the number of shares traded declined. The total trading volume rose by 35 % compared to last year.

Shareholders and their holdings

The number of shareholders fell from 8,729 to 8,387 over the financial year, breaking down as follows:



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

Direct and indirect ownership (shareholders)	Ownership and voting share in %
Baugur hf., Tungata 6, 101 Reykjavik, Iceland	6,00
Kurt Daell, Lysagervej 25, 2920 Charlottenlund, Denmark	5,43

The table overleaf shows a breakdown of shares held by the Supervisory Board and Executive Board.

Direct and indirect ownership	Number of shares *)	Ownership and voting share in %
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	12,300	0.04
Niels Roth	80,000	0.29
Executive Board		
Frede Clausen	121,272	0.43
Robert Andersen	19,000	0.07
I alt	**1,971,234**	**7.03**

*) The holdings include all shares held by all members of the entire household

Shareholders' agreements

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

Rules regarding alterations to the Company's Articles of Association

The Articles of Association of TK Development A/S can only be altered following a resolution adopted at a General Meeting in compliance with the provisions of the Danish Public Limited Companies Act. In order to be considered at an Annual General Meeting at which the Annual Report for the relevant financial year is considered, any proposals from shareholders must be submitted in writing to the Company's office no later than two months after the end of a financial year.

At a General Meeting, resolutions can only be adopted in respect of business included in the agenda and any proposed amendments. If proposals to alter the Articles of Association are to be considered at a General Meeting, the essentials of such proposals must be stated in the convening notice. A resolution to alter the Company's Articles of Association is subject to the proposal being adopted by at least 2/3 of the votes cast as well as of the voting stock represented at the General Meeting.

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, 136,000 warrants have lapsed, leaving a total of 690,000 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 at up to a 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 690,000 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:

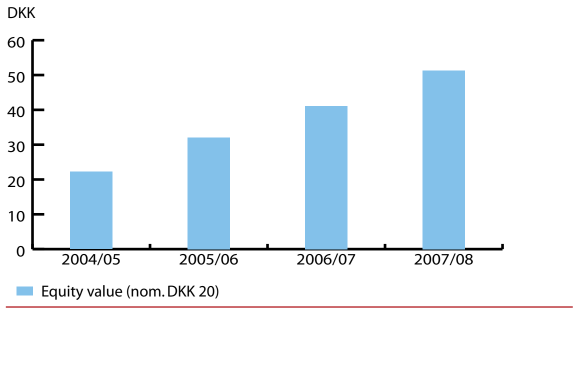
- following publication of the Annual Report for the 2008/2009 financial year (from around 30 April 2009);
- following publication of the interim report for the six months ending 31 July 2009 (from around 30 September 2009); and
- following publication of the Annual Report for the 2009/2010 financial 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	450,000
Total	**690,000**

The costs to the Group of the above-mentioned four-and-a-half-year incentive scheme total around DKK 6.6 million, which will be expensed over the period from January 2006

Equity value per share



to May 2009.

The Supervisory Board recommends that the Annual General Meeting authorize the Supervisory Board to issue warrants during the period 28 May 2008 to 30 June 2008 to the Executive Board and other executive staff for the subscription of up to 700,000 shares, each with a nominal value of DKK 20, equal to 2.5 % of the share capital. The first exercise opportunity will be after three years, with a further lock-up period of up to three years in respect of any gain on the acquired shares in excess of the subscription amount and tax. The Group's total expenses for the contemplated warrant scheme are estimated to total DKK 11 million, to be charged to the income statement over a period of 40 months.

Dividends and dividend policy

The payment of any dividends will be considered from year to year. The current policy of the Supervisory Board is not to distribute dividends, but to apply the Group's retained earnings to developing its activities. The main factors underlying this policy are: the fairly high return attained on equity, which is expected to continue; a desire to maintain the Company's capital strength; the purchase of shares from a minority shareholder in Euro Mall Holding A/S; and continued growth plans, which include the continued startup of activities in Bulgaria and the further development of the housing segment in Central Europe.

The statement of consolidated financial highlights and key ratios on page 6 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 convened by the Supervisory Board. The Annual General Meeting will be held at 5 p.m. on 27 May 2008 at Hotel Hvide Hus in Aalborg.

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.

Stock exchange announcements

No.	Date	
2	25 April 2007	Preliminary announcement of annual results 2007/08
3	15 May 2007	Notice convening the Annual General Meeting
4	18 May 2007	TK Development sells shopping centre and retail park in the Czech Republic
5	29 May 2007	Minutes of Annual General Meeting of TK Development
6	29 June 2007	TK Development increases its ownership interest in Central European activities
7	28 September 2007	Interim report for the first six months 2007/08
8	1 October 2007	Information about the executive staff's and their related parties' transactions in TK Development A/S shares and related securities
9	1 October 2007	Information about the executive staff's and their related parties' transactions in TK Development A/S shares and related securities
10	1 October 2007	Information about the executive staff's and their related parties' transactions in TK Development A/S shares and related securities
11	3 October 2007	Information about the executive staff's and their related parties' transactions in TK Development A/S shares and related securities
1	8 January 2008	TK Development anticipates continued growth
2	4 February 2008	Financial calendar

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

All business transacted at General Meetings, with the exception of alterations to the Articles of Association (see above), 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/ownership restrictions

No shares of TK Development A/S carry any special rights. No ownership restrictions apply to the shares.

The Supervisory Board's powers

Powers to issue new shares
The Supervisory Board is currently authorized to increase the Company's share capital during the period ending on 13 October 2010, by one or more issues, by up to a total of nominally DKK 18,200,000 through a cash contribution, without any pre-emptive rights for the Company's existing shareholders. This authorization is to be used for implementing the capital increases resulting from the exercise of warrants under the existing incentive scheme.

The Supervisory Board recommends that the Annual General Meeting also authorize the Supervisory Board to increase the Company's share capital during the period ending on 30 June 2012, by one or more issues, by up to a total of nominally DKK 14,000,000 through a cash contribution, without any pre-emptive rights for the Company's existing shareholders. This authorization is to be used for implementing the capital increases resulting from the new share-based incentive scheme proposed.

Accordingly, the overall authorization for the Supervisory Board to subscribe for capital will amount to 5.7 % of the Company's share capital.

Treasury shares
At present, the Company is not authorized to purchase any treasury shares. The Supervisory Board recommends that the Annual General Meeting authorize the Supervisory Board, on behalf of the Company, to acquire treasury shares having a nominal value of not more than 10 % of the share capital, in order to optimize the Group's capital structure.

Rules on insider trading

TK Development's Management and employees are only allowed to trade in the Company's shares during the six-week period after the announcement of annual and half-year financial results and other comprehensive financial reports. The Company keeps a register of the shares held by insiders, including any changes in their portfolios, and discloses this information in accordance with existing legislation.

Investor relations

TK Development 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 half-year 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 the OMX Nordic Exchange Copenhagen A/S 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 annual results 2007/08	24 April 2008
Annual Report 2007/08	16 May 2008
Annual General Meeting	27 May 2008
1st quarter announcement 2008/09	26 June 2008
Interim report for the six-month period ending 31 July 2008	30 September 2008
3rd quarter announcement 2008/09	23 December 2008

CORPORATE GOVERNANCE

TK Development is committed to complying with the corporate governance rules as far as possible to ensure that the Group is managed in accordance with shareholder interests and with due regard for 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, TK Development 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 publication 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 information technology can be used to increase communications with the Company's shareholders.

II. The role and importance of stakeholders for the Company

TK Development 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 parallel 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 in stock exchange announcements via OMX Nordic Exchange Copenhagen A/S in accordance with the stock exchange rules. The announcements are prepared in both a Danish and an 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 TK Development. At the same time, the announcement can be accessed on the Company's website.

The Group has project guidelines stipulating at which stages stock exchange announcements are to be made, and has rules specifying which projects are of a magnitude warranting the publication of separate announcements. For instance, stock exchange announcements are issued on 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. TK Development's website includes a separate Investor Relations section, which is linked to the OMX Nordic Exchange Copenhagen A/S' prices and company info page, which gives the updated TK share price and order depth data.

TK Development arranges a number of investor meetings during the year. Immediately after the meetings held following the publication of the Annual Report and interim report for the first six months, 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, an interim report for the first six months as well as announcements of quarterly results. Quarterly reports are not prepared, 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 TK Development.

IV. The tasks and responsibilities of the Supervisory Board

In the interim between General Meetings, the supreme authority of the Company 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 the Chairman and Deputy Chairman.

At least four ordinary Supervisory Board meetings are held each year, one of which is a strategy meeting. The Chairman and Deputy Chairman ("Chairmanship") arrange 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 urgent attention, an extraordinary board meeting is convened. In special cases, such board meetings may be held as telephone conference meetings. In 2007/08, seven 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 ensuring a high level of information and knowledge for all board members.

V. Composition of the Supervisory Board and rules regarding appointments and replacements

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 six members, and reference is made to the section entitled "Posts held by Supervisory and Executive Board members" for more information. The Company has decided, in view of its size and nature, not to appoint employee representatives to the Supervisory Board. No Supervisory Board members take part in the day-to-day management of the Company.

The board's competencies cover a wide spectrum, including management, international relations, the property line and the retail line, as well as accounting and financial expertise.

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 Supervisory Board and Executive Board in the section entitled "Shareholders". The announcement of annual financial results, page 56, contains information about the positions of the individual Supervisory Board members, their ages, supervisory board memberships the dates when they joined TK Development A/S' Supervisory Board and whether thay are considered independent members.

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. Retiring members are eligible for re-election. 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 executive staff members closer to the Company and to enhance their commitment in pursuing financial gains for TK Development. The Annual Report reviews the current incentive schemes.

Executive Board members receive a fixed fee and a bonus scheme based on retainment and consolidated profits. Under the Executive Board's service agreements, the individual Executive Board member may give notice of termination no later than three months after the occurrence of an extraordinary event (change of control), such termination to take effect 12 months after notice has been given. The Executive Board member may demand to be released from his or her duties during the period of notice, with the usual remuneration being payable during such period. In other respects, service agreements are based on ordinary terms and conditions.

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 Executive Board's salaries, etc. appear from the Annual Report.

Supervisory Board members are paid a basis fee. The Chairman is paid three times the basic fee, while the Deputy Chairman is paid twice the basic fee. The basic fee amounts to DKK 250,000, and the total fees paid to Supervisory Board members in all group companies amounted to DKK 2.25 million for the 2007/08 financial year.

The Supervisory Board members are not remunerated via incentive schemes.

Reference is also made to the description of the Group's remuneration policy, as recommended for adoption by the Annual General Meeting; see page 48.

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 part of its 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 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. Corporate Governance Recommendations issued by OMX Nordic Exchange Copenhagen A/S

In their annual reports, listed companies must explain how they stand in relation to the "Corporate Governance Recommendations", most recently updated in February 2008. 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 Corporate Governance Recommendations in all material respects.

Remuneration policy

The Group's remuneration policy, as recommended for adoption by the Annual General Meeting, is set out below:

General guidelines for the Company's remuneration of the Supervisory and Executive Boards
According to section 69b of the Danish Public Limited Companies Act, the Supervisory Board of a listed company must lay down general guidelines for the Company's incentive pay to members of the Supervisory and Executive Boards before entering into any specific agreement on incentive pay to a member of either the Supervisory or the Executive Board. Therefore, TK Development intends to submit a proposed resolution on such guidelines, the wording of which appears from below, at the Annual General Meeting on 27 May 2008. TK Development's Supervisory Board has chosen to describe all types of remuneration, not only incentive pay.

The Executive Board is taken to mean Executive Board members whose appointment has been notified to the Danish Commerce and Companies Agency.

Supervisory Board
The members of the Supervisory Board are paid a fixed annual fee. The Chairman and Deputy Chairman of the Supervisory Board receive a supplement to the fixed fee. The fee amount and the supplement are disclosed in the Annual Report. The fee is determined on the basis of comparisons with fees paid by other companies. Additional remuneration may be paid for particularly demanding tasks. Supervisory Board members are not eligible for incentive pay.

Executive Board
Every year the Supervisory Board assesses and determines the remuneration payable to the Executive Board members, based on the Chairmanship's recommendation.

The Executive Board's remuneration consists of a fixed and a variable portion. The fixed remuneration consists of a net salary and other benefits, and the value of each of these elements is disclosed in the Annual Report for each individual Executive Board member. The Group does not make payments to the Executive Board members' pension schemes.

TK Development considers it expedient to continue establishing incentive schemes for the Company's Executive Board. This helps ensure a balance between the incentive for the Executive Board and the short-term and long-term value creation for shareholders. The variable remuneration consists of a short-term and a long-term incentive scheme.

The short-term incentive scheme consists of an annual cash bonus. This bonus amounts to 0.5 % of the Group's profit after tax, which is payable to each Executive Board member. The bonus amount, for which no upper limit has been fixed, is only payable when the Group's profit after tax results in a minimum return on equity of 8 %. The bonus currently payable to each Executive Board member is disclosed in the Annual Report.

The long-term incentive scheme consists of an equity compensation plan in the form of warrants. This part of the variable remuneration is a revolving scheme, under which warrants are issued to the Executive Board and other executive staff members every other year. The number of warrants issued to the Executive Board per allocation represents a value of up to about 50 % of the fixed annual salary payable to the Executive Board members. As the allocation takes places every other year only, this corresponds to an annual value of up to about 25 % of the fixed annual salary paid to the Executive Board, calculated according to the Black & Scholes Model. The warrants issued can be exercised after a three-four year period, and the redemption price, which increases successively to reflect advance returns to the shareholders, is higher than the market price at the time of allocation. There is an additional lock-up period of two to three years in respect of any gain on the acquired shares in excess of the subscription amount and tax. The allocation is subject to tax conditions that mean capital gains are taxed as equity income and, in return for this, that the Company's costs associated with the allocation are not tax-deductible. The specific allocation is determined by the Supervisory Board within the established framework , and the overall scheme is submitted for adoption by the General Meeting. The number of warrants issued and the accrued value of the scheme to be expensed in the Company's books are disclosed for each Executive Board member in the Annual Report. The warrants issued are covered by the issue of new shares, adopted in advance at one of the Company's General Meetings.

It is Company policy to ensure that its Executive Board members have an incentive to work dedicatedly in the interests of the Company and its shareholders in the event of a merger, takeover bid or similar. Against this background, the Supervisory Board may decide, on the basis of a specific assessment, to pay a retention bonus whereby Executive Board members receive a special consideration, however, not exceeding 12 months' fixed salary, in the event that the Company merges with another company or if another company takes over all the Company's activities, provided that the General Meeting has approved such a transaction. Payment of such a bonus is contingent on the Executive Board member's being employed by the Company at the time of the completion of such a transaction; however, the Executive Board member will be entitled to the relevant bonus if his or her employment is terminated by the Company later than four months before the completion of the transaction, provided that the Executive Board member has given no reasonable cause for the termination.

Every year, the Supervisory Board will review the remuneration payable to the Executive Board by comparing it to that payable to executive boards of other comparable companies with international activities.

RISK ISSUES

Financial targets

To provide for sufficient future financial resources, TK Development 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 minimum 30 %.

Covenants related to credit facilities in TK Development

The Group has given its main bankers an undertaking to comply with a solvency ratio covenant of minimum 30 % at group level, measured in connection with the presentation of Annual Reports, half-year interim reports, and possibly quarterly interim reports. This ratio is measured as liable capital relative to total assets.

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 main 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

where

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 amounts 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 commits the subgroup vis-à-vis the Group's main 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 TK Development.

The liquidity covenant is defined as follows:

L + K > E + O + R

where

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 amounts 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

TK Development operates as a development company 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 to the development activity as such. 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 are 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 anticipates being able to meet such investor requirements as would 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 lower profit or 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 TK Development'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 conditions

As a development company, TKD Nordeuropa does not carry on any actual production activities that in themselves may impact the environment negatively. If there are reasons to suspect contamination when development sites and existing buildings are acquired, the appropriate reservations are made in the purchase process, soil samples 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 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 266.0 million is included in the balance sheet at 31 January 2008. 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 2008. 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 2008.

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 TK Development'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: Arealudviklingsselskabet I/S, 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

TK Development'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 live up to the terms and conditions of the lease agreement, including particularly the obligation to pay. If the tenants do not live up to 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 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 is no guarantee that such measures will be sufficient to curb any losses on account of breach of lease agreements.

Agreements with contractors

All contract assignments are bought externally and are typically based on fixed-priced contracts containing guarantees as security for performance of the contractor's obligations. This reduces the 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.

Lawsuits

TK Development 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 any company in 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 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. The Polish prosecution service has indicted the Senior Vice President.

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.

If, contrary to Management's expectations, the Senior Vice President is 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 spring 2007, charges were also 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 considers that the charges 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 Group is affected by price fluctuations on the various property markets on which it operates, as well as general economic trends. This applies to the Group's portfolio of development 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 2008, DKK 1,998.3 million, provides a true and fair view.

In addition to the project portfolio, which is categorized as current assets less prepayments received from customers, TK Development 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 356.3 million at 31 January 2008 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 228.3 million at 31 January 2008 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 consist of trade receivables and other receivables, totalling DKK 495.3 million at 31 January 2008. Any impairment losses are recognized on the basis of an assessment of each individual receivable. This assessment may be subject to uncertainty, involving a risk of insufficient impairment 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 TK Development. 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 elements of the risk factors described in this section may have an adverse effect on the Group's ability to generate such cash resources.

The two subgroups with active projects, TKD Nordeuropa and Euro Mall Holding, have made a commitment to the Group's main bankers and themselves 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 TKD Nordeuropa/Euro Mall Holding 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.

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 its operating credit facilities and continued access to project financing. Certain conditions (covenants) apply vis-à-vis the Group's main bankers, see above, 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, TK Development 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 net interest-bearing debt consists of floating-rate loans. A one percentage point increase in short-term interest rates will, ceteris paribus, have a net negative impact on the Group's profit before tax of around DKK 11 million per year before tax. The policy formulated for interest-rate risks is adhered to.

Foreign-exchange risks

TK Development is an international group of companies with operations in Denmark, Sweden, Finland, Latvia, Lithuania, Germany, Russia, Poland, the Czech Republic, Slovakia 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. 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 generally also stipulate the relevant project invoicing currency. In the few cases where the Group gains an advantage from concluding the construction contract in a different currency than the relevant project's invoicing currency, it will be assessed in each case whether the foreign-exchange risk is to be hedged 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 Group. The policy formulated for foreign-exchange risks is adhered to.

Credit risks

In connection with the sale of the Group's development projects, the title does not pass to the investor until payment has been effected. Thus, the Group's sale of projects does not generate credit risks as such.

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 2008

Education:
Commercial education and MSc in Economics and Business Administration

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.

Member of the supervisory boards of:
- Gangsø Møbler 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

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 2008

Education:
1961-1964: Commercial education, Dalhoff Larsen & Horneman A/S.
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 Managers' Program, Harvard Business School.

Employment:
1967-1971: Head of department and later director of Northern Soft- & Hardwood Co. Ltd., Congo.
1973: Executive secretary, LEGO System A/S, Denmark.
1973-1975: 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:
- EBP Holding A/S (Chairman)
- EVO Management A/S (Chairman)
- A/S Det Østasiatiske Kompagni (Deputy Chairman)
- JAI A/S (Deputy Chairman)
- Vestas Wind Systems A/S (Deputy Chairman)
- Arvid Nilsson A/S
- Coloplast A/S
- ECCO Sko A/S
- NatImmune A/S
- Outdoor Holding A/S + one subsidiary
- Schur International A/S
- Vola Holding A/S + one subsidiary

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

*) See section V.4 in the Corporate Governance Recommendations prepared by OMX Nordic Exchange Copenhagen A/S.

Per Søndergaard Pedersen, Director

Born 19 March 1954
Joined the Supervisory Board in 2002
Term of office ends May 2008

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:

- Business Institute A/S (Chairman)
- Celenia Software A/S (Chairman) + three subsidiaries
- EIPE Holding A/S (Chairman)
- Ib Andersen A/S Øst (Chairman)
- J. A. Plastindustri A/S (Chairman)
- JMI A/S + tre datterselskaber (Chairman)
- Lindgaard A/S – Rådgivende Ingeniører (Chairman)
- Nowaco Group A/S + one subsidiaries (Chairman)
- Oblecto A/S (Chairman)
- PL-Holding Aalborg A/S + one subsidiaries (Chairman)
- TBP Invest Aalborg A/S (Chairman)
- Aalborg Boldspilklub A/S + six subsidiaries (Chairman)
- Fonden Musikkens Hus i Nordjylland
- Hedegaard A/S
- Kollegiefonden Bikuben
- Marius A/S
- OKF Holding A/S + two subsidiaries
- 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

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

Jesper Jarlbæk, State-authorized Public Accountant (inactive license)

Born 9 March 1956
Joined the Supervisory Board in 2006
Term of office ends May 2008

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

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

Member of the supervisory boards of:

- Basico Consulting A/S (Chairman)
- Groupcare Holding A/S (Chairman) + three subsidiaries
- Bakmann Holding A/S (Chairman) + four subsidiaries
- JAWS A/S (Chairman)
- Prospect A/S (Chairman)
- March IT A/S (Deputy Chairman)
- Laigaard & Partners A/S (Deputy Chairman)
- Scan.jour A/S
- Earlbrook Holdings Ltd. A/S
- T.P. Audit A/S

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 OMX Nordic Exchange Copenhagen A/S.

Kurt Daell, Attorney

Born 22 March 1941
Joined the Supervisory Board in 2004
Term of office ends May 2008

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

Employment:
1983-86: Chairman of the supervisory board of A/S Daells Varehus (served as the CEO 1988-92).
1983-93: Chairman of the supervisory board of A/S Daells Discount.
1993-99: Chairman of the supervisory board of A/S Madeleine.
1985-87: Member of the supervisory board of Dagligvare Gruppen K/S, Vejle.
1987-91: Member of the supervisory board of Dansk Fryse Økonomi, Osted.
1977-87: Secretary General for Denmark in AEVPC (Association Européenne de Vente par Correspondance – European Mail Order and Distance Selling Trade Association).
1981-87: Member of the International Advisory Board of DMA (Direct Marketing Association), USA.

Member of the supervisory boards of:
- A/S Harald Nyborg + 39 datterselskaber (Chairman)
- DORADE A/S
- SB af 10. marts 2005 A/S
- Stressmeter A/S

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

Niels Roth, Director

Born on 24 July 1957
Joined the Supervisory Board in 2007
Term of office ends May 2008

Education:
1983: MSc (Economics)

Employment:
1989-2004: CEO of Carnegie Bank, and Group Head of Investment Banking in the Carnegie Group 2001-2002.
1997-2004: Member of the Danish Securities Council.
2001-2004: Chairman of the Danish Securities Dealers' Association.

Member of the supervisory boards of:
- Friheden Invest A/S (Chairman) + two subsidiaries
- Foreningen Fast Ejendom Dansk Ejendomsportefølje f.m.b.a. + one subsidiary (Chairman)
- SmallCap Danmark A/S + one subsidiary
- Brøndbyernes IF Fodbold A/S
- Realdania

Niels Roth is considered an independent member of the Supervisory Board. *)

*) See section V.4 in the Corporate Governance Recommendations prepared by OMX Nordic Exchange Copenhagen A/S.

Frede Clausen, President and CEO

Born 30 July 1959

Member of the Executive Board of TK Development A/S since 1992

Member of the supervisory boards of:

- Euro Mall Holding A/S + two subsidiaries (Chairman)
- Udviklingsselskabet Nordkranen A/S (Chairman) + three subsidiaries
- Kommanditaktieselskabet DLU nr. 1 (Chairman)
- Kommanditaktieselskabet Pakhus D+E
- Kommanditaktieselskabet Danlink-Udvikling
- Step RE CSP A/S
- Palma Ejendomme A/S

Robert Andersen, Executive Vice President

Born 3 April 1965

Member of the Executive Board of TK Development A/S since 2002

Member of the supervisory boards of:

- Udviklingsselskabet Nordkranen A/S + three subsidiaries
- Kommanditaktieselskabet DLU nr. 1
- Kommanditaktieselskabet Pakhus D + E
- Kommanditaktieselskabet Danlink-Udvikling
- Kommanditaktieselskabet Østre Havn
- Euro Mall Poland Holding A/S
- Euro Mall Czech Holding A/S

STATEMENT BY THE SUPERVISORY AND EXECUTIVE BOARDS ON THE ANNUAL REPORT

The Supervisory and Executive Boards have today considered and adopted the preliminary announcement of annual results and the Annual Report of TK Development A/S for 2007/08.

The Annual Report is presented in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and additional Danish disclosure requirements for annual reports prepared by listed companies, including the requirements made by OMX Nordic Exchange Copenhagen A/S.

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 and Parent Company's financial position at 31 January 2008 and of the results of the Group's and Parent Company's operations and cash flows for the 2007/08 financial year.

Aalborg 24 April 2008

EXECUTIVE BOARD

Frede Clausen

Robert Andersen

SUPERVISORY BOARD

Poul Lauritsen

Torsten Erik Rasmussen

Kurt Daell

Per Søndergaard Pedersen

Jesper Jarlbæk

Niels Roth

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 2007 – 31 January 2008, which comprises the Statement by the Supervisory and Executive Boards on the Annual Report, Management's Review, income statement, balance sheet, statement of changes in equity, cash flow statement and notes, including accounting policies, for the Group as well as the Parent Company. The Annual Report is presented in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and additional Danish disclosure requirements for annual reports prepared by listed companies.

The Supervisory and Executive Boards' Responsibility for the Annual Report

The Supervisory and Executive Boards are 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 annual reports prepared by 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.

Auditors' 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 the 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 the Supervisory and Executive Boards, 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 Parent Company's financial position at 31 January 2008 and of the results of the Group's and Parent Company's operations and cash flows for the financial year 1 February 2007 – 31 January 2008 in accordance with International Financial Reporting Standards, as adopted by the EU, and additional Danish disclosure requirements for annual reports prepared by listed companies.

Aalborg, 24 April 2008

NIELSEN & CHRISTENSEN
Statsautoriseret Revisionspartnerselskab

Marian Fruergaard
State-authorized public accountant

Per Laursen
State-authorized public accountant

Copenhagen, 24. april 2008

DELOITTE
Statsautoriseret Revisionsaktieselskab

Lars Andersen
State-authorized public accountant

Jesper Jørgensen
State-authorized public accountant"

CONSOLIDATED FINANCIAL STATEMENTS

Income statement

All amounts in DKKm	**2007/08**	2006/07
Net revenue	**2,586.8**	2,719.1
External direct project costs	**-2,077.5**	-2,206.2
Value adjustment of investment properties, net	**44.5**	111.0
Gross profit/loss	**553.8**	623.9
Other external expenses	**-47.8**	-47.7
Staff costs	**-110.6**	-102.2
Total	**-158.4**	-149.9
Profit/loss from ordinary activities before financing, depreciation and amortization	**395.4**	474.0
Depreciation, amortization and impairment of long-term assets	**-8.6**	-11.5
Profit/loss from ordinary activities before financing	**386.8**	462.5
Income from investments in associates	**0.3**	-0.5
Financial income	**60.4**	86.6
Financial expenses	**-102.1**	-212.9
Total	**-41.4**	-126.8
Profit/loss before tax	**345.4**	335.7
Tax on profit/loss for the year	**-73.5**	-37.2
Profit/loss for the year	**271.9**	298.5
Allocated as follows		
Shareholders of TK Development A/S	**249.5**	249.4
Minority interests	**22.4**	49.1
Profit/loss for the year	**271.9**	298.5
Earnings per share in DKK		
Earnings per share (EPS) of nom. DKK 20	**8.9**	8.9
Diluted earnings per share (EPS-D) of nom. DKK 20	**8.8**	8.9

Balance sheet

All amounts in DKKm	**31.01.08**	31.01.07
ASSETS		
Long-term assets		
Goodwill	**31.3**	29.1
Intangible assets	**31.3**	29.1
Investment properties	**584.6**	533.7
Other fixtures and fittings, tools and equipment	**14.2**	18.0
Property, plant and equipment	**598.8**	551.7
Investments in associates	**23.9**	26.9
Other securities and investments	**8.9**	31.1
Deferred tax assets	**266.0**	291.0
Other long-term assets	**298.8**	349.0
Total long-term assets	**928.9**	929.8
Short-term assets		
Projects in progress or completed	**1,998.3**	1,491.1
Trade receivables	**220.1**	401.4
Receivables from associates	**8.4**	1.0
Other receivables	**256.5**	231.5
Prepayments	**10.3**	8.3
Total receivables	**495.3**	642.2
Securities	**4.0**	21.6
Cash and cash equivalents	**644.4**	601.1
Total short-term assets	**3,142.0**	2,756.0
TOTAL ASSETS	**4,070.9**	3,685.8

All amounts in DKKm	**31.01.08**	31.01.07
LIABILITIES AND EQUITY		
Equity		
Share capital	**560.9**	560.9
Other reserves	**57,1**	157.1
Retained earnings	**821,9**	435.7
Shareholders' share of equity	**1,439.9**	1,153.7
Minority interests	**93.9**	137.2
Total equity	**1,533.8**	1,290.9
Short- and long-term liabilities		
Credit institutions	**408.3**	279.6
Provisions	**21.9**	50.9
Deferred tax liabilities	**52.3**	59.9
Total long-term liabilities	**482.5**	390.4
Credit institutions	**1,348.3**	1,500.3
Trade payables	**381.7**	269.6
Prepayments received from customers	**52.8**	41.7
Corporate income tax	**67.0**	41.6
Provisions	**11.1**	17.8
Other debt	**187.9**	129.6
Deferred income	**5.8**	3.9
Total short-term liabilities	**2,054.6**	2,004.5
Total short- and long-term liabilities	**2,537.1**	2,394.9
TOTAL LIABILITIES AND EQUITY	**4,070.9**	3,685.8

Statement of changes in equity

(All amounts in DKKm)	Share capital	Other reserves	Retained earnings	Total	Minority interests	Total equity
Equity at 1 February 2006	560.9	187.4	150.8	899.1	87.6	986.7
Foreign-exchange adjustment, foreign operations	0.0	0.2	0.0	0.2	0.4	0.6
Tax on changes in equity for the year	0.0	1.5	0.0	1.5	0.0	1.5
Net income recognized directly in equity	0.0	1.7	0.0	1.7	0.4	2.1
Profit/loss for the year	0.0	111.0	138.4	249.4	49.1	298.5
Total income	0.0	112.7	138.4	251.1	49.5	300.6
Disposal in connection with sale	0.0	-143.0	143.0	0.0	0.0	0.0
Dividend	0.0	0.0	0.0	0.0	0.0	0.0
Share-based remuneration (warrants)	0.0	0.0	1.9	1.9	0.1	2.0
Sale of own shares	0.0	0.0	1.6	1.6	0.0	1.6
Total other transactions	0.0	-143.0	146.5	3.5	0.1	3.6
Equity at 31 January 2007	**560.9**	**157.1**	**435.7**	**1,153.7**	**137.2**	**1,290.9**
Foreign-exchange adjustment, foreign operations	0.0	34.0	0.0	34.0	2.9	36.9
Tax on changes in equity for the year	0.0	0.8	0.0	0.8	0.0	0.8
Net income recognized directly in equity	0.0	34.8	0.0	34.8	2.9	37.7
Profit/loss for the year	0.0	44.5	205.0	249.5	22.4	271.9
Total income	0.0	79.3	205.0	284.3	25.3	309.6
Transfer to distributable reserves *)	0.0	-179.3	179.3	0.0	0.0	0.0
Dividend	0.0	0.0	0.0	0.0	0.0	0.0
Share-based remuneration (warrants)	0.0	0.0	1.9	1.9	0.0	1.9
Disposal in connection with increased share in minority	0.0	0.0	0.0	0.0	-68.6	-68.6
Total other transactions	0.0	-179.3	181.2	1.9	-68.6	-66.7
Equity at 31 January 2008	**560.9**	**57.1**	**821.9**	**1,439.9**	**93.9**	**1,533.8**

*) The reserve for fair-value adjustment of investment properties has been transferred to distributable reserves, as this reserve is not required to form part of non-distributable equity in the consolidated financial statements.

Cash flow statement

All amounts in DKK	**2007/08**	2006/07
Profit/loss before financing	**386.8**	462.5
Adjustments for non-cash items		
Value adjustments, investment properties	**-44.5**	-111.0
Depreciation and amortization	**8.4**	11.2
Provisions	**-35.1**	3.8
Market-value adjustments	**6.0**	3.8
Increase/decrease in investments in projects, etc.	**-385.4**	786.5
Increase/decrease in receivables	**174.8**	302.4
Increase/decrease in payables and other debt	**186.5**	-29.2
Cash flows from operating activities before net financials and tax	**297.5**	1,430.0
Interest paid, etc.	**-168.5**	-231.9
Interest received, etc.	**37.7**	50.6
Corporate income tax paid	**-24.1**	-28.8
Cash flows from operating activities	**142.6**	1,219.9
Investments in equipment, fixtures and fittings, net	**-6.3**	-7.2
Sale of equipment, fixtures and fittings	**2.3**	4.2
Investments in investment properties, net	**-6.6**	-0.2
Sale of investment properties	**0.0**	338.7
Capital increase	**-70.8**	0.0
Purchase of securities and investments	**-0.4**	-2.4
Sale of own subscription rights	**25.3**	0.0
Cash flows from investing activities	**-56.5**	**333.1**
Increase/decrease in subordinated loan capital	**0.0**	-506.8
Decrease in long-term financing	**-59.9**	-212.2
Increase in long-term financing	**188.5**	31.3
Increase in project financing	**950.7**	487.7
Decrease in project financing / repayment credit institutions	**-1,122.8**	-1,117.6
Costs of share issue	**0.0**	1.6
Cash flows from financing activities	**-43.5**	-1,316.0
Cash flows for the year	**42.6**	237.0
Cash and cash equivalents, beginning of year	**601.1**	363.8
Market-value adjustment of cash and cash equivalents	**0.7**	0.3
Cash and cash equivalents at year-end	**644.4**	601.1

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 422,1 million.

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

Segment information

(All amounts in DKKm)

Primary segment 2007/08	Northern Europe	Central Europe	Unallocated	Total
Net revenue	**1,659.0**	**927.8**	**0.0**	**2,586.8**
Value adjustment of investment properties, net	**-1.1**	**45.6**	**0.0**	**44.5**
Profit/loss, associates	**0.2**	**0.1**	**0.0**	**0.3**
Profit/loss from ordinary activities before financing	**121.0**	**265.8**	**0.0**	**386.8**
Investments in associates	**23.5**	**0.4**	**0.0**	**23.9**
Segment assets	**1,869.0**	**1,925.6**	**276.3**	**4,070.9**
Segment liabilities	**1,528.8**	**986.5**	**21.7**	**2,537.0**
Capital expenditure	**3.8**	**2.5**	**0.0**	**6.3**
Depreciation and amortization	**7.2**	**1.4**	**0.0**	**8.6**
Other major non-cash costs	**-8.5**	**-105.6**	**0.0**	**-114.1**

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	-1.0	0.5	0.0	-0.5
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	1.7	0.0	7.2
Depreciation and amortization	8.8	2.7	0.0	11.5
Other major non-cash costs	149.9	6.6	0.0	156.5

Secondary segment 2007/08	Retail	Office	Housing	Segment mix	Unallocated	Total
Net revenue	**1,453.1**	**0.0**	**7.2**	**1,126.5**	**0.0**	**2,586.8**
Segment assets	**1,525.8**	**173.7**	**535.4**	**824.5**	**1,011.5**	**4,070.9**
Capital expenditure	**0.0**	**0.0**	**0.0**	**0.0**	**6.3**	**6.3**

Secondary segment 2006/07	Retail	Office	Housing	Segment mix	Unallocated	Total
Net revenue	1,544.6	320.3	15.2	839.0	0.0	2,719.1
Segment assets	920.6	126.8	232.3	1,378.1	1,028.0	3,685.8
Capital expenditure	0.0	0.0	0.0	0.0	7.2	7.2