



TK·development

TK Development A/S

(a Danish public limited company, CVR no. 24256782)

Offering of 14,021,905 new shares with a nominal value of DKK 15 each at a price of DKK 15 per share with preemptive rights to Existing Shareholders of TK Development A/S at the ratio of 1:2.

This prospectus (the "Prospectus") has been prepared in connection with a capital increase comprising an offering (the "Offering") of 14,021,905 new shares (the "New Shares"), each with a nominal value of DKK 15, in TK Development A/S (the "Company" and together with its directly and indirectly owned subsidiaries, associates and other investments, "TK Development" or the "Group") with preemptive rights to the Company's Existing Shareholders (as defined below) at the ratio of 1:2.

Prior to the Offering, the registered share capital of the Company amounts to a nominal value of DKK 560,876,200 divided into 28,043,810 shares, each with a nominal value of DKK 20 (the "Existing Shares" and together with the New Shares, the "Shares").

At the Company's extraordinary general meeting held on 1 July 2010, it was resolved, subject to completion of the Offering, to reduce the Company's share capital by a nominal amount of DKK 140,219,050 by reducing the denomination of the Shares from DKK 20 nominal value to DKK 15 nominal value (the "Capital Reduction"). The Capital Reduction will take place concurrently with the registration of the capital increase related to the Offering with the Danish Commerce and Companies Agency. On completion of the Capital Reduction and prior to the capital increase related to the Offering, the nominal value of the Company's share capital will amount to DKK 420,657,150 divided into 28,043,810 Shares, each with a nominal value of DKK 15.

At the extraordinary general meeting, it was further resolved, subject to final completion and registration of the Capital Reduction, to increase the Company's share capital by a nominal amount of DKK 210,328,575 by cash payment with preemptive rights to the Company's Existing Shareholders at a price of DKK 15 per New Share, each with a nominal value of DKK 15 (the "Subscription Price"). Upon completion of the Offering, the Company's share capital will amount to DKK 630,985,725, divided into 42,065,715 Shares, each with a nominal value of DKK 15.

Each holder of shares in the Company who is registered with VP Securities A/S ("VP Securities") on 11 August 2010 at 12.30 p.m. CET (the "Allocation Time") as a shareholder of the Company ("Existing Shareholders") will be allocated one (1) preemptive right ("Preemptive Right") for each Existing Share held. For every two (2) Preemptive Rights held, the holder is entitled to subscribe for one (1) New Share at a price of DKK 15 per New Share (the "Subscription Price").

The trading period for the Preemptive Rights commences on 9 August 2010 at 9.00 a.m. CET and closes on 20 August 2010 at 5.00 p.m. CET. The subscription period for the New Shares (the "Subscription Period") commences on 12 August 2010 and closes on 25 August 2010 at 5.00 p.m. CET. Any Preemptive Rights that are not exercised during the Subscription Period will lapse with no value, and the holder of such Preemptive Rights will not be entitled to compensation. Once a holder of Preemptive Rights has exercised such rights and subscribed for New Shares, such subscription cannot be withdrawn or modified by the holder. The Preemptive Rights have been approved for admission to trading and official listing on NASDAQ OMX Copenhagen A/S ("NASDAQ OMX").

The New Shares to be issued by the Company on exercise of the Preemptive Rights will be registered under the temporary ISIN code DK0060238277. The New Shares will not be traded and officially listed on NASDAQ OMX under the temporary ISIN code. Upon expiry of the Subscription Period, the New Shares will be registered with the Danish Commerce and Companies Agency and admitted to trading and official listing under the ISIN code of the Existing Shares, DK0010258995, which is expected to take place on 31 August 2010. The New Shares have been approved for admission to trading and official listing on NASDAQ OMX, subject only to registration with the Danish Commerce and Companies Agency.

The Company's Existing Shares are listed on NASDAQ OMX under ISIN code DK0010258995.

A group of Existing Shareholders (together the "Shareholder Group") has made advance commitments to the Company, subject to the satisfaction of certain conditions, to exercise Preemptive Rights allocated on the basis of the respective Existing Shares held by each of them to subscribe for a total of 3,870,676 New Shares corresponding to total gross proceeds of DKK 58.1 million. Furthermore, a number of investors (together the "Group of Underwriters") have made an underwriting commitment to the Company, subject to the satisfaction of certain conditions, to subscribe, in proportion to their underwriting commitments, for up to 10,152,884 New Shares at the Subscription Price which have not been subscribed for by the Company's Existing Shareholders pursuant to Preemptive Rights allocated or by investors pursuant to Preemptive Rights acquired on expiry of the Subscription Period, corresponding to total gross proceeds of DKK 152.3 million. The Shareholder Group and the Group of Underwriters have thus made total advance and underwriting commitments to subscribe for a total of 14,023,560 New Shares corresponding to more than the total number of shares in the Offering. The Company will pay an underwriting commission to the Shareholder Group and the Group of Underwriters totalling 1.5% of the total amount comprised by advance and underwriting commitments. For a detailed description of the Shareholder Group and the Group of Underwriters, see "Part II - The Offering - Terms and Conditions of the Offering - Advance and underwriting commitments".

Investors should be aware that an investment in the Preemptive Rights and the New Shares involves a high degree of risk. See "Risk factors" for a description of factors that should be considered before investing in the Preemptive Rights and the New Shares.

The Preemptive Rights and the New Shares will be delivered in book-entry form through allocation to accounts with VP Securities. The New Shares have been accepted for settlement through Euroclear Bank S.A./N.V. as operator of the Euroclear System ("Euroclear") and Clearstream Banking S.A. ("Clearstream").

In connection with the Offering, the Lead Manager may, from commencement of the Offering and until 30 days after the first day of listing of the New Shares, effect transactions that stabilise or maintain the market price of the Preemptive Rights (stabilising measures relating to the Preemptive Rights will only take place during the trading period for Preemptive Rights), the New Shares and the Existing Shares at levels above those that might otherwise prevail. The Lead Manager is not obliged to take any stabilising measures. Such stabilising measures, if commenced, may be discontinued at any time.

The Offering consists of a public offering in Denmark and private placements in certain other jurisdictions.

This Prospectus may not be distributed or otherwise made available, the New Shares may not be offered or sold, directly or indirectly, and the Preemptive Rights may not be exercised or otherwise offered or sold, directly or indirectly, in the United States, Canada, Australia or Japan, unless such distribution, offer, sale or exercise is permitted under applicable laws in the relevant jurisdiction, and the Company and the Lead Manager must receive satisfactory documentation to that effect. This Prospectus may not be distributed or otherwise made available, the New Shares may not be offered or sold, directly or indirectly, and the Preemptive Rights may not be exercised or otherwise offered or sold, directly or indirectly, in any jurisdiction outside Denmark, unless such distribution, offer, sale or exercise is permitted under applicable laws in the relevant jurisdiction, and the Company and the Lead Manager may request satisfactory documentation to that effect. Due to such restrictions under applicable laws, the Company expects that some or all investors residing in the United States, Canada, Australia, Japan and other jurisdictions outside Denmark may not be able to obtain a copy of the Prospectus and may not be able to exercise the Preemptive Rights or subscribe for the New Shares. The Company makes no offer or solicitation to any person under any circumstances that may be unlawful.

The Preemptive Rights and the New Shares have not been approved, disapproved or recommended by the U.S. Securities and Exchange Commission, any state securities commission in the United States or any other U.S. regulatory authority, nor have any of such regulatory authorities passed upon or endorsed the merits of the Offering or the accuracy or adequacy of this Prospectus. Any representation to the contrary is a criminal offence in the United States.

The Preemptive Rights and the New Shares have not been and will not be registered under the United States Securities Act of 1933, as amended (the "U.S. Securities Act"), or any state securities laws in the United States. Any transfer of Preemptive Rights and any offer and sale of the New Shares are not permitted except by offer and sale in accordance with Regulation S of the U.S. Securities Act ("Regulation S").

Lead Manager



The date of this Prospectus is 5 August 2010 (the "Prospectus Date").

This page is intentionally left blank

Important information relating to the Prospectus

This Prospectus has been prepared in compliance with Danish legislation and regulations, including Consolidated Act no. 795 of 20 August 2009 on Securities Trading (the Danish Securities Trading Act), Commission Regulation (EC) no. 809/2004 of 29 April 2004 and Executive Order no. 223 of 10 March 2010 issued by the Danish Financial Supervisory Authority on prospectuses for securities admitted to trading in a regulated market and for public offerings of securities of at least EUR 2,500,000. This Prospectus is governed by Danish law.

The Prospectus has been prepared for the Offering and the admission to trading and official listing of the Preemptive Rights and the New Shares on NASDAQ OMX.

The Prospectus has been prepared in Danish. In addition, the Company has arranged for a translation into English of the Danish Prospectus. In the event of any discrepancy, the Danish Prospectus shall prevail. The Danish Prospectus is identical to the English Prospectus, except that the Danish Prospectus contains responsibility statements made by the Lead Manager and an opinion issued by the Company's independent auditors.

Nordea is the Lead Manager of the Offering and will in that connection receive fees from the Company. In connection with their usual business activities, Nordea or some of Nordea's associates may have provided and may in future provide investment advisory services to and carry on ordinary banking business with the Group.

No person is authorised to give any information or to make any representation in connection with this Offering not contained in this Prospectus. Any information or representation not so contained may not be relied upon as having been made or authorised by the Company or Nordea. The Company and Nordea accept no liability for any such information or representation. The Company and other sources identified herein have provided the information contained in this Prospectus.

The information in this Prospectus relates to the date printed on the front cover, unless expressly stated otherwise. The distribution of this Prospectus shall not in any circumstances imply that there have been no changes in the affairs of the Company since that date, or that the information contained in this Prospectus is correct as at any time subsequent to the date hereof.

Any material change to the contents of this Prospectus that occurs or is ascertained between the time of approval of the Prospectus and the final completion of the Offering, i.e. until registration with the Danish Commerce and Companies

Agency has taken place, will be published as a supplement to the Prospectus pursuant to applicable laws and regulations in Denmark. Investors who have accepted to exercise Preemptive Rights and/or purchase New Shares prior to publication of such supplement are entitled to withdraw their acceptance during two business days after the publication of the supplement.

Any material change to the contents of this Prospectus that occurs or is ascertained between the time of registration of the Offering with the Danish Commerce and Companies Agency and the time when trading in the New Shares commences will be published as a supplement to the Prospectus pursuant to applicable laws and regulations in Denmark. The Offering will be finally completed on registration with the Danish Commerce and Companies Agency, and investors who have accepted to exercise Preemptive Rights and/or purchase New Shares prior to publication of such supplement are thus not entitled to withdraw their acceptance.

The Company is responsible for this Prospectus under current Danish legislation. No representation or warranty, implied or express, is made by Nordea or any other person regarding the accuracy or adequacy of this Prospectus or the information or representations contained herein.

Any prospective subscriber or purchaser of Preemptive Rights and/or the New Shares should make an independent assessment as to whether the information in this Prospectus is relevant, and any subscription or purchase of Preemptive Rights and/or the New Shares should be based on the investigations that the prospective subscribers or purchasers may deem necessary.

The Prospectus may not be forwarded, reproduced or otherwise redistributed by anyone but the Lead Manager and the Company. Investors may not reproduce or distribute the Prospectus in whole or in part, and investors may not disclose any of the contents of the Prospectus or use any information herein for any purpose other than for considering the purchase of Preemptive Rights and the purchase of or subscription for the New Shares described in this Prospectus. Investors accept the above by acknowledging receipt of this Prospectus.

Selling restrictions

The Offering consists of a public offering in Denmark and private placements in certain other jurisdictions.

In certain jurisdictions, the distribution of this Prospectus and the Offering may be restricted by law and/or be subject to other restrictions, and the Prospectus may not be used for, or in connection with, any offer or solicitation by any person in any jurisdiction in which such offer or solicitation is not aut-

horised or to any persons to whom it is unlawful to make such offer or solicitation. This Prospectus does not constitute an offer or an invitation to purchase Preemptive Rights or to purchase or subscribe for New Shares in any jurisdiction in which such offer or invitation would be unlawful. The Company and the Lead Manager require persons into whose possession the Prospectus may come to inform themselves of and observe any such restrictions, including any tax and currency restrictions that may be relevant in connection with the Offering. All investors should examine through their own advisers the tax consequences of an investment in the New Shares. Neither the Company nor the Lead Manager accepts any legal liability for any violation of such restrictions by any person, irrespective of whether such person is an Existing Shareholder or a prospective purchaser of Preemptive Rights and/or subscriber of the New Shares.

The distribution of this Prospectus and the marketing of Existing Shares, Preemptive Rights or Shares is subject to restrictions in certain countries. Persons into whose possession this Prospectus may come are required to inform themselves of and observe any such restrictions, including any tax and currency restrictions that may be relevant in connection with the Offering. All investors should examine through their own advisers the tax consequences of an investment in the New Shares. This Prospectus does not constitute an offer or an invitation to purchase Preemptive Rights or to purchase or subscribe for New Shares in any jurisdiction in which such offer or invitation would be unlawful.

The Preemptive Rights and the New Shares are further subject to transfer and reselling restrictions in certain jurisdictions. By purchasing or subscribing for the Preemptive Rights or the New Shares, purchasers of or subscribers for Preemptive Rights or New Shares will be deemed to have confirmed that the Company and the Lead Manager and their respective associates may rely on the accuracy of representations, warranties, guarantees and agreements contained herein.

Each prospective purchaser of or subscriber for Preemptive Rights and the New Shares must comply with all applicable laws and regulations in force in any country or region in which it purchases, subscribes for, offers or sells Preemptive Rights and/or New Shares or possesses or distributes this Prospectus and must obtain any consent, approval or permission required by it for acquiring the New Shares.

This Prospectus may not be distributed or otherwise made available, the New Shares may not be offered or sold, directly or indirectly, and the Preemptive Rights may not be exercised or otherwise offered or sold, directly or indirectly, in the United States, Canada, Australia or Japan, unless such distribution, offer, sale or exercise is permitted under applicable laws in

the relevant jurisdiction, and the Company and the Lead Manager must receive satisfactory documentation to that effect. This Prospectus may not be distributed or otherwise made available, the New Shares may not be offered or sold, directly or indirectly, and the Preemptive Rights may not be exercised or otherwise offered or sold, directly or indirectly, in any jurisdiction outside Denmark, unless such distribution, offer, sale or exercise is permitted under applicable laws in the relevant jurisdiction, and the Company and the Lead Manager may request satisfactory documentation to that effect. Due to such restrictions under applicable laws, the Company expects that some or all investors residing in the United States, Canada, Australia, Japan and other jurisdictions outside Denmark may not be able to obtain a copy of the Prospectus and may not be able to exercise the Preemptive Rights or subscribe for the New Shares. The Company makes no offer or solicitation to any person under any circumstances that may be unlawful.

Notice to U.S. residents

The Preemptive Rights and the New Shares have not been approved, disapproved or recommended by the U.S. Securities and Exchange Commission, any state securities commission in the United States or any other U.S. regulatory authority, nor have any of such regulatory authorities passed upon or endorsed the merits of the Offering or the accuracy or adequacy of this Prospectus. Any representation to the contrary is a criminal offence in the United States.

The Preemptive Rights and the New Shares have not been and will not be registered under the U.S. Securities Act or any state securities laws in the United States. Any transfer of Preemptive Rights and any offer and sale of the New Shares are not permitted except by offer and sale in accordance with Regulation S.

The Offering concerns securities in a Danish company. The Offering is subject to Danish disclosure requirements which deviate from the disclosure requirements under U.S. law. The financial statements contained in this document have been prepared in accordance with the International Financial Reporting Standards ("IFRS") as adopted by the EU and additional Danish disclosure requirements for listed companies, which may not be comparable to the financial statements of U.S. companies.

It may be difficult to enforce investors' rights and claims under U.S. federal securities laws because the Company is domiciled in Denmark and some or all executive officers and board members of the Company may be residents of Denmark. It may not be possible to file a lawsuit against a non-U.S. company or its executive officers or board of directors with a court outside the United States concerning any breach of U.S. securities laws. It may be difficult to enforce judgments ob-

tained in U.S. courts against a non-U.S. company and its associates.

Notice to investors in the United Kingdom

This Prospectus is only being distributed to, and is only directed at, (i) persons outside the United Kingdom or (ii) investment professionals falling within article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the “Order”) or (iii) high net worth companies, and other persons to whom it may lawfully be communicated, falling within article 49(1)(a) to (d) of the Order (all such persons being referred to collectively as “Relevant Persons”). The Preemptive Rights and the New Shares are only available to Relevant Persons, and any invitation, offer or agreement to subscribe for, purchase or otherwise acquire such Preemptive Rights or New Shares will be engaged in only with Relevant Persons. Any person who is not a Relevant Person should not act or rely on this Prospectus or any of its contents.

Notice regarding the European Economic Area

In relation to each member state of the European Economic Area that has implemented the Prospectus Directive (each a “Relevant Member State”), no offering of Preemptive Rights or New Shares to the public will be made in any Relevant Member State prior to the publication of a prospectus concerning the Preemptive Rights and the New Shares which has been approved by the competent authority in such Relevant Member State or, where relevant, approved in another Relevant Member State and notified to the competent authority in such Relevant Member State, all pursuant to the Prospectus Directive, except that with effect from and including the date of implementation of the Prospectus Directive in such Relevant Member State, an offering of Preemptive Rights and New Shares may be made to the public at any time in such Relevant Member State:

- (a) to legal entities that are authorised or regulated to operate in the financial markets or, if not so authorised or regulated, whose corporate purpose is solely to invest in securities;
- (b) to any legal entity fulfilling at least two of the following criteria: (i) an average of at least 250 employees during the last financial year; (ii) a total balance sheet of more than EUR 43,000,000; and (iii) an annual net revenue of more than EUR 50,000,000, as shown in its last annual or consolidated accounts;
- (c) to less than 100 individuals or legal persons (except for “qualified investors” as defined in the Prospectus Directive) subject to the prior written consent of the Company and the Lead Manager; or

- (d) in any other circumstances which do not require the publication by the Company of a prospectus under article 3 of the Prospectus Directive.

For the purposes of the above, the expression an “offering of Preemptive Rights and New Shares to the public” in relation to any Preemptive Rights and New Shares in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the Offering, the Preemptive Rights and the New Shares so as to enable an investor to decide whether to purchase the Preemptive Rights or purchase or subscribe for the New Shares, as the same may be varied in that Relevant Member State by any measure implementing the Prospectus Directive in that Relevant Member State. The term “Prospectus Directive” means Directive 2003/71/EC and includes all relevant implementation procedures in each Relevant Member State.

Notice to residents of Canada, Australia, Japan and other jurisdictions outside Denmark

The Preemptive Rights and the New Shares have not been approved, disapproved or recommended by any foreign regulatory authorities, nor have any of such authorities passed upon or endorsed the merits of the Offering or the accuracy or adequacy of this Prospectus.

Enforceability of judgments

The Company is a public limited company organised under the laws of Denmark. All members of Management are residents of Denmark, and all or a substantial share of the Company’s and such persons’ assets are located in Denmark. As a result, it may not be possible for investors to effect service of process outside Denmark upon the Company or such persons, or to enforce against them in courts outside Denmark judgements obtained from non-Danish courts based upon applicable law in jurisdictions outside Denmark.

Forward-looking statements

Certain statements in the Prospectus may contain forward-looking statements. Such statements concern Management’s expectations, beliefs, intentions or strategies relating to the future as at the Prospectus Date. The statements can be identified by the use of terminology such as “expect”, “assess”, “estimate”, “anticipate”, “intend”, “may”, “plan”, “predict”, “will”, “should”, “seek” or similar expressions. The forward-looking statements reflect Management’s current views and assumptions with respect to future events and hence involve substantial risks and uncertainties. Actual and future results and performance may differ materially from those contained in such statements. Except for any prospectus supplements that the Company may be required to publish under Danish law, the Company does not intend to and does not assume

any obligation to update the forward-looking statements in the Prospectus after the Prospectus Date.

Presentation of financial information

Financial information previously published by the Company for financial years or interim periods may deviate from financial information published subsequently, e.g. as a result of the implementation of subsequent retroactive changes to accounting policies and other adjustments in compliance with IFRS as adopted by the EU.

This Prospectus includes extracts from the Group's annual reports as at and for the years ended 31 January 2008 (FY 2007/08), 2009 (FY 2008/09) and 2010 (FY 2009/10) prepared by the management of the Group in accordance with IFRS as adopted by the EU and additional Danish disclosure requirements for annual reports of listed companies and the Group's interim report as at and for the three months ended 30 April 2010 with comparative figures as at and for the three months ended 30 April 2009, prepared by Management in accordance with IAS 34 "Interim financial reporting" as adopted by the EU and additional Danish disclosure requirements for interim reports of listed companies. References to the accounting policies of TK Development in this Prospectus are to the accounting policies applied in the consolidated financial statements of the Group as at and for the year ended 31 January 2010 (FY 2009/10), expected to be applied unchanged for the year ending 31 January 2011 (FY 2010/11).

Roundings

Figures and percentages in this Prospectus have generally been rounded. Accordingly, the figures presented in the Prospectus may differ from the figures presented in the annual reports and interim financial statements of the Group. Accordingly, in certain instances, the sum of the figures in a column or row may not conform exactly to the total figure given for that column or row. In addition, certain percentages presented in the tables in this Prospectus reflect calculations based upon the underlying information prior to rounding and, accordingly,

may not conform exactly to the percentages that would be derived if the relevant calculations were based upon the rounded figures.

Presentation of market and industry data and information provided by third parties

This Prospectus contains information on the markets in which the Group operates. A substantial part of the information comes from analyses prepared by external organisations. Such information is considered to be reliable, but the information has not been verified, and neither the Company nor the Lead Manager makes any representation as to the accuracy of such information. Thus, developments in the Group's activities may deviate from the market developments stated in this Prospectus. The Company and the Lead Manager do not assume any obligation to update such information. If information has been obtained from third parties, the Company confirms that such information has been accurately reproduced, and to the best of the Company's knowledge and belief and in so far as can be ascertained from the information published by such third party, no facts have been omitted which would render the information reproduced inaccurate or misleading.

Foreign currency information

Amounts included in TK Development's consolidated financial statements that were not originally denominated in DKK have been translated into DKK using the average exchange rates for the relevant reporting periods with respect to items in the income statement and cash flow statement and the exchange rate at the balance sheet date with respect to balance sheet items. If the average exchange rates for the relevant reporting periods deviate substantially from the actual exchange rates at the time of transaction, the actual exchange rates are applied.

TABLE OF CONTENTS

General information	3
Table of contents	7
Tables and figures	10
Persons responsible	11
Summary	12
Summary financial information	16
Summary of the Offering	18
Risk factors	22
Part I Description of TK Development	30
I 1 Persons responsible	31
I 2 Auditors	32
I 3 Selected financial information	33
I 4 Risk factors	34
I 5 Information about TK Development	35
5.1 Name, registered office, etc.	35
5.2 Purpose	35
5.3 Date of incorporation and governing law	35
5.4 ISIN	35
5.5 Financial calendar	35
5.6 Principal banker	35
5.7 Issuing agent	35
5.8 Registrar	35
5.9 Transactions with the financial adviser and independent auditors of the Company	35
5.10 The Company's history and development	35
5.11 Investments	35
I 6 Business overview	36
6.1 Market	36
6.2 Business	39
I 7 Organisational structure	56
I 8 Properties and facilities	59
8.1 Owned and leased properties and buildings	59
8.2 Insurance	60
8.3 Environment	60
I 9 Operating and financial review	61
9.1 Selected consolidated financial information for TK Development	62
9.2 Operating and financial review for TK Development	63
Factors affecting results of operations	63
FY 2009/10, FY 2008/09 and FY 2007/08	67
I 10 Capital resources	73
I 11 Research and development, patents and licenses	75
I 12 Trend information	76
I 13 Consolidated prospective financial information for the financial year ending 31 January 2011	77
13.1 Statement by Management	77
13.2 The independent auditors' report on examinations of Management's prospective financial information for TK Development A/S for the financial year ending 31 January 2011	78
13.3 Introduction	79
13.4 Methodology and assumptions	79
13.5 Consolidated prospective financial information for FY 2010/11	80
I 14 Board of Directors, Executive Board and Executive Officers	81
14.1 Board of Directors	81
14.2 Executive Board	87
14.3 Executive Officers	89
14.4 Statement on past records	94
14.5 Statement on kinship	94
14.6 Statement on conflicts of interest	94
14.7 Limits on securities trading	94

I	15	Remuneration and benefits	95
	15.1	Remuneration of the Board of Directors	95
	15.2	Remuneration of the Executive Board	95
	15.3	Remuneration of Executive Officers	95
I	16	Management practices	96
	16.1	Practices of the Board of Directors	96
	16.2	Practices of the Executive Board	96
	16.3	Information regarding contract terms for the Executive Board	96
	16.4	Committees, including advisory boards	96
	16.5	Description of management reporting systems and internal control systems	97
	16.6	Corporate governance	98
	16.7	Guidelines for incentive pay	98
I	17	Staff	100
	17.1	Overview of employees	100
	17.2	Existing Shares and warrants held by the members of the Board of Directors, the Executive Board and Executive Officers	100
I	18	Major shareholders	104
I	19	Related party transactions	105
I	20	Information on the Company's assets and liabilities, financial position, financial results, dividend policy and litigation	107
	20.1	Financial information	107
	20.2	Dividend policy	107
	20.3	Litigation	107
I	21	Additional information	108
	21.1	Share capital before and after the Offering	108
	21.2	Warrant programmes	108
	21.3	Historical movements in the Company's share capital	108
	21.4	Description of the Company's objects and provisions concerning the Board of Directors and the Executive Board	108
	21.5	Description of the Company's Shares	109
	21.6	Provisions in the articles of association or other rules which may lead to a delay in change of control of the Company	110
	21.7	Disclosure requirements	110
	21.8	General meeting	111
I	22	Material contracts	112
I	23	Third party information, expert statements and declarations of interest	115
I	24	Documents on display	116
I	25	Disclosure of investments	117
Part II The Offering			118
II	1	Persons responsible	119
II	2	Risk factors	120
II	3	Key information	121
	3.1	Working capital	121
	3.2	Capitalisation and debts	121
	3.3	Interests of natural and legal persons involved in the Offering	122
	3.4	Reasons for the Offering and use of proceeds	122
II	4	Information concerning the securities to be offered	123
	4.1	Type of security, allocation time and ISIN codes	123
	4.2	Applicable law and jurisdiction	123
	4.3	Registration	123
	4.4	Currency	123
	4.5	Rights attaching to the New Shares	123
	4.6	Resolutions, authorisations and approval of the Offering	124
	4.7	Issue date of the New Shares	125
	4.8	Negotiability and transferability of the Shares and the New Shares	125
	4.9	Danish legislation governing mandatory takeover bids, redemption of shares and disclosure requirements	125
	4.10	Public takeover bids made by third parties for the Company's Existing Shares during the past or current financial years	126
	4.11	Taxation	126
II	5	Terms and conditions of the Offering	130

5.1	Terms and conditions of the Offering	130
5.2	Proceeds from the Offering	130
5.3	Advance and underwriting commitments	130
5.4	Pre-allotment	133
5.5	Subscription period	133
5.6	Trading and official listing of the New Shares	133
5.7	Expected timetable of principal events	133
5.8	Termination of the Rights Issue Agreement and withdrawal or suspension of the Offering	134
5.9	Reduction of subscription	134
5.10	Minimum and/or maximum subscription amount	134
5.11	Withdrawal of applications for Shares	134
5.12	Payment	134
5.13	Publication of the results of the Offering	135
5.14	Completion of the Offering	135
5.15	Procedure for exercise of and dealings in Preemptive Rights and treatment of Preemptive Rights	135
5.16	Jurisdictions in which the Offering will be made and restrictions applicable to the Offering	135
5.17	Intentions of major shareholders of the Company and members of Management to participate in the Offering	137
5.18	Plan of distribution	137
5.19	Subscription Price of New Shares	138
5.20	Price disparity	138
5.21	Payment intermediaries	138
5.22	Placing	138
II 6	Admission to trading	139
6.1	Market making	139
6.2	Stabilisation	139
II 7	Lock-up agreements	140
II 8	Costs of the Offering	141
II 9	Dilution	142
II 10	Additional information	143
10.1	Advisers	143
10.2	How to order this Prospectus	143
II 11	Definitions	144
II 12	Glossary	147
Part III Appendices		148
	Articles of association	149
	Financial information	F1
III 1	Introduction to financial information	F2
III 2	Information incorporated by reference	F3
III 3	Unaudited interim consolidated financial statements as at and for the three months ended 30 April 2010 with comparative figures as at and for the three months ended 30 April 2009	F4
3.1	Statement by the Management	F4
3.2	Income statement and statement of comprehensive income	F5
3.3	Balance sheet	F6
3.4	Statement of changes in equity	F8
3.5	Cash flow statement	F9
3.6	Notes to the financial statements	F10
III 4	Consolidated financial statements as at and for the financial years ended 31 January 2008 (FY 2007/08), 31 January 2009 (FY 2008/09) and 31 January 2010 (FY 2009/10)	F12
4.1	Statement by the Management	F12
4.2	Report by the independent auditors on the consolidated financial statements for the financial years ended 31 January 2010 (FY 2009/10), 31 January 2009 (FY 2008/09) and 31 January 2008 (FY 2007/08)	F13
4.3	Income statement and statement of comprehensive income	F15
4.4	Balance sheet	F16
4.5	Statement of changes in equity	F18
4.6	Cash flow statement	F19
4.7	Notes to the financial statements	F20

TABLES AND FIGURES

Table 1:	Project portfolio at 30 April 2010 (building rights, sqm)	13
Table 2:	Selected Consolidated Financial Highlights	17
Table I 1:	Historical real GDP growth of selected countries	36
Table I 2:	Projects handed over and sites sold	40
Table I 3:	Selected tenants	43
Table I 4:	Selected investors	44
Table I 5:	Geographic distribution of revenue from external customers	44
Table I 6:	Segments in northern Europe	45
Table I 7:	Macroeconomic key figures for northern Europe	45
Table I 9:	Macroeconomic key figures for Central Europe	46
Table I 8:	Segments in central Europe	46
Table I 10:	Project portfolio, carrying amounts at 30 April 2010 (DKKm)	47
Table I 11:	Project portfolio at 30 April 2010 (building rights, sqm)	48
Table I 12:	TKD Nordeuropa's projects	49
Table I 13:	Euro Mall Holding's projects	52
Table I 14:	Investment properties	54
Table I 15:	TK Development's group structure as at the Prospectus Date	56
Table I 16:	Leased properties and buildings at 30 April 2010	59
Table I 17:	Selected consolidated financial highlights	62
Table I 18:	Revenue, external customers	68
Table I 19:	Development of the Group's project portfolio	71
Table I 20:	Cash flow statement	72
Table I 21:	Capital resources	73
Table I 22:	Members of the Board of Directors	81
Table I 23:	Members of the Executive Board	87
Table I 24:	Executive officers	89
Table I 25:	Distribution of employees by business entities at 30 April 2010	100
Table I 26:	Existing Shares held by the members of the Board of Directors, the Executive Board and Executive Officers as at the Prospectus Date	101
Table I 27:	Warrants held by the members of the Board of Directors, the Executive Board and Executive Officers as at the Prospectus Date	102
Table I 28:	Major shareholders at the Prospectus Date	104
Table I 29:	Related party transactions during the last three financial years	105
Table I 30:	Contingent liabilities and collateral of the last three financial years	106
Table II 1:	Equity and liabilities	121
Table II 2:	Security	121
Table II 3:	Advance and underwriting commitments	131
Table II 4:	Costs of the Offering	141
Table II 5:	Dilution per New Share	142
Figure 1:	TK Development's business concept	41
Figure 2:	Typical project phases	41

PERSONS RESPONSIBLE

Statement by Management

We hereby declare that we have taken all reasonable care to ensure that, to the best of our knowledge and belief, the information contained in this Prospectus is in accordance with the facts and contains no omissions likely to affect the import thereof.

Copenhagen, 5 August 2010

Executive Board

Frede Clausen
(President and CEO)

Robert Andersen
(Executive Vice President)

Board of Directors

Niels Roth
(Chairman)

Torsten Erik Rasmussen
(Deputy Chairman)

Kurt Daell

Per Søndergaard Pedersen

Jesper Jarlbæk

Jens Erik Christensen

Niels Roth is a professional board member

Torsten Erik Rasmussen is a professional board member

Kurt Daell is co-owner of the Harald Nyborg group

Per Søndergaard Pedersen is a professional board member

Jesper Jarlbæk is a professional board member

Jens Erik Christensen is a professional board member

This summary should be considered as an introduction to this Prospectus. Any decision to invest in the New Shares should be made on the basis of the information contained in this Prospectus as a whole. The individuals or legal entities that have prepared the summary or any translation thereof, and that have requested approval thereof, may be subject to civil liability, but only if it is misleading, incorrect or inconsistent when read in conjunction with the other parts of the Prospectus. Where a claim relating to the information contained in this Prospectus is brought before a court, the plaintiff investor might have to bear the costs of translating the Prospectus before such legal proceedings are initiated.

The summary should be read in conjunction with other parts of this Prospectus and is qualified in its entirety by the more detailed information appearing elsewhere in this Prospectus.

See "Risk Factors" for a discussion of certain special factors that prospective investors are advised to consider in connection with an investment in the Shares including the New Shares and the Pre-emptive Rights.

Business

TK Development is a Danish-based company developing real property in Northern and Central Europe. The Group's core activities span retail projects (shopping centres, retail parks and high street locations), mixed use projects and, in Poland and Denmark, residential projects.

The Group operates its core activities through two business units, TKD Nordeuropa and Euro Mall Holding. Ownership of the Group's projects in Germany and Russia is organised in the business unit TKD, which comprises the rest of the Group other than the sub-groups TKD Nordeuropa and Euro Mall Holding. The German project portfolio comprises three sites for which the Group has no current plans to actively develop, as well as several completed residential rental properties in Russia. The sites in Germany and the properties in Russia are all recognised in the consolidated balance sheet under current assets.

TK Development has offices in Aalborg (head office), Copenhagen, Warsaw, Prague, Stockholm, Helsinki, Vilnius and Berlin.

At 31 January 2010, the staff totalled 132 employees distributed on 20 in the TKD business unit, 60 in the TKD Nord-europa business unit and 52 in the Euro Mall Holding business unit.

The members of TK Development A/S' Executive Board are Frede Clausen, CEO, and Robert Andersen, Executive Vice President. Other members of the executive management team are the country managers, each of whom have operational and

profit responsibilities in their respective national markets, as well as functional managers in the areas of accounting, finance, HR and legal services. The Group generated a profit of DKK 25.4 million on revenue of DKK 1,369.9 million in the FY 2009/2010 financial year.

The Company is listed on NASDAQ OMX and has a shareholder base of more than 8,200 shareholders.

Mission and strategy

The overall mission of TK Development is to create added value by developing real property.

The Group is a development and service enterprise specialising in being a profit-generating and creative liaison between tenants and investors.

Business concept

In collaboration with tenants and investors, TK Development plans and arranges the construction of new buildings, and the expansion and conversion of real property based on tenant needs and investor requirements.

The Group develops projects, which involves innovation, finding the right location, drafting project layout in relation to customer flows in shopping centres, for example, letting, construction management and concluding contracts with construction companies and subcontractors for the execution of the construction assignments. In terms of segments, the Group focuses on the establishment of shopping centres, retail parks and corporate headquarters and related mixed use and multi-functional projects as well as residential housing, the last primarily in Poland.

The retail segment will continue to be 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 few investment properties for letting purposes. The Group monitors the market situation on an ongoing basis with a possible view to selling its investment properties. The Group does not intend to expand its investment property portfolio, but will use its capital for development projects instead.

Project development process

At the beginning of a project, the Group's project developers seek out prime locations based on the specific requirements of tenants and investors. When a location has been identified, a rough budget is drawn up.

As a main rule, the Group secures an option to acquire the selected plot of land. That ensures the Group of the right to

the property while the necessary planning basis and other regulatory approvals are obtained. In the meantime, independent architects prepare a project outline and the Group's project engineers review construction costs indicated in the project proposal.

Before acquiring the land, the Group seeks to enter into pre-let agreements with anchor tenants. In many cases a few pre-lets with such anchor tenants can create added demand for the remaining leases of a project. This mainly applies to shopping centres and retail parks. In addition, the Group works to enter into project takeover agreements with selected investors. In addition, a final budget is prepared and approved by Management, and agreements are concluded with contractors and subcontractors to perform the actual construction work.

Project construction can be financed through forward funding agreements with investors or by the Group providing financing. In a forward funding agreement, the Group ensures

that the current project construction costs are paid by the investor rather than by the Group. If a project is not forward funded, the Group's sales department will endeavour to sell the project before completion.

If TK Development has not sold a project to an investor before completion, the Group retains the day-to-day operations of the project and regularly assesses potential opportunities for selling it to an investor.

The Group's project portfolio

The Group's project portfolio comprised 946,000 sqm at 30 April 2010, of which sold projects accounted for 135,000 sqm and other projects accounted for 811,000 sqm.

The table below sets out project portfolio floor space distributed on the two business units.

TABLE 1: PROJECT PORTFOLIO AT 30 APRIL 2010 (BUILDING RIGHTS, SQM)

'000 sqm	TKD Nordeuropa	Euro Mall Holding	Total*	% of total
Sold				
Completed	0	0	0	0%
In progress	14	0	14	1.5%
Not initiated	7	114	121	12.8%
Total	21	114	135	14.3%
Other				
Completed	56	59	115	12.1%
In progress	32	7	39	4.1%
Not initiated	390	267	657	69.5%
Total	478	333	811	85.7%
Project portfolio	499	447	946	100.0%

* In addition, TKD has recognised 11,600 sqm, which is currently not being developed and does not form a part of TKD Nordeuropa or Euro Mall Holding.

Market

The property development market is generally sensitive to cyclical fluctuations and largely driven by general economic growth.

The property development market generally tracks developments in GDP. Since the onset of the economic and financial crisis in 2008, GDP growth has receded sharply in all markets where TK Development has an active presence.

In other words, the economic and financial crisis has caused a general economic decline which has also affected the property sector, including the segments and markets TK Development operates in. A number of factors have been impacted by the economic and financial crisis, including land prices, the general supply of property projects, financing opportunities, including investor willingness to invest in property projects and tenant preference for renting new locations in completed property projects.

Management believes that market conditions developed favourably in the beginning of 2010 relative to the preceding period. The investor side, for example, has witnessed cautious optimism and increased propensity to invest. Management believes that the market price correction is largely in place, meaning that new price levels have been found for land, construction projects, rent and the pricing of real property.

Prospective Financial Information 2010/11

Based on Management's expectations as to market conditions for the coming year, already completed sales and the prospects for the existing project portfolio which includes several completed projects ready for sale, Management expects an increased level of activity for FY 2010/11 compared to FY 2009/10 and a profit after tax in the region of DKK 100 million.

Reasons for the Offering and use of proceeds

Management reviews the Group's capital structure on a regular basis, as well as the need for any adjustments. Management's overall aim is to provide a capital structure that supports the Group's long-term growth, while at the same time ensuring the best possible relation between equity and loan capital and thus maximising the return for the Company's shareholders.

Management believes that the Group's present cash flows and equity base will be sufficient to execute the projects currently in progress, also without selling any of the completed projects. Moreover, it is expected that the projects which have been fully financed, either by bank loans or by forward funding, can be executed. In order to initiate the development and construction of additional projects and thus exploit the project opportunities, Management assesses that a capital injection of

about DKK 200 million will be necessary and will provide an opportunity to increase shareholder returns. These expectations are based on several specific projects for which the Group would like to secure the rights at the current price level. Management expects that this will help the Group gain faster access to projects with a higher anticipated return than that offered by most of the existing ongoing projects in the portfolio. The scope of additional projects initiated will, apart from the capital injection, also depend on the future sale of completed projects, general market conditions, etc.

Risk factors

Investing in the Subscription Rights, the New Shares or the Existing Shares involves a high degree of risk. You should consider carefully the following risk factors, which Management considers material, in conjunction with other information contained in this Prospectus prior to making any investment decision with respect to the Preemptive Rights, the New Shares or the Existing Shares.

Some of the most important risks include, but are not limited to, the following:

- Effects arising from economic fluctuations
- Developments in financing possibilities, interest rates and interest terms
- Effects of price fluctuations on property markets and rent levels
- Competition in the markets where the Group plays an active role
- Development activities to which the Group is exposed as a property developer, including the initial development stages, divestment/sale of completed projects, reliance on contractors involved in projects
- Compliance with time schedules, both in terms of the Group's own responsibilities and the responsibilities of the Group's counterparties in respect of the individual development projects
- Staff matters
- Environmental matters
- Tax and VAT matters related to the property sector, including risks relating to deferred tax and joint taxation
- Authority approval for the development of new projects
- Agreements with property development partners, investors, tenants, contractors and banks
- Litigation and disputes
- Ability to achieve expected future financial results
- Adapting activities relative to prevailing and expected market conditions
- Achieving sufficient financing and cash resources
- Insufficient ability to fully hedge currency fluctuations
- Losses on receivables and/or counterparties in relation to operations, insurance and financing
- Uninsurable claims

-
- The market prices of the Shares and the Preemptive Rights
 - If the Company issues additional shares or other securities in the future
 - Withdrawal of the Offering
 - If the Offering is not completed, investors who have acquired Preemptive Rights may incur a loss
 - If the Offering is not completed, purchasers of the New Shares prior to completion of the Offering may lose their investment
 - A drop in the market price of the Shares which may cause the Preemptive Rights to lose their value
 - Volatility in the price of the Preemptive Rights
 - The Preemptive Rights becoming null and void due to non-exercise before 25 August 2010 at 5.00 p.m. CET
 - Dilution of ownership interests if Existing Shareholders fail to exercise their Preemptive Rights in full
 - If the net proceeds from the offering are not used as expected
 - Matters that may influence the value of the Shares for investors resident outside Denmark
 - Risk that the Preemptive Rights cannot be acquired and/or exercised by shareholders in jurisdictions outside the EU
 - Foreign exchange risks for shareholders outside Denmark

SUMMARY FINANCIAL INFORMATION

Set out below are selected financial highlights as at and for the years ended 31 January 2008, 2009 and 2010 and as at and for the three months ended 30 April 2010 with comparative figures as at and for the three months ended 30 April 2009.

The following review should be read in conjunction with the consolidated and interim financial statements and the notes thereto, included elsewhere in this Prospectus.

The consolidated financial statements have been extracted from the audited annual reports as at and for the financial years ended 31 January 2008 and 2009, respectively, and the audited consolidated and parent company financial statements as at and for the financial year ended 31 January 2010,

which have been prepared in accordance with the International Financial Reporting Standards as adopted by the EU and additional Danish disclosure requirements for annual reports of listed companies.

The interim report for the three months ended 30 April 2010 with comparative figures for the three months ended 30 April 2009 is presented in accordance with IAS 34 “Interim financial reporting” as adopted by the EU and additional Danish disclosure requirements for interim reports of listed companies. The independent auditors of TK Development A/S have neither audited nor reviewed the interim report as at and for the three months ended 30 April 2010 with comparative figures as at and for the three months ended 30 April 2009.

TABLE 2: SELECTED CONSOLIDATED FINANCIAL HIGHLIGHTS

	FY			Q1	
	2007/08 Audited	2008/09 Audited	2009/10 Audited	2009/10 Unaudited	2010/11 Unaudited
DKK m unless otherwise indicated					
Income statement					
Revenue	2,586.8	1,052.4	1,369.9	49.6	159.7
Net value adjustment, investment properties	44.5	57.7	-10.9	3.5	1.5
Gross profit	553.8	375.0	200.5	25.6	67.2
Operating profit (EBIT)	386.8	201.7	57.5	-11.7	34.5
Financing, etc.	-41.7	-33.4	-17.9	-3.8	-8.8
Profit/loss before tax	345.4	168.0	39.4	-15.4	26.4
Profit/loss for the period	271.9	155.2	25.4	-12.0	19.5
Shareholders' share of profit/loss for the period	249.5	155.2	25.4	-12.0	19.5
Balance sheet					
Balance sheet total	4,070.9	3,816.1	4,377.3	3,956.4	4,583.1
Property, plant and equipment	598.8	380.8	364.3	383.3	365.5
of which investment properties	584.6	366.5	355.1	369.8	356.6
Project portfolio	1,945.5	2,541.3	3,249.5	2,773.9	3,380.5
of which project portfolio	1,998.3	2,541.3	3,253.5	2,776.5	3,380.5
of which prepayments received from customers	-52.8	0.0	-4.0	-2.6	0.0
Equity ex. minority interests	1,439.9	1,506.0	1,593.4	1,512.1	1,626.2
Total equity	1,533.8	1,506.0	1,593.4	1,512.1	1,626.2
Cash flows					
Cash flows from operating activities	142.6	-431.4	-582.8	-158.2	-126.1
Net interest-bearing debt, end of period	1,094.9	1,509.5	2,178.9	1,705.4	2,270.0
Financial ratios					
Return on equity (ROE)	19.2%	10.5%	1.6%	-3.2%	4.8 %
EBIT margin	15.0%	19.2%	4.2%	-23.6%	21.6 %
Equity ratio	37.7%	39.5%	36.4%	38.2%	35.5 %
Equity value (in DKK per share)	51.3	53.7	56.8	53.9	58.0
Earnings per share (EPS) of nom. DKK 20 (in DKK)	8.9	5.5	0.9	-0.4	0.7
Dividend (in DKK per share)	0.0	0.0	0.0	0.0	0.0
Ratios adjusted for warrants					
Return on equity (ROE)	19.2%	10.5%	1.6%	-3.2%	4.8 %
Equity ratio	37.7%	39.5%	36.4%	38.2%	35.5 %
Equity value (in DKK per share)	51.3	53.7	56.8	53.9	58.0
Diluted earnings per share (EPS-D) of nom. DKK 20 (in DKK)	8.8	5.5	0.9	-0.4	0.7

The calculation of financial ratios was based on the guidelines issued by the Danish Society of Financial Analysts. Basis for calculating equity ratio: Equity, end of period/equity and liabilities, end of period.

The consolidated financial statements have been restated retrospectively for changes in accounting policies and reclassifications made in FY 2009/10 and FY 2008/09.

SUMMARY OF THE OFFERING

Issuer:	<p>TK Development A/S, Vestre Havnepromenade 7, 9000 Aalborg, Denmark.</p> <p>The ISIN code of the Existing Shares is DK0010258995 (TKDV).</p> <p>The Company's company reg. (CVR) no. is 24 25 67 82.</p>
Capital Reduction:	<p>At the Company's extraordinary general meeting held on 1 July 2010, it was resolved, subject to completion of the Offering, to reduce the Company's share capital by a nominal amount of DKK 140,219,050 by reducing the denomination of the Shares from DKK 20 nominal value to DKK 15 nominal value. The reduction amount will be transferred to a special reserve under equity which may subsequently only be used as resolved by the shareholders in general meeting. The Capital Reduction will take place concurrently with the registration of the capital increase related to the Offering with the Danish Commerce and Companies Agency. On completion of the Capital Reduction and prior to the capital increase related to the Offering, the nominal value of the Company's share capital will amount to DKK 420,657,150 divided into 28,043,810 Shares, each with a nominal value of DKK 15.</p>
The Offering:	<p>The Offering which is subject to final completion and registration of the Capital Reduction, comprises 14,021,905 New Shares with a nominal value of DKK 15 each offered with preemptive rights to Existing Shareholders at the ratio of 1:2.</p>
Subscription Price of New Shares:	<p>All New Shares are offered at DKK 15 per Share with a nominal value of DKK 15 each, free of brokerage.</p>
Subscription ratio:	<p>The New Shares are offered with preemptive rights to the Existing Shareholders of the Company at the ratio of 1:2.</p>
Allocation of Preemptive Rights:	<p>On 11 August 2010 at 12.30 p.m. CET, anyone registered with VP Securities as a shareholder of the Company will be allocated one (1) Preemptive Right for each Existing Share held.</p> <p>Preemptive Rights are allocated in book-entry form through VP Securities.</p>
Cut-off date:	<p>The Existing Shares will be traded cum Preemptive Rights on NASDAQ OMX until 6 August 2010, end of business.</p>
Ex-rights date:	<p>As from 9 August 2010 at 9.00 a.m. CET, the Existing Shares will be traded ex Preemptive Rights, provided that such Existing Shares are traded at customary three-day settlement.</p>
Trading in Preemptive Rights:	<p>The Preemptive Rights are negotiable instruments that have been approved for admission to trading and official listing on NASDAQ OMX. The Preemptive Rights can be traded on NASDAQ OMX from 9 August 2010 at 9.00 a.m. CET until 20 August 2010 at 5.00 p.m. CET.</p> <p>Holder wishing to sell their Preemptive Rights should instruct their custodian institution or other financial intermediary accordingly.</p>
Subscription Period:	<p>The New Shares can be subscribed for from 12 August 2010 until 25 August 2010 at 5.00 p.m. CET. During this period, the New Shares will thus be allocated under the temporary securities identification code through VP Securities upon exercise of Preemptive Rights against payment of the Subscription Price.</p>
Subscription method:	<p>Holder of Preemptive Rights wishing to subscribe for New Shares will be required to do so through their own custodian institution in accordance with the rules of such institution. For holders of the Preemptive Rights, the deadline for notification of exercise depends on the agreement with and the rules and procedures of the relevant custodian institution or other financial intermediary, and the deadline may be earlier than the last day of the Subscription Period. When a holder has exercised his Preemptive Rights, such exercise cannot be withdrawn or changed.</p> <p>Upon exercise of Preemptive Rights and payment of the Subscription Price during the Subscription Period, the New Shares will be allocated under the temporary securities identification code through VP Securities at the end of a business day.</p>

Admission of the New Shares to trading and official listing:

The New Shares to be issued by the Company on exercise of the Preemptive Rights will be registered under the temporary ISIN code DK0060238277. The New Shares will not be traded and officially listed under the temporary ISIN code. Upon expiry of the Subscription Period, the New Shares will be registered with the Danish Commerce and Companies Agency and admitted to trading and official listing under the ISIN code of the Existing Shares, DK0010258995, which is expected to take place on 31 August 2010. The New Shares have been approved for admission to trading and official listing on NASDAQ OMX, subject only to registration with the Danish Commerce and Companies Agency.

Payment:

When exercising the Preemptive Rights, the holder must pay DKK 15 per New Share subscribed for. Payment for the New Shares must be made in Danish kroner on the date of subscription, however, not later than on 25 August 2010 at 5.00 p.m. CET for subscription on the last day of the Subscription Period, against registration of the New Shares on the holder's account with VP Securities under the temporary ISIN code.

Unexercised Preemptive Rights:

Any Preemptive Rights that are not exercised during the Subscription Period will lapse with no value, and the holder of such Preemptive Rights will not be entitled to compensation. The Subscription Period closes on 25 August 2010 at 5.00 p.m. CET.

Lead Manager:

Nordea is the Lead Manager.

Advance commitments:

The Shareholder Group has made advance commitments to the Company, subject to the satisfaction of certain conditions, to exercise Preemptive Rights allocated on the basis of the Existing Shares held by each of them to subscribe for a total of 3,870,676 New Shares, corresponding to total gross proceeds of DKK 58.1 million. The Company will pay the Shareholder Group an underwriting commission totalling 1.5% of the total amount comprised by advance commitments. For a detailed description of the Shareholder Group and advance commitments of the individual shareholders, see "Part II - The Offering - Terms and Conditions of the Offering - Advance and underwriting commitments".

Underwriting commitments:

The Group of Underwriters has made underwriting commitments to the Company, subject to the satisfaction of certain conditions, to subscribe, in proportion to their underwriting commitments, for up to 10,152,884 New Shares at the Subscription Price which have not been subscribed for by the Company's Existing Shareholders pursuant to Preemptive Rights allocated or by investors pursuant to Preemptive Rights acquired on expiry of the Subscription Period, corresponding to total gross proceeds of DKK 152.3 million. The Company will pay the Group of Underwriters an underwriting commission totalling 1.5% of the total amount comprised by underwriting commitments. For a detailed description of the Group of Underwriters and the underwriting commitments of the individual investors, see "Part II - The Offering - Terms and Conditions of the Offering - Advance and underwriting commitments".

The Group of Underwriters do not intend to subscribe for New Shares by exercising unexercised Preemptive Rights (which have lapsed), but will subscribe for the total number of New Shares calculated on the basis of the difference between the number of New Shares subscribed for through the exercise of the Preemptive Rights and the total number of New Shares. Such New Shares will be subscribed for at the Subscription Price.

The Shareholder Group and the Group of Underwriters have made total advance and underwriting commitments to subscribe for a total of 14,023,560 New Shares corresponding to more than the total number of shares in the Offering.

Proceeds:

The gross proceeds from the Offering will amount to DKK 210.3 million.

The net proceeds (gross proceeds less estimated expenses incurred by the Company in connection with the Offering) are expected to be DKK 198.3 million.

Termination of the Rights Issue Agreement and withdrawal of the Offering:

Under the Rights Issue Agreement, the Offering may be withdrawn should events occur before 6 August 2010, which is the last trading day before trading in Preemptive Rights begins, which in the opinion of the Company or the Lead Manager, would make the completion of the Offering inadvisable.

Furthermore, in the period until registration of the capital increase with the Danish Commerce and Companies Agency, expected to take place on 27 August 2010, the Lead Manager is entitled, in certain exceptional and/or unpredictable circumstances (including force majeure), to terminate the Rights Issue Agreement and, in such case, the Company shall withdraw the Offering. The Rights Issue Agreement also contains conditions for the completion of the Offering which the Company believes are usual in such offerings, including that the completion of the Offering is subject to the satisfaction of all conditions set out in the Rights Issue Agreement. If one or more conditions for completion of the Offering are not met, the Lead Manager may, at its discretion, terminate the Rights Issue Agreement and thus require that the Company withdraw the Offering.

Any withdrawal will be notified immediately to NASDAQ OMX and announced as soon as possible in the Danish daily newspapers in which the Offering was announced.

If the Offering is not completed, any exercise of Preemptive Rights that has already taken place will be cancelled automatically and the subscription amount for the New Shares will be refunded (less any brokerage fees) to the latest registered owner of the New Shares as of the date of withdrawal, all Preemptive Rights will lapse, and no New Shares will be issued, potentially causing investors who may have acquired Preemptive Rights and/or New Shares to incur a loss. Trades in Preemptive Rights executed during the trading period for the Preemptive Rights will not be cancelled or reversed. As a result, investors who have acquired Preemptive Rights will incur a loss corresponding to the purchase price of the Preemptive Rights plus any brokerage fees, unless the parties to the transaction have specifically agreed otherwise or they otherwise succeed in recovering the purchase price of such Preemptive Rights from the seller. Investors who have acquired New Shares in off-market transactions will incur a loss corresponding to the proportion of their investment that exceeds the subscription amount plus any brokerage fees, unless the parties to the transaction have specifically agreed otherwise or they otherwise succeed in recovering the purchase price of such New Shares from the seller.

Lock-up:

Under the Rights Issue Agreement, the Company has, for a period of 180 days from expiry of the Subscription Period, undertaken not to offer, allot, issue, sell or agree to sell or otherwise dispose of Shares or to grant share options (except in accordance with the Company's existing practice) or to issue securities convertible into Shares without the prior written consent of the Lead Manager, unless required under current law or as a result of the exercise of issued warrants.

ISIN codes:

Existing Shares: DK0010258995 (TKDV).

New Shares (temporary code): DK0060238277.

Preemptive Rights: DK0060238350

Voting rights:

Each share amount of DKK 1 carries one (1) vote.

Dividend rights:

The New Shares carry the same rights as the Existing Shares to any dividends declared and payable as from FY 2010/11.

Treasury shares:

The Company does not hold any treasury shares as at the Prospectus Date.

Issuing agent:

The Company's issuing agent is Nordea Bank Danmark A/S, Issuer Services, Helgeshøj Allé 33, DK-2630 Taastrup, Denmark.

Applicable law and jurisdiction:

The Offering is subject to Danish law. This Prospectus has been prepared in compliance with the standards and requirements of Danish law, including the rules issued by NASDAQ OMX. Any dispute that may arise as a result of the Offering must be brought before the Danish courts of law.

Selling and transfer restrictions:

The Preemptive Rights and the New Shares will be subject to certain selling and transfer restrictions, see “Part II - The Offering - Terms and conditions of the Offering - Jurisdictions in which the Offering will be made and restrictions applicable to the Offering”.

How to order this Prospectus:

Requests for copies of this Prospectus may be addressed to:

Nordea Bank Danmark A/S

Securities Operations/HH 7324

P.O. Box 850

DK-0900 Copenhagen C

Tel: +45 33 33 50 92

Fax: +45 33 33 31 82

E-mail: prospekt.ca@nordea.com

This Prospectus may also, with certain exceptions, including prohibition on access by persons located in the United States, be downloaded from the Company’s website: www.tk-development.dk
The contents of the website do not form part of the Prospectus.

Expected timetable of principal events

Publication of Prospectus:	5 August 2010
Last day of trading in Existing Shares cum Preemptive Rights:	6 August 2010
First day of trading in Existing Shares ex Preemptive Rights:	9 August 2010
Trading period for Preemptive Rights commences:	9 August 2010 at 9.00 a.m. CET
Allocation time for Preemptive Rights:	11 August 2010 at 12.30 p.m. CET
Subscription Period for New Shares commences:	12 August 2010 at 9.00 a.m. CET
Trading period for Preemptive Rights closes:	20 August 2010 at 5.00 p.m. CET
Subscription Period for New Shares closes:	25 August 2010 at 5.00 p.m. CET
Completion of the Capital Reduction and the Offering:	The Offering will be completed only if and when the New Shares subscribed for are issued by the Company after registration of the capital increase and simultaneous registration of the Capital Reduction with the Danish Commerce and Companies Agency, expected to take place on 27 August 2010
Announcement of the results of the Offering:	Expectedly two Business Days after the end of the Subscription Period, expected to take place on 27 August 2010
Date of admission of the New Shares to trading and official listing under the ISIN code of the Existing Shares:	Expected to take place on 31 August 2010

In addition to the other information contained in this Prospectus, prospective investors should carefully consider the following risk factors when contemplating an investment in Preemptive Rights, the New Shares or Existing Shares. Management believes that the following risk factors are the most significant risks that should be considered in an analysis of the Group. This description of risks is not exhaustive, nor are the risk factors presented in any order of priority. Prospective investors should be aware that an investment in the New Shares, Preemptive Rights and Existing Shares involves a high degree of risk. Should any of the risk factors set out below materialise, it could have a material adverse effect on the Group's future performance, results of operations, cash flows and financial position.

It is not possible to quantify the extent to which each individual risk factor may impact the Group, as each individual risk factor may materialise to varying degrees, with unforeseen consequences.

This Prospectus also contains forward-looking statements that involve risk and uncertainty. The Group's future results could differ materially from those anticipated in these forward-looking statements, including but not limited to as a result of the risks the Group faces as described below and elsewhere in this Prospectus.

RISKS RELATING TO GROUP OPERATIONS

Effects arising from economic fluctuations

The consequences or a potential relapse of the economic and financial crisis are difficult to predict, both locally and globally, but could to a very significant extent affect demand for properties, rent levels, prices, vacancy rates and financing in the Group's main markets and thus constitute a significant factor of uncertainty.

The consequences or a potential relapse of the crisis, locally or globally, may cause demand for new properties to drop further, which could have a serious impact on the Group's ongoing development and, at worst, trigger a fall in the sale of development projects and result in a shortage of liquidity for the financing of future development projects.

The Group is unable to assess how the consequences or a potential relapse of the economic and financial crisis may develop globally or locally and how such events will affect the Group's ability to operate a profitable business in the future. A material adverse change in price levels and financing possibilities in the Group's markets relative to expectations could have a material adverse effect on the Group's future performance, results of operations, cash flows and financial position.

Property prices and rental income

The Group is affected by price fluctuations in the various property markets in which the Group operates as well as by general economic trends. A part of the Group's project portfolio has thus been under earnings pressure during the economic and financial crisis. Rents for a part of the project portfolio have also been under pressure. Such fluctuations particularly affect the value of the Group's portfolio of land, ongoing and completed projects and the potential for developing new projects. Falling prices on land and property and falling rent levels may have an adverse effect on the Group's earnings and the carrying amount of the projects in the portfolio which have not yet been fully divested and could restrict the Group's future project opportunities. This could have a material adverse effect on the Group's future performance, results of operations, cash flows and financial position.

Investment properties

The Group's investment properties are classified in the financial statements under property, plant and equipment. Investment properties are generally exposed to the same risks as the Group's project portfolio, including but not limited to rental conditions and property prices, and the value of such property may decline significantly relative to its carrying amount in the balance sheet and could thus have a material adverse effect on the Group's future performance, results of operations, cash flows and financial position.

Moreover, there is a letting risk attaching to those of the Group's leases that expire while the Group owns the underlying investment property. If the Group fails to renew these agreements, fails to enter into new leases, or if the agreements can be entered into only on less favourable terms and conditions, it could have a material adverse effect on the Group's future performance, results of operations, cash flows and financial position.

Competition in the property markets

Property market conditions in the countries in which the Group operates have in recent years been affected by the economic and financial crisis, which has resulted in lower prices on property and reduced access to financing. Other companies in the sector with better access to financing, which are to a larger degree able to finance their own projects, or which do not have substantial exposure in their existing portfolio may be in a stronger position than the Group in negotiations with investors and tenants for new projects. If competition from such companies intensifies, it could have a material adverse effect on the Group's future performance, results of operations, cash flows and financial position.

If other companies develop new financing and/or investment models, quote better prices, offer more attractive projects, or

otherwise differentiate themselves, and the Group is unable to offer competitive products or terms, this could have a material adverse effect on the Group's future performance, results of operations, cash flows and financial position.

Development activities

The Group operates as a property developer and is consequently subject to various risks at different stages of the development process.

Initial development stage

At the initial project development stage, the Group in most cases only holds option rights to purchase a project site. In most cases, the Group only purchases a building site when the necessary planning basis for the project has been obtained. If the Group acknowledges that such initial development efforts will not mature into a realisable project, it could have the effect that the project will have to be abandoned. This part of the development phase is thus subject to the risk that costs related to obtaining the necessary planning basis for the project and the price of acquiring the purchase option for the building site will be lost. Project costs relating to unsold projects are recognised if the relevant projects are abandoned. This could have a material adverse effect on the Group's future performance, results of operations, cash flows and financial position.

The project sites may also be acquired before the necessary planning basis for the project has been obtained, or before other regulatory matters have been obtained, which involves an increased economic risk if the project cannot be completed. If such planned projects on acquired project sites cannot be completed, it could have a material adverse effect on the Group's future performance, results of operations, cash flows and financial position.

Divestment/sale of completed projects

Construction of unsold projects will generally only be given the go-ahead if lease agreements have been concluded for at least 60% of the leasable premises. The Group thus assumes a letting and sales risk on the project and on the financing thereof. In addition to the above-mentioned project development risks, there is also a risk relating to such projects that a project cannot be sold at a satisfactory profit. This may force the Group to keep the project for an extended period of time and continue to tie up the working capital involved or to sell the project at a lower profit or at a loss. Unfavourable developments in the Group's markets may for unsold projects entail a risk that investor yield requirements increase significantly, potentially causing the resources applied and costs incurred by the Group to be lost, and, moreover, the value of acquired land or options to acquire land may decline, which may have

a material adverse effect on the Group's future performance, results of operations, cash flows and financial position.

Some of the Group's development projects will be sold to investors at a price 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 finalised, the Group undertakes a calculated risk that the remaining premises cannot be let on terms and conditions that ensure a satisfactory profit. The Group also assumes a counterparty risk, including with respect to, but not limited to, tenants and investors. For such sold projects, construction will not be initiated until the Group expects to be able to meet the requirements from the investor which finalise the project sale. These requirements typically fall within the Group's sphere of competencies. If the sale cannot be completed anyway, it could have a material adverse effect on the Group's future performance, results of operations, cash flows and financial position.

Dependence on contractors

The Group generally contracts with one design and build contractor per development project. However, the size and complexity of the Group's projects sometimes makes it impossible to enter into design and build contracts and in such cases has to enter into general and/or separate contracts. Most construction contracts contain provisions concerning payment of penalties or damages due to the contractor's breach of the contract, including in the event of constructional defects or delays in connection with the completion of a project. There can be no assurance that all agreements with contractors will fully cover all of the Group's costs in the event of a breach of contract by a contractor or that the contractor will be able to pay for such claims. Particularly in cases that do not involve a design and build contract, the Group remains vulnerable to errors, misunderstandings and delays caused by the Group's sub-suppliers and errors in the Group's own project management. Any delays or increased costs incurred as a result thereof could have a material adverse effect on the Group's future performance, results of operations, cash flows and financial position.

Compliance with time schedules

The Group bases its individual projects on overall and detailed time schedules. Time is a crucial factor in complying with agreements concluded with tenants and investors and a significant factor in ensuring that the individual projects progress according to plan and, accordingly, that the Group generates the earnings expected. Prior to construction startup, it is important that the Group obtains the necessary authority approvals as planned and that the Group achieves a satisfactory rate of pre-letting, both in order to ensure that construction starts according to plan. After construction has started, it is

important, among other things, to complete the construction on time and in compliance with the agreements made with tenants and the investor. Any failure to comply with the assumed and planned time schedules could have a material adverse effect on the Group's future performance, results of operations, cash flows and financial position.

Staff matters

The knowledge, experience and network of key employees constitute some of the Group's greatest competencies and are thus key prerequisites for the Group's ability to carry on a profitable business. Accordingly, ensuring these employees' long-term commitment is a vital parameter for the Group. However, there can be no assurance that the Group will be able to retain existing or attract new employees and this could have a material adverse effect on the Group's future performance, results of operations, cash flows and financial position.

Environmental matters

Soil samples are taken and thorough environmental analyses conducted before land is acquired for project development or buildings. If there are grounds for suspecting pollution in connection with the acquisition of sites and existing buildings, a caveat to such effect is entered in the contract, either in the form of guarantees or by the Group completely refraining from acquiring the site. Any pollution from previous activities will be cleaned up by the seller or cash compensation will be provided. The Group may also refrain from exercising the option to acquire the site. Any insufficient clean-up of developed sites or wrong assessment of the need for a clean-up of undeveloped sites could result in unforeseen costs. If such costs cannot be passed on to the seller of the site and/or the contractor, it could have a material adverse effect on the Group's future performance, results of operations, cash flows and financial position.

Tax matters for the Group

Deferred tax asset

A deferred tax asset of DKK 286.0 million is recognised in the balance sheet at 30 April 2010. The tax asset relates mainly to tax loss carryforwards in the various subsidiaries. Valuation is based on the existing rules for carrying forward losses and joint taxation or group contributions and assuming that each subsidiary is a going concern. A change in the terms and assumptions for carrying forward losses and joint taxation/group contributions could result in the value of the tax assets being lower than the value computed at 30 April 2010.

Management has performed the valuation of the tax asset on the basis of available budgets and profit forecasts for a five-year period. For the first three years, budgets are based on an evaluation of specific projects in the Group's project portfolio. For the following two years, the profit forecasts are supported

by specific projects in the project portfolio with a longer time horizon than three years as well as various project opportunities. A change in the terms and assumptions for budgets and profit forecasts could result in the value of the tax assets being lower than the value computed at 30 April 2010 and this could have a material adverse effect on the Group's future performance, results of operations, cash flows and financial position.

Joint taxation

The Group has been jointly taxed with its German subsidiaries for a number of years. The retaxation balance in respect of the jointly taxed German companies amounted to DKK 391.6 million at 31 January 2010. Full retaxation would trigger a tax charge of DKK 97.9 million at 31 January 2010. 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. If Management takes a different view, this could have a significant adverse effect on the Group's future performance, results of operations, cash flows and financial position.

Tax and VAT matters related to the property sector

A change in tax and VAT legislation, including any regulatory or court interpretation thereof, in Denmark or in the countries in which the Group operates could have a significant influence on the Group's tax situation and/or on the value of development projects in the form of reduced profits or higher yield requirements etc. from the investors of the Group's projects. A change in tax or VAT legislation or any interpretation thereof could have a material adverse effect on the Group's future performance, results of operations, cash flows and financial position.

Due to the complexity of Danish tax, VAT and duty legislation, and since compliance in practice involves a number of assessments, there can be no assurance that any reviews made by the authorities could not result in conclusions that could have a material adverse effect on the Group's future performance, results of operations, cash flows and financial position.

Approvals from the authorities

The Group's future earnings depend on the inflow of new projects and consequently on the future availability of new building sites and authority approvals (planning legislation, local development plans, planning permission, etc.) concerning the location, size and use of a property. Changes in local development plans or other factors that make obtaining planning permission difficult or restrict the supply of building sites could have a material adverse effect on the Group's future performance, results of operations, cash flows and financial position.

RISKS RELATING TO CONTRACT PARTNERS

Third-party agreements

A major portion of the Group's business consists of concluding agreements with development partners, investors, tenants and contractors for property development projects. The most important risks relating to these contractual relationships are described below. These risks could have a material adverse effect on the Group's future performance, results of operations, cash flows and financial position.

Agreements with development partners

Agreements have been made with the following major development partners: Udviklingselskabet By og Havn I/S, Frederikshavn Maritime Erhvervspark A/S, Atrium European Real Estate Limited, Miller Holdings International Limited, LMS Outlet Limited, GE Capital Investments Holding B.V. and HCEPP II Luxemburg S.A. (Heitman). The risks primarily break down into potential problems due to disagreements regarding strategy, development focus and speed of development on the one hand and the risk of collaborations being terminated on the other. The Group 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 may not breach the agreement, and there can be no assurance that existing cooperation agreements will not give rise to other disagreements between the parties.

In addition, a number of cooperation agreements contain provisions stipulating that the Group has an obligation to inject capital into jointly owned companies or otherwise contribute to the financing. If the Group fails to meet such obligations, including due to a lack of liquidity, the Group may be bought out by the relevant company at a reduced price or the Group's ownership interest may be diluted.

The occurrence of such events could have a material adverse effect on the Group's future performance, results of operations, cash flows and financial position.

Agreements with investors

The Group's customers are private individuals, property companies and institutional investors. To the extent possible, the Group seeks to reduce the amount of tied-up capital and risk in ongoing projects by applying forward funding from one or more investors that undertake to provide funding as project construction progresses. Before construction starts, the investor and the Group come to an agreement on a well-defined project. The investor has a liquidity commitment throughout the construction period and is consulted on major decisions. These principles ensure that the Group's risks from construction startup are largely limited to the letting risk at-

taching to any remaining unlet premises and the risk of construction budget overruns. In agreements with institutional investors, the overriding risk relates to the Group's ability to deliver on time and in accordance with specifications. Even though a sales agreement regarding a project has been concluded, a number of major risks may still be attached to the project, which could lead to termination of a sales agreement on account of breach by one of the parties. Project sales based on agreements involving payment on completion of the project and transfer to the investor (forward purchase) may contain caveats concerning the procurement of financing etc. Accordingly, these factors are to some extent outside the influence of the Group and could have a material adverse effect on the Group's future performance, results of operations, cash flows and financial position.

Agreements with tenants

The risk attaching to lease agreements primarily comprises the ability of tenants to live up to the terms and conditions of a lease agreement, including particularly the obligation to pay. If the tenants fail to comply with the terms of the lease agreement in a project that has been sold, the purchasing investor may in some cases make 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 usual deposits and bank guarantees from the tenants and by generally being alert to any changes in the creditworthiness of tenants. However, there can be no assurance that such measures are sufficient to curb/avoid potential losses on account of breach of lease agreements and this could have a material adverse effect on the Group's future performance, results of operations, cash flows and financial position.

Certain of the Group's rental income from tenants includes a revenue-based share. The Group's total rental income under these lease agreements depends partly on the tenant's ability to maintain a certain amount of revenue in the relevant premises. The share of such revenue-based rent may vary considerably depending on the nature of the brand, the store and the products. Failure by the tenant to generate sufficient revenue to trigger the revenue-based share of the overall rental income could have a material adverse effect on the Group's future performance, results of operations, cash flows and financial position.

Agreements with contractors

All contract assignments are sourced externally and are typically based on fixed-price contracts containing guarantees as security for performance of the contractor's obligations. This reduces the Group's risk regarding unforeseen fluctuations in construction costs with respect to individual projects. However, there can be no assurance that a contractor can honour its obligations under the construction contract, or that the war-

ranties in 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. This could have a material adverse effect on the Group's future performance, results of operations, cash flows and financial position.

Agreements with banks

The Group has concluded agreements with various banks on the financing of land and projects (property) in Denmark and abroad and will continue to rely on the conclusion of such agreements from project to project. To the extent a project has not been sold on the basis of forward funding, the Group is in charge of obtaining financing itself until the project has been completed and delivered, after which the investor takes over the financing risk relating to the projects. In addition, the Group has concluded general agreements on the financing of its working capital. The Group's agreements with banks cover a large number of terms, conditions and obligations which must be complied with in order to maintain the financing.

Project credits are usually granted with different terms depending on the specific project. Approximately DKK 200 million of the total project financing expires in 2010/11 and consequently need to be renegotiated and this could have a material adverse effect on the Group's future performance, results of operations, cash flows and financial position.

A number of loan agreements contain provisions on cross default, which means that default on a loan under a loan agreement may be seen as default of a number of loan agreements.

Many of the Group's loan agreements contain provisions giving the banks a discretionary option to terminate the agreement. In such cases, maintaining financing depends on the bank's subjective assessment of the quality and profitability of the facility in question, as well as the value of the security provided by the Group. If the Group fails to meet its obligations under such agreements with banks and the agreements are terminated, or if the banks terminate facilities for other reasons, it could have a material adverse effect on the Group's future performance, results of operations, cash flows and financial position.

Banks' internal conditions may lead to a bank being unable to meet its obligations to the Group in the future. If one or more banks are unable to meet their obligations, it could have a material adverse effect on the Group's future performance, results of operations, cash flows and financial position.

Litigation/disputes

The Group is occasionally involved in disputes and lawsuits, e.g. in connection with construction contracts. The Group is exposed to claims from investors in relation to errors and omissions in a completed and delivered development project. In addition, the Group is exposed to lawsuits against contractors in the cases in which the Group claims that the delivery performed was subject to errors and omissions. The outcome of disputes and lawsuits could have a material adverse effect on the Group's future performance, results of operations, cash flows and financial position.

RISKS RELATED TO THE GROUP'S FINANCIAL AND ECONOMIC POSITION

Future actual financial results may differ significantly from forecasts and financial targets

Like most other companies, the Group has been affected by the general economic slump. The prospective financial information for the 2010/11 financial year contained in this Prospectus is based on a number of assumptions, including the Group's business plan and business strategy being implemented as planned. The main assumptions relate to the completed sale of projects and price developments on investment properties. The Group's most important income recognition criterion, where profits are realised when a project is sold and transferred to the investor, involves a high degree of sensitivity relating to whether a profit is realised in one financial year or another and the Group's results of operations, cash flows and financial position are therefore highly sensitive to the timing of the realisation of individual projects.

The Group can provide no assurance that the assumptions on which the prospective financial information is based will materialise, and unexpected events may have a negative impact on future actual results, regardless of whether the assumptions relating to future periods or to the 2010/11 financial year otherwise prove correct. Accordingly, actual future results may differ substantially from expectations, in which case it could have a material adverse effect on the Group's future performance, results of operations, cash flows and financial position.

The Group is exposed to risk in the event it does not adequately adapt its activities to prevailing or expected market conditions

Due to the deteriorated market conditions prevailing in 2008 and 2009, changes were planned and implemented during that period in all of the Group's business units with a view to optimising operations. In the future, Management will continue to evaluate the optimisation potential and seek to optimise all business units taking prevailing and expected market conditions into consideration. However, there can be no assurance that already completed measures or future measures

will be sufficient to ensure satisfactory earnings within each individual business unit, which may have a material adverse effect on the Group's future performance, results of operations, cash flows and financial position.

Financing and liquidity risks

Having sufficient cash resources is essential for the Group. In order to complete the development of its planned projects and thereby achieve the expected results, the Group must have or must be able to procure sufficient cash resources to cover the costs and deposits required for the projects, capacity costs and other obligations.

The Group is dependent on having working capital for its day-to-day operations and project financing for existing and new projects. The Group has undertaken towards its main banker, Nordea, to comply with certain conditions (liquidity and solvency covenants). The conditions may, among other things, restrict opportunities to launch new business activities and in case the conditions are not complied with, the credit facilities may be terminated.

Project credit financing involves the risk that the funding may expire and that it will consequently have to be renegotiated in the event of delays in construction or in case the project is completed without having been sold, etc.

During periods of economic fluctuations, the financing and liquidity risks described above could be significantly greater. During the economic and financial crisis, the credit institutions have generally been more reluctant to grant loans to finance real property or have required high equity contributions.

If the Group is unable to obtain sufficient funding in future, or if such funding cannot be obtained on profitable terms, it could have a material adverse effect on the Group's future performance, results of operations, cash flows and financial position.

There can be no assurance that the Group will be able to attract the capital required to secure the Group's ongoing operations or satisfactory earnings and returns. This could have a material adverse effect on the Group's future performance, results of operations, cash flows and financial position.

Interest rate risks

As a main rule, the Group finances its projects in progress by way of short-term, floating-rate bank loans or by way of forward funding, which generally carries a fixed rate of interest. The Group's other interest-bearing debt consists primarily of floating-rate loans. Accordingly, the predominant part of the Group's total net interest-bearing debt carries a floating rate of

interest, which means that an interest rate increase would drive up the Group's interest rate expenses. In addition, rising interest rates would, all other things being equal, affect investor yield requirements and by extension real property prices.

All of the factors mentioned above could have a material adverse effect on the Group's future performance, results of operations, cash flows and financial position.

Foreign exchange risks

The Group is an international group of companies with operations in Denmark, Sweden, Finland, Latvia, Lithuania, Germany, Poland, Russia, the Czech Republic and Slovakia. In Denmark, the Group invoices revenue from the project portfolio in Danish kroner, while outside Denmark, the foreign subsidiaries generally invoice in their local currency or in euro. The Group's reporting currency is Danish kroner. Accordingly, movements in the exchange rates of local currencies and euro relative to Danish kroner influence the Group's revenue, earnings, balance sheet, equity, cash flows and financial position.

In spite of initiatives (both matching and hedging) to minimise the foreign exchange risk, changes in foreign currencies could have a significant effect on the Group's future performance, results of operations, cash flows and financial position.

Exposure to losses on receivables or counterparties

The Group is mainly exposed to credit risks in relation to the risk of loss on trade receivables and in relation to general counterparty risks. In addition to investors, tenants, development partners and contractors, the Group's counterparties comprise, among others, insurance companies relative to the Group's insurance cover and banks relative to the Group's receivables and derivative financial instruments entered into to hedge financial risks, including interest rate swaps and forward contracts on exchange rates.

There can be no assurance, however, that the Group will not in the future suffer major losses on debtors or other counterparties or that such losses will be sufficiently covered through credit insurance and this could have a material adverse effect on the Group's future performance, results of operations, cash flows and financial position.

Risks relating to uninsurable claims

Management believes that the Group has the necessary and sufficient insurance cover for fire, water and theft claims, including consequential loss insurance, but the Group's insurance cover does not include claims caused by natural disasters (including flooding, earthquakes, etc.), war, terrorist attacks, etc. As a result, the Group bears a risk that projects, properties and other Group assets may be subject to material damage

without being covered by insurance and this could have a material adverse effect on the Group's future performance, results of operations, cash flows and financial position.

RISKS RELATED TO THE OFFERING

The market price of the Shares and the Preemptive Rights may be highly volatile

The market price of the Shares and the Preemptive Rights may be highly volatile. The stock market in general has experienced considerable volatility that has often been unrelated to the operating performance of the particular companies. There can be no assurance that such fluctuations, even if otherwise unrelated to the Group's business, will not have a material adverse effect on the price of the Group's Shares and Preemptive Rights.

The Company may issue additional Shares or other securities in the future which could have an adverse impact on the price of the Shares

After the Offering, the Company will be restricted by a lock-up agreement which, inter alia, will regulate the Company's possibility of issuing additional Shares in future. See "Part II - The Offering - Lock-up agreements" for a more detailed description of the agreement, including any exceptions thereto. Following the end of the lock-up period, the Company will be free to issue new Shares, which could cause the market price of the Shares to decline. An additional offering of Shares or a public perception that an offering may occur could have an adverse effect on the market price of the Shares.

The Offering may not be completed and may be withdrawn in certain exceptional or unpredictable circumstances

The Company and the Lead Manager have entered into the Rights Issue Agreement in relation to the Offering. See "Part II - The Offering - Terms and conditions of the Offering - Placing - Rights Issue Agreement".

Under the Rights Issue Agreement, the Offering may be withdrawn should events occur before 6 August 2010, which is the last trading day before trading in Preemptive Rights begins, which in the opinion of the Company or the Lead Managers, would make the completion of the Offering inadvisable.

Furthermore, in the period from commencement of trading in Preemptive Rights until registration of the capital increase concerning the New Shares with the Danish Commerce and Companies Agency, expected to take place on 27 August 2010, the Lead Manager is entitled, in certain exceptional and/or unpredictable circumstances (including force majeure), to terminate the Rights Issue Agreement and, in such case, the Company will be required to withdraw the Offering.

The Rights Issue Agreement also contains conditions for completion which the Company believes are customary for offerings such as the Offering, and the closing of the Offering is subject to compliance with all such conditions. If one or more conditions for completion are not met, the Lead Manager may thus, at its discretion, terminate the Rights Issue Agreement and thus require that the Company withdraw the Offering.

Any withdrawal will be notified immediately to NASDAQ OMX and announced as soon as possible in the Danish daily newspapers in which the Offering was announced.

If the Offering is not completed, investors who have acquired Preemptive Rights may incur a loss

If the Offering is not completed, any exercise of Preemptive Rights that has already taken place will automatically be cancelled, the subscription price will be refunded (less any brokerage fees) to the last registered holder of the New Shares at the date of withdrawal, all Preemptive Rights will be null and void, and no New Shares will be issued.

However, trades of Preemptive Rights executed during the trading period for the Preemptive Rights will not be cancelled or reversed. As a result, investors who have acquired Preemptive Rights will incur a loss corresponding to the purchase price of the Preemptive Rights plus any brokerage fees, unless the parties to the transaction have specifically agreed otherwise or they otherwise succeed in recovering the purchase price of such Preemptive Rights from the seller.

Purchasers of the New Shares prior to completion of the Offering may lose their investment if the Offering is not completed

If the Offering is not completed, the New Shares will not be issued, but the Subscription Price will be refunded (less any brokerage fees) to the last registered owner of the New Shares at the date of withdrawal. Investors who have acquired New Shares will incur a loss corresponding to the proportion of their investment that exceeds the subscription amount plus any brokerage fees, unless the parties to the transaction have specifically agreed otherwise or they otherwise succeed in recovering the purchase price of such New Shares from the seller.

If the market price of the Shares declines significantly, the Preemptive Rights may lose their value

The market price of the Preemptive Rights depends on the price of the Existing Shares. A decline in the price of the Shares could have an adverse effect on the value and market price of the Preemptive Rights and the Preemptive Rights may lose their value.

The market for the Preemptive Rights may only offer limited liquidity, and if a market develops, the price of the Preemptive Rights may be subject to greater volatility than the price of the Existing Shares

The Preemptive Rights can be traded on NASDAQ OMX from 9 August 2010 at 9.00 a.m. CET until 20 August 2010 at 5.00 p.m. CET. There can be no assurance that a market for the Preemptive Rights will develop when they are initially traded on NASDAQ OMX, and if such a market develops, the Preemptive Rights may be subject to greater volatility than the Existing Shares.

Non-exercise of Preemptive Rights before 25 August 2010 at 5.00 p.m. CET will result in the holder's Preemptive Rights becoming null and void

Failure to exercise the Preemptive Rights by 25 August 2010 at 5.00 p.m. CET will result in the holder's Preemptive Rights becoming null and void, and the holder will not be entitled to receive compensation. In order to avoid such a situation, Existing Shareholders and other holders of Preemptive Rights should ensure that all required exercise instructions are received by such Existing Shareholders' or other holders' banks before expiry of the time limit.

If Existing Shareholders fail to exercise their Preemptive Rights in full, their ownership interests will be diluted

The issue of New Shares will cause Existing Shareholders who do not exercise their Preemptive Rights to experience a dilution of their ownership interests and voting rights. Even if Existing Shareholders decide to sell their Preemptive Rights, the selling price may not be sufficient to offset the financial dilution.

Use of net proceeds from the Offering

The Group currently intends to use the net proceeds from the Offering as described in "Part II - The Offering - Key information - Reasons for the Offering and use of Proceeds". There can be no assurance that the Group will in fact use the proceeds in accordance with its current expectations.

There are additional risks to investors resident outside Denmark, which could have an impact on the value of the Shares for the investors in question

The Company is a public limited liability company organised under the laws of Denmark, which may make it difficult for shareholders of the Company resident outside Denmark to exercise or enforce certain rights.

The rights of the Company's shareholders are governed by Danish law and by the Company's articles of association. These

rights may deviate from the typical rights of shareholders in the USA and other jurisdictions outside Denmark. See "Part II - The Offering - Terms and conditions of the Offering - Jurisdictions in which the Offering will be made and restrictions applicable to the Offering".

For example, it may be difficult or impossible for shareholders outside Denmark to serve process on or enforce judgments against the Company in connection with the Offering or in connection with their rights as shareholders.

Shareholders outside Denmark may also experience difficulties in exercising their voting rights.

There is a risk that Preemptive Rights cannot be acquired and/or exercised by shareholders in jurisdictions outside the EU

Holders of New Shares resident in jurisdictions outside the EU may be unable to exercise possible preemptive rights to subscribe for New Shares on the basis of their shareholdings in the Company unless the New Shares or any rights or other securities being offered have been registered with the relevant authorities in such jurisdictions. The Company is under no obligation and does not intend to file a registration statement in any other jurisdiction outside the EU as to the availability of any exemption from the registration requirement under the laws of any other jurisdiction outside Denmark in respect of any such rights in the future.

Shareholders outside Denmark are subject to foreign exchange risks

The Preemptive Rights and the New Shares are priced in DKK. Accordingly, the value of the Preemptive Rights and the New Shares is likely to fluctuate in line with any fluctuations of the exchange rate between the local currency of the country in which an investor outside Denmark is based and DKK. If the value of DKK depreciates against the local currency of the country in which an investor outside Denmark is based, the value of such investor's Preemptive Rights and New Shares will decrease when expressed in such local currency.

PART I. DESCRIPTION OF TK DEVELOPMENT

I. 1 PERSONS RESPONSIBLE

See the responsibility statement in “Persons responsible” above.

I. 2 AUDITORS

TK Development A/S' independent auditors are:

Nielsen & Christensen Statsautoriseret Revisionspartnerselskab
Hasseris Bymidte 6
9000 Aalborg
Denmark

and

Deloitte, Statsautoriseret Revisionsaktieselskab
Weidekampsgade 6
2300 Copenhagen S
Denmark

The annual reports as at and for the financial years ended 31 January 2008 and 2009 and the consolidated financial statements as at and for the financial year ended 31 January 2010 were audited by Marian Fruergaard and Per Laursen, State Authorised Public Accountants of Nielsen & Christensen, Statsautoriseret Revisionspartnerselskab and by Lars Andersen and Jesper Jørgensen, State Authorised Public Accountants of Deloitte, Statsautoriseret Revisionsaktieselskab.

Nielsen & Christensen Statsautoriseret Revisionspartnerselskab and Deloitte, Statsautoriseret Revisionsaktieselskab have issued reports in this Prospectus, see "Reference to other reports issued by the independent auditors of the Company".

At the time of issuing the reports, the signing state-authorized public accountants are members of the Institute of State Authorized Public Accountants in Denmark.

I. 3 SELECTED FINANCIAL INFORMATION

See “Part I - Description of TK Development - Operating and financial review”.

I. 4 RISK FACTORS

For a description of risk factors of TK Development , see “Risk factors” above.

5.1 NAME, REGISTERED OFFICE, ETC.

TK Development A/S
Company reg. no. (CVR) 24 25 67 82
Vestre Havnepromenade 7
9000 Aalborg
Denmark
Tel.: +45 8896 1010
Website: www.tk-development.dk

TK Development A/S has registered the following secondary name:

- Thorkild Kristensen A/S (TK Development A/S)

The registered office of the Company is situated in the Municipality of Aalborg, Denmark.

5.2 PURPOSE

Pursuant to Article 1 of the Company's articles of association, the objects for which the company is established are to buy, build, sell, lease and let, act as agents for, invest in and advise on real property at home and abroad, to carry on financial activities and any other business related to or associated with the above-mentioned activities.

5.3 DATE OF INCORPORATION AND GOVERNING LAW

TK Development A/S was founded as a Danish public limited company on 1 February 1967.

5.4 ISIN

The Existing Shares are listed on NASDAQ OMX under ISIN code DK0010258995.

5.5 FINANCIAL CALENDAR

Interim report for H1 2010/11	29 September 2010
Interim report – Q3 2010/11	22 December 2010
Announcement of full-year financial results 2010/11	28 April 2011
Annual report 2010/11	2 May 2011
Annual general meeting	24 May 2011

5.6 PRINCIPAL BANKER

TK Development's principal banker is Nordea

5.7 ISSUING AGENT

Nordea Bank Danmark A/S, Issuer Services is the issuing agent of TK Development A/S and has been authorised to issue the New Shares via VP Securities Services.

5.8 REGISTRAR

VP Investor Services A/S
Weidekampsgade 14
P.O. Box 4040
2300 Copenhagen S
Denmark

5.9 TRANSACTIONS WITH THE FINANCIAL ADVISER AND INDEPENDENT AUDITORS OF THE COMPANY

The Lead Manager has in the past and may in the future at any time provide investment banking services to TK Development.

Nordea Bank Danmark A/S is the principal banker of TK Development.

The Company's independent auditors Nielsen & Christensen, Statsautoriseret Revisionspartnerselskab and Deloitte Statsautoriseret Revisionspartnerselskab, provide consulting services in addition to statutory auditing.

5.10 THE COMPANY'S HISTORY AND DEVELOPMENT

See "Part I - Description of TK Development - Business Overview - Business.

5.11 INVESTMENTS

See "Part I - Description of TK Development - Operating and financial review FY 2009/10, FY 2008/09 and FY 2007/08 - Cash flow statements" for a description of investments and see "Part I - Description of TK Development - Capital resources" for a description of the financing method.

This business overview contains a number of observations, judgments and estimates, especially in relation to market trends, that are based on Management's assessments as well as publicly available information.

Management's assessments are generally based on the Company's knowledge of the market and on external sources, including analyses and sector reports. However, there can be no assurance that other sources will share Management's perception of the market and other factors.

TK Development is a Danish-based company developing real property in Northern and Central Europe. The Group's core activities span retail projects (shopping centres, retail parks and high street locations), mixed use projects and, in Poland and Denmark, residential projects.

The Group operates its core activities through two business units, TKD Nordeuropa and Euro Mall Holding. Ownership of the Group's projects in Germany and Russia is organised in the business unit TKD, which comprises the rest of the Group other than the sub-groups TKD Nordeuropa and Euro Mall Holding. The German project portfolio comprises three sites for which the Group has no current plans to actively develop, as well as several completed residential rental properties in Russia. The sites in Germany and the properties in Russia are all recognised in the consolidated balance sheet under current assets.

TK Development has offices in Aalborg (head office), Copenhagen, Warsaw, Prague, Stockholm, Helsinki, Vilnius and Berlin.

At 31 January 2010, the staff totalled 132 employees distributed on 20 in the TKD business unit, 60 in the TKD Nord-

europa business unit and 52 in the Euro Mall Holding business unit.

The members of TK Development A/S' Executive Board are Frede Clausen, CEO, and Robert Andersen, Executive Vice President. Other members of the executive management team are the country managers, each of whom have operational and profit responsibilities in their respective national markets, as well as functional managers in the areas of accounting, finance, HR and legal services. The Group generated a profit of DKK 25.4 million on revenue of DKK 1,369.9 million in the FY 2009/2010 financial year.

The Company is listed on NASDAQ OMX and has a shareholder base of more than 8,200 shareholders.

6.1 MARKET

Supply and demand in the property market

The property development market is generally sensitive to cyclical fluctuations and largely driven by general economic growth.

The property development market generally tracks developments in GDP. Since the onset of the economic and financial crisis in 2008, GDP growth has receded sharply in all markets where TK Development has an active presence.

In other words, the economic and financial crisis has caused a general economic decline which has also affected the property sector, including the segments and markets TK Development operates in. A number of factors have been impacted by the economic and financial crisis, including land prices, the general supply of property projects, financing opportunities, including investor willingness to invest in property projects and

TABLE I 1: HISTORICAL REAL GDP GROWTH OF SELECTED COUNTRIES

Real GDP growth (%)	2004	2005	2006	2007	2008	2009
Denmark	2.3	2.4	3.4	1.7	-0.9	-5.1
Sweden	4.1	3.3	4.2	2.6	-0.2	-4.4
Finland	4.1	2.9	4.4	4.9	1.2	-7.8
Latvia	8.7	10.6	12.2	10.0	-4.6	-18.0
Lithuania	7.4	7.8	7.8	9.8	2.8	-15.0
Poland	5.3	3.6	6.2	6.8	5.0	1.7
Czech Republic	4.5	6.3	6.8	6.1	2.5	-4.3
Slovakia	5.0	6.7	8.5	10.6	6.2	-4.7

Source: IMF - World Economic Outlook Database - April 2010.

tenant preference for renting new locations in completed property projects.

Land and construction prices

The economic downturn caused a general decline in land and construction prices throughout 2009. Management believes that the price of land varies greatly depending on location and purpose and that this will also apply in the future. Management believes that the market price correction is largely in place, meaning that new price levels have been found for land. The level of construction costs has dropped significantly and is believed to be stabilising, but with some variation from one country to the next.

The economic and financial crisis has also produced new opportunities to acquire land, as current market conditions are more favourable to buyers than to sellers of land. In the current market, the availability of land option agreements has improved. Such agreements give property developers a right to buy land from the seller within a certain period of time at a given price. During the option period, the buyer can obtain the necessary planning basis and other authority approvals and can survey tenant and investor interest in the market. This improves the position of the buyers, as it lets them postpone buying the land until they are better able to assess the profitability of a project.

Investors

Management believes that, since the beginning of 2010, markets have generally, on the investor side, been characterised by cautious optimism and an increased propensity to invest, although market uncertainty has picked up recently due to the sovereign debt crisis in Europe. The cautious optimism follows a period of general investor reluctance based on expectations of falling prices on real property and uncertainty as to which level future yields will stabilise at.

Previously, in Northern Europe, several retail projects were sold to private individuals through limited partnerships. These investors are currently experiencing difficulty in obtaining financing, and it has generally become more difficult for investors to raise 80-90% loan to value funding for a project, a level that was obtainable two or three years ago. As a result, financially strong private and institutional investors play a much more dominant role in today's investor market.

Tenants

On the tenant side, the Group has experienced a slowdown in demand and a more time-consuming decision-making process with individual tenants, among other things caused by the general downturn in consumer spending and consumer confidence. This has put rents under pressure and has made

tenants focus more on having the right location than they did prior to the economic and financial crisis.

However, the Group has also experienced sustained tenant interest for projects involving current construction or with an imminent construction start.

Management believes that market conditions changed for the better during 2009 and that rents are stable in the retail segment, the Group's core segment.

Regulatory matters

The property market is generally subject to a number of regulatory matters that may affect the property development activity in the individual markets. Generally, all of the Group's markets are subject to national and local regulatory matters, such as national planning legislation and regional local development plans. However, such regulations vary from one country to the next.

Description of the Group's markets

Denmark

Like the rest of the Group's markets, Denmark has been affected by the general economic decline.

Land prices and construction costs have generally declined during the economic and financial crisis. However, Management believes that these prices have troughed out.

TK Development's potential tenants have had a very difficult time in the Danish market due to the declining consumer spending. As a result, tenants have found it difficult to finance new leases, they expect higher leasehold subsidies as well as the same terms as they had before the economic and financial crisis set in. Management sees no other major change in tenant demand. Project location remains an important factor, such as locations near major cities, close to a city centre and/or near traffic hubs. Although consumer confidence would appear to be improving, Management continues to believe that the market favours tenants, as the supply of vacant retail space remains large.

Few transactions have been executed and there have been few buyers of real property in recent years due to the economic and financial crisis. In Denmark, many investors have awaited more specific indications that prices have found a new balanced level. On the other hand, financially strong individuals, pension funds and other major institutional investors are once again showing an interest in major prime location projects.

Still, market conditions in Denmark have also facilitated new project opportunities for property developers, for example through acquiring distressed development projects or by pro-

perty developers making their core competencies available to credit institutions for the purpose of their distressed, uncompleted projects.

Sweden

Management believes that Sweden has not been as hard hit by the economic crisis as other of the Group's active markets in Northern Europe. Management believes that the Swedish property market has slowly improved during the past 18 months.

Based on meetings held with sellers of land and with contractors, Management believes and expects that prices of land and construction costs are now rising slightly following a downward trending period.

Based on indications received from the Group's Swedish organisation, including from meetings with tenants, Management believes that it is a characteristic of tenant conditions in Sweden that tenants of shopping centres are trying to optimise their location. As a result, tenants have a growing preference for major cities and are more focused on revenue-driven rent and lease termination provisions. However, market rent levels are currently under pressure due to vacancies. Management believes the market for retail parks is recovering. The major chains are willing to expand if they can get a good location. Similar to the shopping centres, retail park tenants have a growing preference for major cities.

Based on the Group's own negotiations with investors, Management believes that the Swedish market has stabilised relative to 2008. While Danish limited partnership investors have left this market, German investment funds have intensified their search around the major cities. For example, the Group has sold the Uppsala and Danderyd projects to German funds.

Finland

Like the Danish and the Swedish markets, Finland has been affected by the economic and financial crisis, but Management believes that the retail market around Helsinki has performed well during the crisis.

Management believes that the price of land varies considerably by location. Prices have improved in areas near Helsinki, while there have been significant price falls in the rest of Finland. Construction costs have generally dropped during the crisis, but began to recover slightly towards the end of 2009 and in early 2010.

Management believes that tenants generally have good rental conditions in areas near Helsinki. There are relatively few vacant leases, which has led to a relatively limited drop in rent

levels. However, rent levels for large units in retail parks are under pressure.

On the investor side, Management believes that the Finnish market has undergone major change. As foreign investors are currently not active at all in the Finnish market, Finnish institutional investors are expected to account for a larger part of the market in 2010 and 2011.

The Baltics – Latvia and Lithuania

The Baltic markets in which the Group has an active presence have suffered large general economic declines during the economic and financial crisis.

Based on the Group's experience from negotiations in the Baltic markets, Management believes that land prices have fallen by up to 50% in some regions since 2008. However, actual price falls vary considerably and prime location sites remain in demand. On the construction side, prices of building materials and labour have dropped substantially.

Management believes that tenants in the Baltic markets are generally concerned with increasing the efficiency of their operations under existing leases and therefore take a limited interest in new locations in the market, prime locations excepted. Optimising existing leases means that tenants are looking to renegotiate existing leases, and there are examples of short-duration discounts. Owners find this acceptable in order to retain tenants.

Management believes that investor yield requirements have risen substantially in these markets relative to the beginning of 2008. In addition, banks are reluctant to provide lending for new projects. Macroeconomic improvements forecast for 2011 expected are to increase the number of transactions relative to the current level.

Poland

Management believes that Poland has been relatively less affected by the economic and financial crisis than the rest of Europe, as measured by the drop in GDP growth. There are many international and local players in the Polish property development market. Many projects have been put on hold and very few new ones are being launched. However, the trend is expected to reverse slowly with the gradual improvement in consumer confidence and the general economic developments.

Management believes that land prices and construction costs in Poland have troughed out. Land prices have generally declined during the economic and financial crisis, but with considerable variation by location. Given the generally small num-

ber of land transactions, however, it is difficult to assess the market trend.

Management believes that shopping centre and retail park tenants in the Polish market remain expansionary, but that they are increasingly demanding prime locations and more modern projects. Among the market drivers, the large retail and supermarket chains, which are estimated to account for only about 30% of the grocery market, are looking to expand their positions through expansionary measures. In addition, the market is also experiencing an inflow of foreign retail and supermarket chains trying to establish a presence in the Polish market.

During the economic and financial crisis, investors in Poland have increased their yield requirements for this market. Management believes that investors are returning to the Polish market.

Management believes that the Polish housing market is improving. In step with the improving economy, demand centres on larger housing units of a better quality.

The Czech Republic and Slovakia

The markets of the Czech Republic and Slovakia have been severely affected by the economic and financial crisis. Consumer spending declined for 17 consecutive months before recovering slightly in March 2010.

Management believes that the levels of land prices and construction costs will continue to decline, as private and public sector construction has virtually ground to a halt. However, prime location prices have not declined.

Management believes that the weak consumer spending has generally resulted in weaker rental demand with tenants not wanting to expand within the foreseeable future. On the other hand, demand remains good for the most attractive locations, which implies tough demands for property developers in terms of project location.

Management believes that investors in these markets have increasingly demonstrated caution in their investment approach over the past few years. In addition, access to finance has diminished, both in terms of the number of banks willing to provide loans and of the loan to value ratios available for each project. This situation has produced few transactions during the last couple of years during a period of rising investor yield requirements.

6.2 BUSINESS

TK Development's history and development

The Group's operations began in the 1960s when Thorkild Kristensen began selling building sites for holiday homes, the company's main business activity during its first 25 years in existence.

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, forming the current TK Development A/S.

In the early 1990s, the Group expanded into Germany and subsequently into Central Europe. In 1994, the Group collaborated with the IØ Fund to establish the company Euro Mall Holding which launched activities in Poland (1994), the Czech Republic (1997) and Slovakia (1999). In Northern Europe, activities were expanded to include the Swedish market in 1997. In 1999, the Group set up an organisation in Finland. During the 1990s, the Group thus experienced strong growth through expanding its activities in both Northern and Central Europe.

Early in the new millennium (2001) the Group set up its first operations in the Baltic markets, opening offices in Latvia and Lithuania. With effect from 1 February 2004, the Group completed a conversion of the corporate structure which still applies today, building on two subsidiary groups: TKD Nord-europa, comprising northern European activities, and Euro Mall Holding, comprising central European activities. In 2007, the Group launched operations in Bulgaria, but these were closed down in 2009 because project opportunities were not considered to be sufficiently attractive. In 2009, the organisation was again adjusted, as the staff in Finland was reduced and the office in Latvia closed. Activities in Latvia were then handled from Lithuania.

Since 2008, the Group has been affected by the general decline in market activity occurring due to the impact the economic and financial crisis had on the property market and resulting in a lower level of activity.

TK Development's business concept

Mission and strategy

The overall mission of TK Development is to create added value by developing real property.

The Group is a development and service enterprise specialising in being a profit-generating and creative liaison between tenants and investors.

TABLE I 2: PROJECTS HANDED OVER AND SITES SOLD

	2007/08	2008/09	2009/10
Denmark	Shopping and district centre Spinderiet, Valby 37,100 sqm Østre Havn, the shipyard workshop, Aalborg 3,000 sqm Hadsundvej, AaB College, Aalborg 13,300 sqm Retail parks in Århus and Esbjerg, 5,000 sqm	Shopping and district centre Spinderiet, Valby 3,000 sqm Sale of land, Vandtårnsvej, Copenhagen 21,000 sqm Hadsundvej, Aalborg 4,700 sqm Retail park in Odense 6,800 sqm	Retail park in Brønderslev 4,700 sqm
Sweden	Retail parks in Stockholm, Örebro and Växjö 7,100 sqm	Retail parks in Örebro and Nyköping 8,500 sqm Retail park in Barkaby, Stockholm 5,600 sqm	Entré, Malmö 39,500 sqm Sale of land, Enebyängen, Danderyd 14,300 sqm Sale of land, Uppsala 10,900 sqm
Finland	Vantaanportti Retail Park, phase II, Helsinki 11,650 sqm Retail parks in Tammisto, Lohja og Lappeenranta 14,000 sqm	Retail park in Seinäjoki 6,750 sqm	
Poland	Galeria Biala, Bialystok 46,000 sqm Targówek Retail Park, Warsaw 24,400 sqm Extension of Plejada Shopping Centre, Sosnowiec 3,600 sqm Sale of land, Reduta, Warsaw 9,800 sqm	Tivoli Residential Park, Warsaw 16,000 sqm	Tivoli Residential Park, Warsaw 2,000 sqm Sale of land, Bytom Retail Park, Bytom 8,100 sqm
Czech Republic	Ostrava Retail Park, Ostrava 10,300 sqm Extension of Shopping Centre Futurum, Ostrava 3,000 sqm	Liberec Retail Park, phase I 11,400 sqm Kolin Shopping Centre 10,000 sqm	
Slovakia			Sale of land, Prešov 1,000 sqm
Other projects and plots of land	6,500 sqm	10,000 sqm	1,000 sqm

Business concept

In collaboration with tenants and investors, TK Development plans and arranges the construction of new buildings, and the expansion and conversion of real property based on tenant needs and investor requirements.

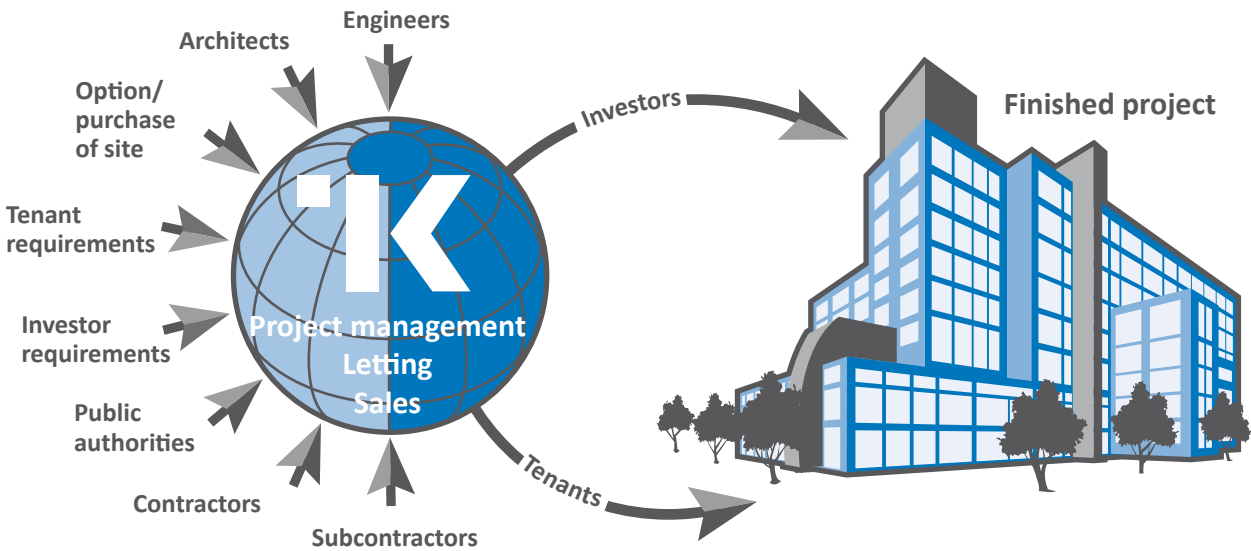
The Group develops projects, which involves innovation, finding the right location, drafting project layout in relation to customer flows in shopping centres, for example, letting, construction management and concluding contracts with construction companies and subcontractors for the execution of the construction assignments. In terms of segments, the Group focuses on the establishment of shopping centres, retail parks and corporate headquarters and related mixed use and

multi-functional projects as well as residential housing, the last primarily in Poland.

The retail segment will continue to be 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 few investment properties for letting purposes. The Group monitors the market situation on an ongoing basis with a possible view to selling its investment properties. The Group does not intend to expand its investment property portfolio, but will use its capital for development projects instead.

FIGURE 1: TK DEVELOPMENT'S BUSINESS CONCEPT

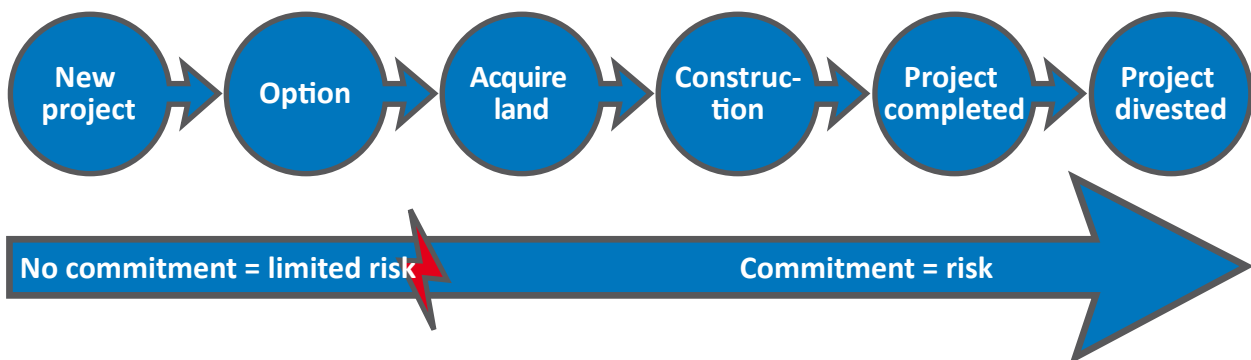


Project development process

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 specialised in being the productive and creative liaison between tenants, investors, architects, construction companies and other business partners.

FIGURE 2: TYPICAL PROJECT PHASES



At the beginning of a project, the Group's project developers seek out prime locations based on the specific requirements of tenants and investors. When a location has been identified, a rough budget is drawn up.

As a main rule, the Group secures an option to acquire the selected plot of land. That ensures the Group of the right to the property while the necessary planning basis and other regulatory approvals are obtained. In the meantime, independ-

ent architects prepare a project outline and the Group's project engineers review construction costs indicated in the project proposal.

Before acquiring the land, the Group seeks to enter into pre-let agreements with anchor tenants. In many cases a few pre-lets with such anchor tenants can create added demand for the remaining leases of a project. This mainly applies to shopping centres and retail parks. In addition, the Group works to enter

into project takeover agreements with selected investors. In addition, a final budget is prepared and approved by Management, and agreements are concluded with contractors and subcontractors to perform the actual construction work.

Project construction can be financed through forward funding agreements with investors or by the Group providing financing. In a forward funding agreement, the Group ensures that the current project construction costs are paid by the investor rather than by the Group. If a project is not forward funded, the Group will endeavour to sell the project before completion.

If TK Development has not sold a project to an investor before completion, the Group retains the day-to-day operations of the project and regularly assesses potential opportunities for selling it to an investor.

Project and risk management

New projects are initiated on the basis of an overall assessment of pre-lets, 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 process for projects. 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 believes it is able to meet such investor requirements as would allow final completion of the project sale. Meeting such requirements typically falls within the Group's sphere of competencies. Careful project management and follow-up are essential to any project, and project finances and cash flows are also monitored closely.

The Group emphasises 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.

Financial targets

To provide for sufficient future financial resources, Management has adopted a liquidity target for the Group; see below. In addition, Management has adopted a solvency target for the Group corresponding to an equity ratio of at least 30%, calculated as the ratio of equity to total assets.

Covenants related to credit facilities

The Group has agreed with its main banker, Nordea, to maintain an equity ratio covenant of not less than 30% at group level, to be measured in connection with the release of quarterly and annual reports.

Liquidity covenant

The Group introduced liquidity covenants in spring 2004. In short, the liquidity covenant expresses that, with a view to enabling the Group to cover liabilities requiring substantial liquidity, the Group's cash resources must at any time correspond to the fixed costs for the next six-month period, excluding funds received as proceeds from projects sold, but including project liabilities materialising within the next six months.

The covenant represents a liquidity target for TK Development and is also a covenant that the Group applies in its relationship with the Group's main banker, Nordea.

The covenant must be calculated and met before projects requiring liquidity can be acquired and initiated.

The covenant is expressed as follows:

$$L + K > E + O + R,$$

where

L = the TK Development 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 TK Development Group's amounts available on committed operating credit facilities from time to time.

E = the planned impact on cash resources from the projects which TK Development 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 = TK Development's cash non-project-related capacity costs for the next 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 TK Development's operating credit facilities for the following six months.

Forward funding

In general, the Group aims to secure the sale of projects at an early stage and Management emphasises maximum investor involvement in the financing of a project during the construction process (forward funding). 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 Group's capital tie-up in projects at an absolute minimum, reducing the balance sheet total and minimising 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, from construction startup TK Development's risk apart from the risk of not completing the project is typically limited to the letting risk attaching to any remaining unlet premises and the risk of construction budget overruns.

Customer relations

Tenants

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.

The Group has gained in-depth knowledge of tenant needs and requirements. From this platform, TK Development can develop retail solutions that meet tenant requirements for design and location. In addition, the numerous close relations with a wide range of retail chains mean that the Group is able to put together an attractive retail mix that boosts individual tenants' revenue.

With development activities in eight Northern and Central European markets, TK Development can also accommodate tenants wishing to set up business in new markets.

TABLE I 3: SELECTED TENANTS

Supermarkets	Electronics	Fashion	Sporting goods	Other
Billa	Datart	Bonita	Adidas	Asko
Bomi	Electroworld	Camaïeu	AlpinePro	Bar'a
Carrefour	Elgiganten	Esprit	Delta Sport	BR Legetøj
Fakta	Euro RTV Agd	H&M	Gigasport	Deichmann
Føtex	Fona	Jack & Jones	Nike	Harald Nyborg
Kvickly	Media Markt	Kenvelo	Sportissimo	Jysk
Lidl	Okay	New Yorker	Sportsmaster	Matas
Netto		Orsay		Skoringen
Real		Reno		Smyk
Rimi		Reserved		Synoptik
		Triumph		
		Tøjeksperten		
		Vera Moda		
		Vila		

Investors

TK Development has also built close relations with a number of Danish and international foreign property investors.

The Group has in-depth knowledge of investor needs and requirements, enabling TK Development to draw up leases to international standards. Moreover, the Group offers shopping

centre management through its partial ownership of Euro Mall Centre Management.

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

TABLE I 4: SELECTED INVESTORS

Danish investors	Foreign investors
ATP Ejendomme A/S	Aberdeen Property Investors
Dades AS	Atrium European Real Estate
Dansk Supermarked A/S	CGI - Commerz Grundbesitz Investmentgesellschaft mbh
Jeudan A/S	CGS - Commerz Grundbesitz Spezialfondsgesellschaft mbh
Nordea Ejendomme	Dawnay, Day Europe Limited
(Nordea Pension Danmark, Ejendomsselskab A/S)	Dawnay, Day Europe Limited
PFA Ejendomme A/S	Deka Immobilien Investment GmbH
	Europolis Real Estate Asset Management GmbH
	GE Real Estate Central Europe
	HCEPP II Luxemburg S.A. (Heitman)
	ING Real Estate Development International B.V.
	IVG Institutional Funds GmbH
	St. Martins Property Corporation Limited
<i>Other</i>	<i>Other</i>
Private property companies	Users
Users	

The Group's market focus

Due to the Group's accounting policy on the recognition of projects sold, revenue may vary significantly from one year to the next.

In the presentation of information regarding geographical areas, revenue reporting distributed by geographical segments are based on project location.

TABLE I 5: GEOGRAPHIC DISTRIBUTION OF REVENUE FROM EXTERNAL CUSTOMERS

DKKm	2007/08	2008/09	2009/10
Denmark	1,111.0	225.8	45.6
Sweden	-	-	1,175.9
Finland	422.4	-	-
Germany	-	-	-
Poland	754.0	-	-
Czech Republic	-	333.9	-
Other countries*	299.4	492.7	148.4
Total	2,586.8	1,052.4	1,369.9

* Revenue for other countries indicates revenue generated in countries not specified in the table.

Current macroeconomic key figures for GDP, consumer spending and unemployment in the Group's markets in Northern and Central Europe indicate expectations for moderate general growth in most of the Group's markets in 2010 and 2011.

Northern European markets

Geographically, TKD Nordeuropa's activities are distributed on four markets: Denmark, Sweden, Finland and the Baltic States (Latvia and Lithuania). TKD Nordeuropa has activities in the individual markets within various segments, as shown in table I 6.

The table below sets out macroeconomic estimates for TK Development's markets in Northern Europe.

TABLE I 6: SEGMENTS IN NORTHERN EUROPE

	Denmark	Sweden	Finland	Baltic States
Shopping centres	•	•	•	•
Retail parks	•	•	•	•
High street properties	•			
Offices	•			
Mixed use	•	•		•
Housing	•			

TABLE I 7: MACROECONOMIC KEY FIGURES FOR NORTHERN EUROPE

	Denmark		Sweden		Finland		Latvia		Lithuania	
	2010e	2011e	2010e	2011e	2010e	2011e	2010e	2011e	2010e	2011e
GDP (% y/y)	1.7	1.7	2.8	2.6	2.7	3.0	-2.0	3.0	0.5	3.0
Consumer spending (% y/y)	2.9	2.7	2.8	2.2	2.4	2.6	-6.0	2.8	-4.0	3.0
Unemployment (%)	4.6	4.9	9.0	8.9	9.6	9.3	22.5	20.5	17.0	16.5

Source: Økonomisk perspektiv, Nordea, May 2010.

Denmark

Supermarket and retail chains in Denmark generally focus on securing market share and generating growth. In terms of new locations, it has become even more essential for TK Development to offer prime locations than was the case before the economic and financial crisis. The Group's primary market focus is to establish district and shopping centres in cities and medium-sized towns.

Appealing office property locations, such as the Group's waterfront areas, can attract tenants and investors alike, and the Group expects to create attractive office projects in the years to come. Examples of such projects include the Group's locations at Amerika Plads in Copenhagen and Stuhrs Brygge in Aalborg.

In Denmark, the business platform also to some extent includes residential projects. TK Development takes a selective approach to this segment, mainly providing whole projects to property companies, housing associations or institutional investors.

Sweden

As in previous years, the business activity in Sweden is anticipated to focus on the retail segment. Management expects that the ongoing expansion in this sector will continue to make Sweden an interesting market in this segment. The development of individual, major shopping centre projects is a specific focus area.

Finland

Since establishing a branch office in Finland, the Group has primarily developed retail parks. The focus is expected to remain on the retail segment, in particular retail parks and individual, major shopping centre projects.

Baltic States

Although sentiment has become slightly more optimistic, the Group continues to face difficult markets in the Baltic States. General economic activity has weakened considerably, resulting in declining rent levels and increasing yield requirements. These higher requirements have made the Group postpone contemplated projects in the two countries subject to a pre-construction sale or a higher level of pre-lets than the Group normally requires.

Central European markets

Euro Mall Holding's activities cover the following geographical markets: Poland, the Czech Republic and Slovakia, each of which is represented in the segments set out below.

TABLE I 8: SEGMENTS IN CENTRAL EUROPE

	Poland	Czech Republic	Slovakia
Shopping centres	•	•	•
Retail parks	•	•	•
Offices	•		
Mixed use	•	•	
Housing	•		

The table below sets out macroeconomic estimates for TK Development's markets in Central Europe.

TABLE I 9: MACROECONOMIC KEY FIGURES FOR CENTRAL EUROPE

	Poland ¹		Czech Republic ²		Slovakia ²	
	2010e	2011e	2010e	2011e	2010e	2011e
GDP (% y/y)	3.5	3.8	1.6	2.4	2.7	3.6
Consumer spending (% y/y)	1.7	3.6	-0.8	1.6	0.1	2.1
Unemployment (%)	12.3	11.1	8.3	8.0	14.1	13.3

Sources:

1) *Ökonomisk perspektiv, Nordea, May 2010.*

2) *The EU Commission, May 2010.*

Poland

Management retains its positive expectations for Poland, one of the few European countries to avoid recession in 2008 and 2009. Both local and international retailers continue to take a 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 lettings of the Group's two most recently completed projects. In the years ahead, many projects are still expected to be located in medium-sized towns. Such projects will typically have a floor space of 10–15,000 sqm, with a small hypermarket or a supermarket as anchor tenant. The Group will also continue to explore project opportunities in major towns and cities.

Trends in the Polish housing market continue to indicate a scarcity of attractive residential housing, and much of the existing housing stock no longer meets the Poles' housing standard requirements. Warsaw continues to develop and to

boost its position as Poland's commercial hub. A large number of new residential buildings have been constructed recently, and the supply of housing for sale is high. A key contributory factor is the increasing difficulty individual buyers have experienced in obtaining home purchase loans, which has resulted in a slower rate of property turnover. The slight decline in the housing price level reflects these market conditions.

Czech Republic

Management believes that the Czech market continues to experience good demand for leases in attractive retail projects. Management continues to consider the market for shopping centres and retail parks in medium-sized towns and cities to be attractive, and the Group has several shopping centre and retail park projects in its portfolio. The trend is towards building retail parks in the vicinity of existing shopping centres.

Slovakia

In general, the need for shopping centres and retail parks in Slovakia is considered to be limited, as the demand has already been met in most major towns and cities. However, Management believes that retail parks in attractive locations will attract interest in future, and the Group is working on a number of such project opportunities.

The Group's project portfolio

The Group's project portfolio comprised 946,000 sqm at 30 April 2010, of which projects sold accounted for 135,000 sqm and other projects accounted for 811,000 sqm.

The table below shows the carrying amounts of the projects in the portfolio at 30 April 2010 distributed on the two business units.

TABLE I 10: PROJECT PORTFOLIO, CARRYING AMOUNTS AT 30 APRIL 2010 (DKKM)

DKKm	TKD Nordeuropa	Euro Mall Holding	Total*	% of total
Sold				
Completed	0	0	0	0%
In progress	15	0	15	0.5%
Not initiated	7	4	11	0.3%
Total	22	4	26	0.8%
Other				
Completed	997	990	1,987	60.0%
In progress	121	65	186	5.6%
Not initiated	467	643	1,110	33.6%
Total	1,585	1,698	3,283	99.2%
Project portfolio	1,607	1,702	3,309	100.0%

* In addition, TKD has recognised assets of DKK 71 million, which are currently not being developed and not a part of TKD Nordeuropa or Euro Mall Holding.

The table below sets out the project portfolio floor space distributed on the two business units.

TABLE I 11: PROJECT PORTFOLIO AT 30 APRIL 2010 (BUILDING RIGHTS, SQM)

'000 sqm	TKD Nordeuropa	Euro Mall Holding	Total*	% of total
Sold				
Completed	0	0	0	0%
In progress	14	0	14	1.5%
Not initiated	7	114	121	12.8%
Total	21	114	135	14.3%
Other				
Completed	56	59	115	12.1%
In progress	32	7	39	4.1%
Not initiated	390	267	657	69.5%
Total	478	333	811	85.7%
Project portfolio	499	447	946	100.0%

* In addition, TKD has recognised 11,600 sqm, which is currently not being developed and does not form a part of TKD Nordeuropa or Euro Mall Holding.

As can be seen from the tables above, the Group has other projects covering a total of 657,000 sqm, for which construction has not been initiated. The carrying amount of these projects is DKK 1,110 million. The projects comprise

- 1) plots of land acquired by the Group with a view to developing projects, but which have not been developed to a point where construction has been initiated;
- 2) remaining sites/phase II sites, for which phase one of a planned project has been commenced/completed while phase two is subject to additional letting, regulatory approvals or the like. This category amounts to DKK 309 million of the total carrying amount of DKK 1,110 million;
- 3) additional project opportunities, including projects based on an option to buy land.

TKD Nordeuropa's project portfolio

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 use segment.

The development potential of the project portfolio represented 499,000 sqm at 30 April 2010, of which sold projects accounted for 21,000 sqm and remaining projects for 478,000 sqm.

The table below lists the main projects of the TKD Nordeuropa portfolio. The carrying amount of the projects set out below accounts for more than 95% of the total project portfolio carrying amount at 30 April 2010. TKD Nordeuropa's five largest projects measured by carrying amount had an aggregate carrying amount of DKK 1,072.0 million at 30 April 2010.

TABLE I 12: TKD NORDEUROPA'S PROJECTS

Project name	City	Segment	Building rights (sqm)	Ownership interest	Construction start/Expected construction start	Opening/expected opening date
Denmark						
Premier Outlets Center	Ringsted	Retail	13,200	50%	Autumn 2006	March 2008
Østre Teglgade	Copenhagen	Office/ Residential	24,000	100% ¹⁾	As completed	As completed
Amerika Plads, lot C	Copenhagen	Mixed use	13,800	50%	2011	2013
Amerika Plads, lot A	Copenhagen	Office	11,000	50%	2011	2013
Amerika Plads, car park	Copenhagen	Underground parking	32,000	50%	2004	As completed
“Sillebroen”, shopping centre	Frederikssund	Retail/ Residential	28,000	100%	Mid 2008	March 2010
Shopping centre, Esbjerg	Esbjerg	Retail	28,000	100%	2010/11	2012/13
Århus Syd, etape II	Århus	Retail	2,800	100%	2011	2011
Ejby Industrivej	Copenhagen	Office	12,900	100%	2010	2011
Hadsundvej	Aalborg	Mixed use	8,600	100%	As completed	As completed
Østre Havn/Stuhrs Brygge	Aalborg	Mixed use	80,000	50% ¹⁾	As completed	As completed
Retail park, Anelystparken	Århus	Retail	2,800	100%	Beginning of 2008	Mid/Autumn 2008
Retail park, Aabenraa	Aabenraa	Retail	4,200	100%	Autumn 2008	Mid 2009/ beginning of 2010
Retail park, Østergade	Brønderslev	Retail	1,100	100%	Autumn 2008	Mid 2009
Retail park, Mejlstedgade	Brønderslev	Retail	2,400	100%	-	-
Vasevej	Birkerød	Mixed use	4,400	100%	-	-
Sweden						
Kulan retail business district	Gothenburg	Mixed use	45,000	100%	2012	2014
Retail park, Karlstad	Karlstad	Retail	15,000	100%	End 2011	End 2012
Retail park, Söderhamn	Söderhamn	Retail	10,000	100%	Mid 2011	Mid 2012
Retail park, Kofoten, Kristianstad	Kristianstad	Retail	6,200	100%	Mid 2008	Mid 2011
Retail park, Enebyängen, Danderyd	Danderyd	Retail	14,300	100%	Autumn 2009	Autumn 2010/ spring 2012
Finland						
Pirkkala Retail Park, etape II	Tammerfors	Retail	5,500	100%	End 2010	End 2011
Kaarina Retail Park	Turku	Retail	7,500	100%	End 2010	Mid 2011
Baltic States						
DomusPro Retail Park	Vilnius	Retail	13,600	100%	-	-
Milgravja Street	Riga	Mixed use	10,400	100%	-	-
Ulmana Retail Park	Riga	Retail	12,700	100%	-	-
Total floor space, TKD Nordeuropa			c. 409,000			

1) TDK Nordeuropa's profit share amounts to 70%.

Premier Outlets Center, Ringsted, Denmark

This project has been developed in a 50/50 joint venture with Miller Developments, a Scottish subsidiary of the Miller Group. The project consists of a factory outlet centre and restaurant facilities, with a total floor space of 13,200 sqm and about 1,000 parking spaces. This is Denmark's first major factory outlet centre. The centre opened in March 2008, and the current occupancy rate is 68%. Diesel and G-Star opened shops in the Premier Outlets Center during spring 2010, and negotiations are ongoing with several prospective Danish and foreign tenants. The centre is expected to be sold following a running-in and maturing period, during which the company will seek to sign an additional tenant and thereby confirm its position as Denmark's only outlet centre of importance.

For a more detailed description of the agreement, see "Part I - Description of TK Development - Material contracts - Miller Holding International Limited (Premier Outlets Center, Ringsted, Denmark)".

Østre Teglgade, Copenhagen, Denmark

TKD Nordeuropa owns an attractively located project covering an area of 24,000 sqm at Teglgade in Copenhagen. The area is well-suited for a residential or office development project. The project can be built in phases with stepwise letting and/or sale. A local development plan for the area is currently being drawn up. Under an agreement with the collaborative partner on this project, the Group will receive a 70% share of the future actual profit.

Amerika Plads, Copenhagen, Denmark

Kommanditaktieselskabet Danlink Udvikling (DLU), which is owned 50/50 by Udviklingselskabet By og Havn I/S and the Group, owns three projects at Amerika Plads: lot A, lot C and an underground car park. A building complex with about 11,000 sqm of office space is to be built on lot A, and a building complex with about 13,800 sqm of commercial and residential space is to be built on lot C. Construction will take place as the space is let. The underground parking facility at the Amerika Plads site is under construction and has been partially opened, currently offering about 800 parking spaces. As construction of lot A and lot C is gradually completed, so too will the overall parking facility be completed, after which it is expected to be sold.

Since 2002, DLU has developed about 80,000 sqm of commercial and residential property at Amerika Plads.

For a more detailed description of the agreement, see "Part I - Description of TK Development - Material contracts - Udviklingselskabet By & Havn I/S (Amerika Plads, Copenhagen, Denmark)".

Sillebroen, shopping centre, Frederikssund, Denmark

In Frederikssund, TKD Nordeuropa has constructed a shopping centre with a total floor space of about 28,000 sqm. The shopping centre comprises supermarket units of about 5,000 sqm and speciality stores and restaurants of about 20,000 sqm. The project also includes about 3,000 sqm of residential space. An agreement has been made with a private investor for the sale of the options to build the residential space. The current occupancy rate is 91%, and the tenant line-up includes Kvickly, Fakta, Hennes & Mauritz, Synoptik, Matas, Skoringen, Deichmann and Vero Moda. The centre opened in March 2010. A multi-storey car park with about 800 parking spaces has been established at the centre.

Shopping centre, Esbjerg, Denmark

The Group and DSB Ejendomsudvikling A/S are well under way in the new project to develop a new shopping center on the old railway site at Esbjerg station, Denmark. The local planning process has been initiated, and the final local development plan is expected to be approved in autumn 2010. The plan is for TK Development to build a 28,000 sqm shopping centre.

Århus South, phase II, Denmark

In Århus, the Group is currently developing retail space of about 2,800 sqm, which is phase II of a retail project totalling 5,300 sqm. Construction of the second, 2,800 sqm phase will start when planning conditions are in place and a satisfactory letting rate has been achieved. The Group sold phase one of the project of about 2,500 sqm and handed it over to the relevant investors in a prior financial year.

Østre Havn/Stuhrs Brygge, Aalborg, Denmark

In the area previously occupied by Aalborg Shipyard at Stuhrs Brygge, TKD Nordeuropa and Frederikshavn Maritime Erhvervspark A/S are developing a business and residential park of about 80,000 sqm through their jointly owned (50/50) company Østre Havn P/S. The land was acquired by the jointly owned company, but payment of the acquired options to build falls due as and when specific projects are developed and completed. Local development planning for a part of the area provides for the construction of residential units covering about 8,000 sqm. Negotiations with a prospective investor for this residential space are ongoing.

For a more detailed description of the agreement, see "Part I - Description of TK Development - Material contracts - Frederikshavn Maritime Erhvervspark A/S (Østre Havn / Stuhrs Brygge, Aalborg, Denmark)".

Retail park, Anelystparken, Århus, Denmark

This project consists of a 2,800 sqm retail park, which has been fully let. The retail park has been completed and handed over to the tenants.

Retail park, Østergade, Brønderslev, Denmark

Following the hand-over of a Føtex supermarket to Dansk Supermarked and a petrol station to OK Benzin, this project comprises retail premises of about 1,100 sqm, let to Punkt 1 and an amusement arcade operator.

Retail park, Mejlstedgade, Brønderslev, Denmark

After handing over the Føtex supermarket to Dansk Supermarked in the Group's Østergade project in Brønderslev, the Group has taken over the old 2,400 sqm Føtex property. The project will be let for retail purposes.

Vasevej, Birkerød, Denmark

TKD Nordeuropa owns a property of about 3,000 sqm at Vasevej in Birkerød, rented by SuperBest. Plans are in progress to build an extension of about 1,400 sqm and sell it to an owner-occupant.

Kulan retail business district, shopping centre and services/commercial space, 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 'Gamla Stan', the old part of Gothenburg. The acquisition of land for the project will be completed following the adoption of a local development plan, expected in 2012. The contemplated project comprises a total floor space of about 75,000 sqm: 30,000 sqm for a shopping centre, 15,000 sqm for services/commercial use and 30,000 sqm for residential purposes. TK Development will be in charge of developing the 45,000 sqm for the shopping centre and services/commercial facilities, while JM AB will be in charge of the 30,000 sqm of residential space. The Group has an option to buy land for the 45,000 sqm shopping centre and services/commercial facilities.

Kofoten, Kristianstad, Sweden

TKD Nordeuropa owns a property in Kristianstad. Following conversion and extension, the project will comprise a retail park of about 6,200 sqm. The existing building of about 4,000 sqm is almost fully let, renovation has been completed, and the retail stores have opened. The overall project is expected to be completed by mid-2011.

Retail park, Enebyängen, Danderyd, Sweden

TKD Nordeuropa is building a new 14,300 sqm retail park in the municipality of Danderyd near Stockholm. Lease agreements concluded include a 4,300 sqm lease with supermarket operator Coop Extra, a 4,000 sqm lease with a furniture store

operator and a lease with Plantagen. The project has been sold to Commerz Real, a German investment fund. The total selling price is expected to be around SEK 280 million, based on forward funding. The current occupancy rate is 99%, and construction started in November 2009. The project will be built in two phases, the first consisting of nine stores scheduled to open in October 2010, and the second consisting of Plantagen is expected to open in spring 2012.

Kaarina Retail Park, Turku, Finland

In the Finnish town of Turku, TKD Nordeuropa owns a plot of land allowing for the construction of a 7,500 sqm retail park. Work is proceeding on an extension of the project to about 13,000 sqm, and negotiations with potential occupiers/tenants are ongoing.

DomusPro Retail Park, Vilnius, Lithuania

TKD Nordeuropa owns a plot of land in Vilnius reserved for building a 13,600 sqm retail park. The Group has postponed the startup of construction until the project has been sold or satisfactory pre-letting achieved relative to the market situation in Lithuania.

Euro Mall Holding project portfolio

TK Development carries on its activities in Central Europe primarily through Euro Mall Holding, whose main focus is on the retail property segment (shopping centres and retail parks) and the mixed use segment and, in Poland, the residential segment.

The development potential of the project portfolio represented 447,000 sqm at 30 April 2010, of which sold projects accounted for 114,000 sqm and remaining projects for 333,000 sqm.

The table below lists the main projects of the Euro Mall Holding portfolio. The carrying amount of the projects set out below accounts for more than 95% of the total project portfolio carrying amount at 30 April 2010. Euro Mall Holding's five largest projects measured by carrying amount had an aggregate carrying amount of DKK 1,410.7 million at 30 April 2010.

TABLE I 13: EURO MALL HOLDING'S PROJECTS

Project name	City	Segment	Building rights (sqm)	Ownership interest	Construction start/Expected construction start	Opening/expected opening date
Poland						
Stocznia, multi-functional centre Young City	Gdansk	Mixed use	61,000	76% ¹⁾	2011	2013
Residential Park, Bielany	Warsaw	Residential/ Services	60,000	100%	End 2010	As completed
Tivoli Residential Park, Targówek	Warsaw	Services/Offices	5,600	100%	Spring 2010	Mid 2011
Poznan Warta	Poznan	Retail/Housing	50,000	100%	-	-
Shopping centre, Tarnów	Tarnów	Retail	16,500	100%	Autumn 2008	November 2009
Shopping centre, Nowy Sącz	Nowy Sącz	Retail	17,300	100%	Mid 2008	October 2009
Shopping centre, Jastrzębie	Jastrzębie	Retail	43,300	- ²⁾	-	-
Bytom Retail Park	Bytom	Retail	25,800	100%	As completed	As completed
Czech Republic						
Prague Airport Ruzyně II	Prague	Mixed use	7,000	100%	2013	2013
Fashion Arena Outlet Center	Prague	Retail	25,000	75%	Spring 2007	Phase 1: November 2007. Phase 2: Autumn 2010.
Sterboholý Retail Park	Prague	Retail	6,000	100%	2013	2013
Liberec Retail Park, II	Liberec	Retail	6,200	100%	Beginning of 2011	Autumn 2011
Most Retail Park	Most	Retail	8,400	100%	Autumn 2008	Phase 1: Spring 2009. Phase 2: Autumn 2012.
Futurum Hradec Králové, extension	Hradec Králové	Retail	9,800	20% ³⁾	Autumn 2010	Spring 2012
Retailpark, Teplice	Teplice	Retail	7,600	100%	Spring 2012	Autumn 2012
Shopping centre, Frýdek Místek	Frýdek Místek	Retail	19,000	100%	Autumn 2012	Autumn 2013
Slovakia		Retail				
Retail park, Prešov	Prešov	Retail	9,300	100%	Spring 2012	Autumn 2012
Euro Mall Holding total space			c. 378,000			

1) Euro Mall Holding's profit share amounts to 45%

2) Based on fee income.

3) Euro Mall Holding's profit share amounts to 50%.

Stocznia multi-functional centre, Young City, Gdansk, Poland

Based on current plans, this multi-functional centre in Gdansk, Poland, will have total premises of about 61,000 sqm, to be developed in a joint venture with Atrium European Real Estate. The centre will comprise retail, restaurant and leisure facilities. Atrium European Real Estate has undertaken the overall project financing and will retain a long-term investment interest in the retail, restaurant and leisure premises. Negotiations are ongoing with several tenants, all of which have indicated a keen interest in ren-

ting 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 to be generated when the centre opens. Planning permission is expected to be issued at end 2010. Commencement of project construction will be determined when the local authority commences the infrastructure work.

Residential park, Bielany, Warsaw, Poland

Euro Mall Holding owns 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. Construction of the first phase is anticipated to start at end-2010, once the relevant authority approvals are in place and the pre-construction sale has reached a satisfactory level, with handing-over expected in 2012. The remaining phases will then be handed over successively. The residential units are expected to be sold as commonhold units to private users.

Tivoli Residential Park, service/office space, Targówek, Warsaw, Poland

Planning permission has been granted for the construction of about 5,600 sqm of office/service space on the land owned by Euro Mall Holding in the Targówek district in Warsaw. The Group has entered into an agreement with an occupier for the sale of about 3,500 sqm of these premises. The sales agreement is based on forward funding. Construction commenced in spring 2010, and the company's headquarters is expected to be completed in mid 2011.

The Galeria Tarnovia Shopping Centre, Tarnów, Poland

In the Polish town of Tarnów, Euro Mall Holding has built a 16,500 sqm shopping centre, comprising a supermarket of about 2,700 sqm and specialty stores of about 13,800 sqm. The fully-let shopping centre opened as planned in November 2009 and the project is ready to be sold.

The Galeria Sandecja Shopping Centre, Nowy Sącz, Poland

In the Polish town of Nowy Sącz, Euro Mall Holding has built a 17,300 sqm shopping centre, consisting of a 5,000 sqm hypermarket and specialty stores of about 12,300 sqm. The shopping centre was fully-let when it opened in October 2009 and the project is ready to be sold.

Shopping centre, Jastrzębie, Poland

This project, consisting of a 43,300 sqm shopping centre, will be executed by Atrium European Real Estate, with Euro Mall Holding as the project developer. Euro Mall Holding has entered into an agreement with Atrium European Real Estate regarding Euro Mall Holding's assistance for development, letting and construction management of the project on a fee basis. Further progress of the project and the timing of construction startup has not yet been determined. Negotiations with the authorities on the project's infrastructure for the purposes of securing planning permission have been suspended and will be resumed when a decision has been made on the further progress of the project.

For a more detailed description of the agreement, see "Part I - Description of TK Development - Material contracts - Atrium European Real Estate (Stocznia, multi-functional centre, Young City, Gdansk, and Jastrzębie, shopping centre, Poland)".

Bytom Retail Park, Bytom, Poland

Euro Mall Holding expects to develop a retail park with total leasable space of about 25,800 sqm on its site at the Plejada Shopping Centre in Bytom, which is centrally located in the Katowice region. Letting efforts are ongoing, and construction is expected to commence as space is let.

Fashion Arena Outlet Centre, Prague, Czech Republic

In Prague, the Group is developing a 25,000 sqm factory outlet centre. The project is being developed in a joint venture with an international collaboration partner with factory outlet experience. The first phase of about 18,000 sqm opened on 15 November 2007. The current occupancy rate for the first phase is 94%. Following satisfactory pre-letting of the second, 7,000 sqm phase of this project, construction commenced in April 2010. The second phase is projected to open in autumn 2010. At present, negotiations with several prospective Czech and international tenants for the remaining premises are ongoing.

For a more detailed description of the agreement, see "Part I - Description of TK Development - Material contracts - LMS Outlet Limited (Fashion Arena Outlet Center, Prague, Czech Republic)".

Liberec Retail Park, phase II, Czech Republic

This project consists of a 17,600 sqm retail park. The first 11,400 sqm phase, which opened on 17 September 2008, has been sold and handed over to the investor. The second 6,200 sqm phase is scheduled to open in autumn 2011. The project has been sold to GE Real Estate Central Europe on the basis of forward funding. Letting efforts are ongoing, and construction is expected to commence when a satisfactory pre-letting rate has been achieved.

Most Retail Park, Czech Republic

Euro Mall Holding is developing an 8,400 sqm retail park in the Czech town of Most, to be built in two phases. The first phase of 6,400 sqm opened in April 2009, and the current occupancy rate for this phase is 87%. The second phase has yet to be commenced, but completion is expected in autumn 2012.

Futurum Hradec Králové, extension, the Czech Republic

The Futurum Hradec Králové Shopping Centre, part of a joint venture between GE Capital, Heitman and TK Development and in which TK Development has a 20% ownership interest, is to be extended by almost 10,000 sqm. Management expects TK Development to receive construction management and letting fee income from the planned extension. The current occupancy rate for the extension is 77%. Construction is expected to start in the autumn of 2010, with the opening scheduled for spring 2012. On completion, the extension will be recognised under investment properties like the rest of Futurum Hradec Králové.

For a more detailed description of the agreement, see "Part I - Description of TK Development - Material contracts - GE Capital Investments Holding B.V. ("GE Capital") and HCEPP II Luxemburg S.A. ("Heitman") (Futurum Hradec Králové, Czech Republic)".

Retail park, Teplice, Czech Republic

Euro Mall Holding owns plots of land in Teplice with a view to constructing a retail park of about 7,600 sqm. Planning permission has been granted for the project. Letting is ongoing, and construction is expected to start in spring 2012, with the opening scheduled for autumn 2012.

Shopping centre, Frýdek Místek, the Czech Republic

In the Czech town of Frýdek Místek, Euro Mall Holding has acquired a long-term option to buy a plot of land for the purpose of building a 19,000 sqm shopping centre. Construction is expected to start in the course of 2012, with the hand-over scheduled for 2013.

Retail park, Prešov, Slovakia

Euro Mall Holding owns a plot of land in Prešov with a view to constructing a retail park of about 9,300 sqm. Planning permission has been granted for the project. Letting is ongoing, and construction is expected to start in spring 2012, with the opening scheduled for autumn 2012.

Investment properties

In addition to TK Development's project portfolio, the Group owns investment properties in the Czech Republic (through Euro Mall Holding) and Germany (through direct German subsidiaries of TK Development A/S).

The Group's investment properties are included in the balance sheet under property, plant and equipment. The value of these properties is measured at fair value and amounted to DKK 356.6 million at 30 April 2010 and DKK 355.1 million at 31 January 2010.

TABLE I 14: INVESTMENT PROPERTIES

Project name	City	Segment	Floor space ¹⁾ (sqm)	Ownership interest	Opened
Czech Republic					
Futurum Hradec Králové, Czech Republic	Hradec Králové	Retail	18,300	20%	Nov. 2000
Germany					
Germany	Lüdenscheid / Berlin	Residential/ Mixed use	26,000	100%	1994-1998
Total investment properties			44,300		

1) Inklusiv fællesarealer.

Czech Republic

Euro Mall Holding's investment property Futurum Hradec Králové had a carrying amount of DKK 160.7 million at 30 April 2010, based on a yield requirement of 7.0% p.a., calculated on the basis of a discounted cash-flow model over a five-year period. The yield requirement is believed to have remained unchanged since 31 January 2010.

The investment property is owned through a joint venture with GE Capital and Heitman. TK Development has access to a performance-based share of the value adjustments on part of the property, which has been included in the carrying amount. During the period under review, the letting situation was satisfactory.

There are plans to extend the Futurum Hradec Králové Shopping Centre by almost 10,000 sqm. Construction is expected to start in the autumn of 2010, with the opening scheduled for spring 2012.

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.

At 30 April 2010, the properties were recognized at DKK 196.0 million based on a yield requirement of 6.5% p.a. calculated on the basis of a discounted cash-flow model over a

ten-year period. The yield requirement is believed to be unchanged from 31 January 2010.

Center management

In addition to its development and investment activities, TK Development also has an ownership interest in Euro Mall Center Management (EMCM). Management believes that a competitive benefit will revert to the Group by maintaining close relations with a management company that is able to operate own shopping centres under construction or being run-in as well as to manage shopping centres for the owners that acquire the shopping centres from the Group. In many cases, EMCM Holding A/S retains the role as operational manager, unless a shopping centre investor already has a management arrangement. As at the Prospectus Date, EMCM has a portfolio of about 20 shopping centres under management.

EMCM's day-to-day management consists of Jørn Elkjær-Holm, who has a one-third ownership interest in EMCM through Elkjaerholm Invest ApS. Backed by his long-standing experience in operational shopping centre management, Mr Elkjær-Holm has extensive expertise in optimising shopping centre operations and performance.

For a more detailed description of the agreement, see "Part I - Description of TK Development - Material contracts - EMCM Holding A/S (Euro Mall Center Management)".

I. 7 ORGANISATIONAL STRUCTURE

TK Development A/S is the parent company of the Group. TK Bygge-Holding A/S, TK Development GmbH and TK Development bau GmbH are wholly owned by TK Develop-

ment A/S, while TKD Nordeuropa A/S is owned 52.16% by TK Bygge-Holding A/S and 47.84% by TK Development A/S.

TABLE I 15: TK DEVELOPMENT'S GROUP STRUCTURE AS AT THE PROSPECTUS DATE

Name	Head office	Ownership interest and voting rights
TKD Nordeuropa A/S	Aalborg	100%
TK Development Sweden Holding AB	Stockholm	100%
TK Projekt AB	Stockholm	100%
EMÖ Projekt AB	Stockholm	100%
EMÖ Center AB	Stockholm	100%
TK Utveckling AB	Stockholm	100%
Byggnetto i Blekinge AB	Stockholm	100%
TK Sverige AB	Stockholm	100%
Enebyängen Fastighets AB Stockholm	Stockholm	100%
TKD Suomi OY	Helsinki	100%
OY TKD Construction Finland	Helsinki	100%
K/S Tampere IV, Finland in solvent liquidation	Copenhagen	100%
ApS Komplementarselskabet Tampere retail IV, Finland in solvent liquidation	Copenhagen	100%
UAB TK Development Lietuva	Vilnius	100%
UAB "Profista"	Vilnius	100%
TKD Milgravis ApS	Aalborg	100%
SIA "KK"	Riga	100%
SIA TK Development Latvia	Riga	100%
SIA TKD Retail Park	Riga	100%
TK Development Danmark A/S	Aalborg	100%
TK Amerika Plads H A/S	Aalborg	100%
TKD Projekt A/S	Aalborg	100%
Kommanditaktieselskabet Frederikssund Shoppingcenter	Aalborg	100%
Komplementarselskabet Frederikssund Shoppingcenter ApS	Aalborg	100%
Driftsselskabet Frederikssund ApS	Aalborg	100%
TK Valby Torvene A/S	Aalborg	100%
Trøjborgvej ApS	Aalborg	100%
TK POC P/S	Aalborg	100%
Ringsted Outlet Center P/S	Aalborg	50%
SPV Ringsted ApS	Aalborg	50%
Komplementarselskabet POC ApS	Aalborg	100%
Udviklingselskabet Nordkranen A/S	Copenhagen	50%
Kommanditaktieselskabet Danlink - Udvikling	Copenhagen	50%
Komplementarselskabet DLU ApS	Copenhagen	50%
Kommanditaktieselskabet Østre Havn P/S	Aalborg	50%

Name	Head office	Ownership interest and voting rights
Østre Havn ApS	Aalborg	50%
TK Bygge-Holding A/S	Aalborg	100%
TK Bygge-Holding Russia A/S	Aalborg	100%
Ejendomsselskabet Klampenborgvej I/S	Aalborg	50%
ApS Komplementarselskabet DLU nr. 1	Copenhagen	50%
Kommanditaktieselskabet DLU nr. 1	Copenhagen	50%
TKD Bulgaria EOOD in solvent liquidation	Sofia	100%
Euro Mall Holding A/S	Aalborg	100%
Euro Mall Sweden AB	Stockholm	100%
Euro Mall Poland Holding A/S	Aalborg	100%
Euro Mall Poland Invest B.V.	Amsterdam	100%
TK Development Sp. z o.o. in solvent liquidation	Warsaw	100%
Nowa Wilda Sp. z o.o.	Warsaw	100%
Euro Mall Sosnowiec Retail Sp. z o.o. in solvent liquidation	Warsaw	100%
Euro Mall Sosnowiec Dev. Sp z o.o. in solvent liquidation	Warsaw	100%
Euro Mall Torun Holding B.V.	Amsterdam	100%
Euro Mall Torun Sp. z o.o. in solvent liquidation	Warsaw	100%
TK Polska Operations S.A.	Warsaw	100%
TK Polska Development II Sp. z o.o.	Warsaw	100%
Euro Mall Polska X Sp. z o.o.	Warsaw	100%
Euro Mall Targówek III Sp. z o.o.	Warsaw	100%
Euro Mall Targówek Sp. z o.o.	Warsaw	100%
Jero II Sp. z o.o. i likvidation	Warsaw	100%
Euro Mall Polska XIV Sp. z o.o.	Warsaw	100%
Euro Mall Polska XV Sp. z o.o.	Warsaw	100%
Euro Mall Polska XVI Sp. z o.o.	Warsaw	76%
Euro Mall Polska XVIII Sp. z o.o. in solvent liquidation	Warsaw	100%
Euro Mall Polska XIX Sp. z o.o.	Warsaw	76%
Euro Mall Polska XX Sp. z o.o.	Warsaw	76%
Euro Mall Polska XXII Sp. z o.o.	Warsaw	100%
Euro Mall Polska XXIII Sp. z o.o.	Warsaw	100%
Euro Mall Polska XXIV Sp. z o.o.	Warsaw	100%
TK Development Slovakia s.r.o.	Bratislava	100%
Saprex s.r.o.	Bratislava	100%
Targest s.r.o.	Bratislava	100%
Euro Mall Czech & Slovakia Invest B.V.	Amsterdam	100%
Euro Mall Project s.r.o.	Prague	100%
Euro Mall Ceske Budejovice s.r.o.	Prague	100%
TK Czech Development III s.r.o.	Prague	100%
Euro Mall Czech VI s.r.o.	Prague	100%
Euro Mall FM a.s.	Prague	90%

Name	Head office	Ownership interest and voting rights
TK Development Czech II s.r.o.	Prague	100%
TK Czech Operations s.r.o.	Prague	100%
Euro Mall Praha a.s.	Prague	100%
Euro Mall Brno South Retail Park s.r.o.	Prague	100%
TK Sites s.r.o. i likvidation	Prague	100%
Euro Mall Bohemia s.r.o.	Prague	100%
Euro Mall Czech Invest B.V.	Amsterdam	100%
Euro Mall Sterboholy Holding B.V.	Amsterdam	100%
Euro Mall Sterboholy SC a.s.	Prague	75%
Euro Mall City s.r.o.	Prague	100%
Euro Mall Delta s.r.o.	Prague	100%
Euro Mall Event s.r.o.	Prague	100%
Euro Mall Luxembourg S.A.	Luxembourg	100%
Euro Mall Hradec Kralove Real Estate s.r.o.	Prague	20%
Euro Mall Ventures S.á.r.l.	Luxembourg	20%
EMCM Holding A/S	Herning	33%
Euro Mall Center Management s.r.o.	Prague	100%
Fashion Arena Center Management s.r.o.	Prague	90%
Euro Mall Center Management s.r.o.	Bratislava	100%
Fashion Arena Center Management s.r.o.	Prague	10%
Euro Mall Center Management Poland Sp. z o.o.	Warsaw	100%
CEE Real Estate Investments A/S	Herning	15%
SIA EMCM Baltic	Riga	100%
UAB EMCM Baltic	Vilnius	100%
Euro Mall Bytom Sp. z o.o. i likvidation	Warsaw	100%
Centrum Handlowe Reduta Sp. z o.o. i likvidation	Warsaw	100%
Centrum Handlowe Targowek Sp. z o.o. i likvidation	Warsaw	100%
Euro Mall Polska III Sp. z o.o.	Warsaw	100%
TK Development Polska Sp. z o.o.	Warsaw	100%
D & V Properties Sp. z o.o.	Warsaw	100%
Euro Mall Polska XXI Sp. z o.o. in solvent liquidation	Warsaw	100%
TK Development GmbH	Berlin	100%
TKH Datzeberg Grundstücksgesellschaft mbH	Berlin	100%
EKZ Datzeberg Scan-Car GmbH	Berlin	100%
EKZ Datzeberg Scan-Car GmbH & Co. KG	Berlin	2%
EKZ Datzeberg Scan-Car GmbH & Co. KG	Berlin	98%
TKH Projektbeteiligungsgesellschaft mbH	Berlin	100%
TKD Oranienburg Grundstücksgesellschaft mbH	Berlin	100%
TKH Mahlow Wohnungsbaugesellschaft mbH	Berlin	100%
TKH Bauprojekt Weissensee GmbH in solvent liquidation	Berlin	100%
TKH Bauprojekt Gäblerstrasse GmbH in solvent liquidation	Berlin	100%
TKH Ferienwohnungsgesellschaft mbH	Berlin	100%
I/S Neubrandenburg Fritscheshof	Aalborg	35%
Pedersen Fritscheshof Neubrandenburg KG	Hamburg	35%
TK Development Bau GmbH	Berlin	100%

8.1 OWNED AND LEASED PROPERTIES AND BUILDINGS

TK Developments' most important assets are the ownership of property projects in progress or completed and a number of investment properties in the Group's markets in Northern and Central Europe.

There are no significant easements to the Group's owned or leased properties, which significantly limits the Group's current or planned, as at the Prospectus Date, use of the properties.

Properties and buildings owned

Development projects under the Group's owned and leased properties and buildings are recognised in the project portfolio under current assets and investment properties are recognised under non-current assets. At 30 April 2010, the Group's project portfolio recognised under current assets amounted to DKK 3,380.5 million and the Group's investment properties recognised under non-current assets amounted to DKK 356.6 million.

TK Development's most important owned properties and buildings recognised under current assets are described in further detail in "Part I - Description of TK Development -

Business overview - Business - The Group's project portfolio" and owned properties recognised under non-current assets are further described under "Part I - Description of TK Development - Business overview - Business - Investment properties".

Leased property, plant and equipment

TK Development has a limited number of lease locations situated in most of the markets in which the Group operates. The leased properties are used solely as offices for the staff.

TK Development's leased properties cover a total floorage of 5,772 sqm distributed on nine lease locations with a total annual rent of DKK 8.4 million. TK Development most often signs lease agreements for a longer period of time and with a period of non-terminability of 3 - 10 years from the date of the lease.

The lease terms vary for the different geographic markets, but Management believes that all conditions are consistent with the standards and general market practises of each market.

TABLE I 16: LEASED PROPERTIES AND BUILDINGS AT 30 APRIL 2010

Country	Number of lease locations	Floorage sqm	Annual rent DKKm
Northern Europe			
Denmark	2	2,983	3.6
Sweden*	2	385	1.4
Finland	1	181	0.3
Lithuania	1	150	0.3
Germany	1	227	0.3
Central Europe			
Poland	1	1,058	1.1
Czech Republic	1	788	1.4
Total	9	5,772	8.4

* In Sweden, TK Development has an office in a shared office facility where the floorage allocated to TK Development is not specified in the lease contract. The annual lease payment for this office is DKK 74,000.

Note: Number of lease locations means the number of different physical locations.

Lease liabilities

The Group's lease liabilities concern operating leases of office premises, office machinery and operating equipment. The lease contracts have been concluded for 3 - 5 year periods at predefined lease payments which are subject to index regulation. The future minimum lease payments under interminable lease contracts amounted to DKK 20.0 million for FY 2009/10.

8.2 INSURANCE

Based on the overall risk profile determined by Management, the Group conducts thorough analysis, review and hedging of its overall risk profile in collaboration with the Group's insurance broker. This ensures that the Group's needs and requirements are met and that all projects have identical insurance coverage. Management and the insurance broker believe that the current insurance coverage is adequate considering the Group's activities. It should be noted that policies abroad are not taken out through the Group's insurance broker, but are taken out locally. TK Development's largest insurance risks are the Group's properties and projects, all of which are insured through property insurance for finished projects and through contractors' insurance for projects under construction. Historically, the Group has not had any material damage to its properties and projects. Furthermore, the Group has taken out standard industrial and professional liability insurance on all

companies with an insurance sum of DKK 40 million per claim. Furthermore, travel insurance has been taken out for all employees. In addition to the above-mentioned general insurance, local compulsory and customary insurances have been taken out, such as statutory industrial injury, IT and car insurance. Management has chosen not to take out insurance for the following: directors' and officers' liability, crime and environmental liability.

8.3 ENVIRONMENT

TK Development's properties and buildings are part of the project portfolio. For relevant environmental matters, see "Risk factors - Risks relating to Group operations - Environmental matters" and "Part I - Description of TK Development - Business overview - Business".

The following selected financial highlights have been extracted from the Group's audited annual reports as at and for the years ended 31 January 2009 (FY 2008/09) and 2008 (FY 2007/08) and the audited consolidated and parent company financial statements as at and for the year ended 31 January 2010 (FY 2009/10), which were prepared in accordance with the International Financial Reporting Standards as adopted by the EU and additional Danish disclosure requirements for annual reports of listed companies. In addition, selected financial highlights as at

and for the three months ended 30 April 2010 (Q1 2009/10) with comparative figures as at and for the three months ended 30 April 2009 (Q1 2008/09) have been extracted from the interim report as at and for the three months ended 30 April 2010. The interim report has been prepared in accordance with IAS 34 "Interim financial reporting" as adopted by the EU and additional Danish disclosure requirements for interim reports of listed companies. The interim reports have been neither audited nor reviewed.

9.1 SELECTED CONSOLIDATED FINANCIAL INFORMATION FOR TK DEVELOPMENT

TABLE I 17: SELECTED CONSOLIDATED FINANCIAL HIGHLIGHTS

	FY			Q1	
	2007/08 Audited	2008/09 Audited	2009/10 Audited	2009/10 Unaudited	2010/11 Unaudited
DKK mio unless otherwise indicated					
Income statement					
Revenue	2,586.8	1,052.4	1,369.9	49.6	159.7
Net value adjustment, investment properties	44.5	57.7	-10.9	3.5	1.5
Gross profit	553.8	375.0	200.5	25.6	67.2
Operating profit (EBIT)	386.8	201.7	57.5	-11.7	34.5
Financing, etc.	- 41.7	- 33.4	- 17.9	-3.8	-8.8
Profit/loss before tax	345.4	168.0	39.4	-15.4	26.4
Profit/loss for the period	271.9	155.2	25.4	-12.0	19.5
Shareholders' share of profit/loss for the period	249.5	155.2	25.4	-12.0	19.5
Balance sheet	31.01.2008	31.01.2009	31.01.2010	30.04.2009	30.04.2010
Balance sheet total	4,070.9	3,816.1	4,377.3	3,956.4	4,583.1
Property, plant and equipment	598.8	380.8	364.3	383.3	365.5
of which investment properties	584.6	366.5	355.1	369.8	356.6
Project portfolio	1,945.5	2,541.3	3,249.5	2,773.9	3,380.5
of which project portfolio	1,998.3	2,541.3	3,253.5	2,776.5	3,380.5
of which prepayments received from customers	-52.8	0.0	-4.0	-2.6	0.0
Equity ex. minority interests	1,439.9	1,506.0	1,593.4	1,512.1	1,626.2
Total equity	1,533.8	1,506.0	1,593.4	1,512.1	1,626.2
Cash flows from operating activities	142.6	-431.4	-582.8	-158.2	-126.1
Net interest-bearing debt, end of period	1,094.9	1,509.5	2,178.9	1,705.4	2,270.0
Financial ratios					
Return on equity (ROE)	19.2%	10.5%	1.6%	-3.2%	4.8%
EBIT margin	15.0%	19.2%	4.2%	-23.6%	21.6%
Equity ratio	37.7%	39.5%	36.4%	38.2%	35.5%
Equity value (in DKK per share)	51.3	53.7	56.8	53.9	58.0
Earnings per share (EPS) of nom. DKK 20 (in DKK)	8.9	5.5	0.9	-0.4	0.7
Dividend (in DKK per share)	0.0	0.0	0.0	0.0	0.0
Ratios adjusted for warrants					
Return on equity (ROE)	19.2%	10.5%	1.6%	-3.2%	4.8%
Equity ratio	37.7%	39.5%	36.4%	38.2%	35.5%
Equity value (in DKK per share)	51.3	53.7	56.8	53.9	58.0
Diluted earnings per share (EPS-D) of nom. DKK 20 (in DKK)	8.8	5.5	0.9	-0.4	0.7

The calculation of financial ratios was based on the guidelines issued by the Danish Society of Financial Analysts. Basis for calculating equity ratio: Equity, end of period/equity and liabilities, end of period.

The consolidated financial statements have been restated retrospectively to reflect changes in accounting policies and reclassifications made in FY 2009/10 and FY 2008/09.

9.2 OPERATING AND FINANCIAL REVIEW FOR TK DEVELOPMENT

The following review should be read in conjunction with TK Development's annual reports and the notes thereto. Extracts from the audited annual reports for FY 2007/08 and FY 2008/09, extracts from the audited consolidated and parent company financial statements for FY 2009/10 and extracts from the unaudited interim report for the three months ended 30 April 2010 with comparative figures for the three months ended 30 April 2009 can be found on pages F5 – F11 and F15 – F67 herein.

FACTORS AFFECTING RESULTS OF OPERATIONS

Currency risks

In order to minimise 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 Company gains an advantage from concluding the construction contract in a currency other than the relevant project's invoicing currency, the Company generally hedges the foreign exchange risk through a forward agreement. The foreign subsidiaries pay their staff costs and other administrative expenses in local currencies. Each Group subsidiary determines its functional currency as the official currency of the primary financial environment in which the entity operates. The functional currency is determined, among other things, by which currency has the greatest impact on selling prices and costs. All transactions of each unit are measured in the functional currency in order to minimise the foreign exchange risk of each subsidiary.

Although the Group seeks to cover its currency risk by the above means, currency remains a significant risk element for the consolidated operating profit.

Revenue

The development and construction of major projects usually takes several years. For accounting purposes, revenue and thus profits from projects sold are normally not recognised until the date of handover to the investors. Accordingly, consolidated revenue may vary significantly from one year to the next. As the selling price of individual projects is principally calculated on the basis of expected net rental income and the yield requirement agreed with the investor, rent level and yield requirement are both important factors in this respect and any changes to these could have a significant impact on the Group's selling prices and, consequently, its earnings.

Expenses

In connection with the development of real property projects, the most significant expense items for the Group are purchase of land and construction costs. The Group seeks to ensure that

purchase, sales and construction contracts are entered into more or less simultaneously in order to minimise the risk of price fluctuations. Once contracts have been entered into, the Group is normally not exposed to any price fluctuations. Any timing differences between the contract dates may affect the Group's earnings, see below.

Timing differences

The prevailing market conditions are of great significance to the valuation of the Group's project portfolio. If the prevailing market conditions change significantly between the date of the Group's purchase of land and the date of the sale and/or start of construction, this may cause the Group's earnings on individual projects to deviate positively or negatively from the original expectations.

Critical accounting policies

TK Development's accounting policies as described on pages F20 – F32 of this Prospectus.

Significant accounting estimates and judgments

Many financial statement items cannot be measured reliably, but must be estimated. Such estimates comprise judgments made on the basis of the most recent information available at the reporting date. It may be necessary to amend previous estimates as a result of changes to the assumptions on which the estimates were based or due to supplementary information, additional experience or subsequent events.

In applying the accounting policies described, Management has exercised the following significant accounting estimates and judgments that materially affect the annual report:

Revenue recognition

On projects that can be classified as construction contracts, revenue is recognised in accordance with IAS 11, i.e. the percentage of completion method. Where a sold project comprises several instalment deliveries and where these are separately identifiable and the financial effect of each instalment delivery can be assessed individually, the profit from the individual instalment delivery is recognised when all significant elements of the agreement have been fulfilled, and thus in accordance with IAS 18 and the sales method. Management therefore makes a specific assessment of each individual project in relation to principle and method of recognition.

Investment properties

The Group's investment properties are measured at fair value in the balance sheet. The valuation is made according to a discounted cash flow model, with expected future cash flows being discounted to present value on the basis of a given rate of return. In the event of changes to the assumptions used, the

value may differ from the value determined at the balance sheet date.

Projects in progress and completed projects

When assessing indications of impairment of projects in progress and completed projects, the Group makes a specific evaluation of the individual projects, including available project budgets and expectations as to future development prospects. If the actual development process deviates from expectations, this may give rise to impairment losses or adjustment of the recognised impairment losses.

Receivables

The assessment of indications of impairment is made on the basis of an assessment of each individual receivable. In the event of changes to the assumptions used, the value may differ from the value determined at the balance sheet date.

Deferred tax assets

The valuation is made on the basis of the existing opportunities in respect of tax loss carryforwards, joint taxation and group contributions. A change in the terms for carrying forward losses and joint taxation/group contributions could result in the value of the tax assets being either higher or lower than the carrying amount computed at the balance sheet date. The valuation of the tax asset is made on the basis of available budgets and profit forecasts for a five-year period. For the first three years, budgets are based on an evaluation of specific projects in the Group's project portfolio. For the following two years, the profit forecasts are supported by specific projects in the project portfolio with a longer time horizon than three years as well as various project opportunities.

Goodwill

The assessment of whether recognised goodwill is impaired requires a determination of the value in use of the cash-generating units to which the goodwill amounts have been allocated. The determination of the value in use is made on the basis of estimates of the expected future cash flows of each cash-generating unit and a reasonable discount rate. No impairment losses have been recognised on recognised goodwill amounts.

Q1 2010/11 COMPARED WITH Q1 2009/10

Accounting policies

The interim report is presented in accordance with IAS 34, "Interim financial reporting" as adopted by the EU and in accordance with additional Danish disclosure requirements for interim reports of listed companies. The interim report for Q1 2010/11 is presented in accordance with the standards (IFRS/IAS) and interpretations (IFRIC) which are in force for financial years starting on or after 1 February 2010.

The implementation of the new and amended standards and interpretations has not had any impact on recognition or measurement. Accordingly, the new standards and interpretations have not had any impact on earnings per share or diluted earnings per share.

Other than as set out above, the accounting policies in the interim report are consistent with those applied in the annual report for FY 2009/10. For a more detailed description of the accounting policies, see the annual report for FY 2009/10.

No interim financial statements have been prepared for the parent company. The interim report is presented in DKK, which is the parent company's functional currency. The interim report is unaudited.

Income statement

Revenue

Revenue for Q1 2010/11 was realised at DKK 159.7 million, as compared with DKK 49.6 million in the year-earlier period.

The revenue for Q1 2010/11 breaks down as follows by business unit: TKD Nordeuropa 89%; Euro Mall Holding 8.7% and remaining activities 2.0%.

The revenue for Q1 2009/10 breaks down as follows by business unit: TKD Nordeuropa 54.2%, Euro Mall Holding 40.7% and remaining activities 5.1%.

Projects handed over

In Q1 2010/11 projects representing some 11,000 sqm were handed over. In Uppsala, Sweden, the Group handed over some 10,900 sqm retail park to the institutional fund of German IVG Funds. The fully-let retail park opened in March 2010 and was transferred to the investor in April 2010. Also, the Group handed over the remaining residential units of the Group's Tivoli Residential Park housing project in Warsaw, Poland.

In Q1 2009/10, a few minor sales of land were made in the Czech Republic and in the Group's Tivoli Residential Park project in Warsaw, Poland a few homes were handed over to the new owners.

Gross profit

Gross profit amounted to DKK 67.2 million, compared with DKK 25.6 million in Q1 2009/10. Gross profit excluding value adjustment of investment properties stood at 41.1% against 44.6% in Q1 2009/10, which was considered satisfactory for both periods. The projects handed over are outlined below.

Value adjustment of the Group's investment properties amounted to DKK 1.5 million against DKK 3.5 million in Q1 2009/10 and for both periods relates to the Group's Czech investment property.

In Q1 2010/11, profit on account regarding a single project was recognised according to the percentage of completion method at DKK 1.5 million. The amount was included in gross profit. For the same period of 2009/10 recognised profit on account amounted to DKK 1.0 million.

Staff costs and other external expenses

Staff costs and other external expenses for Q1 2010/11 amounted to DKK 31.8 million, against DKK 36.2 million for the same period of the previous year, which constituted a decline of 12.2% relative to Q1 2009/10.

Staff costs amounted to DKK 22.5 million against DKK 26.6 million in Q1 2009/10, constituting a decline of DKK 15.4% relative to Q1 2009/10. The decline reflected the fact that a previously implemented trimming of the organisation had now taken full effect. The number of employees in the Group at 30 April 2010 was 132 against 136 at 31 January 2010 and 156 at 30 April 2009.

Other external expenses amounted to DKK 9.3 million, in line with Q1 2009/10, when they amounted to DKK 9.6 million.

Financing

During the period, the Group recorded net financing expenses of DKK 8.8 million, an increase of DKK 5.0 million compared to the year-earlier period. The increase was in part a natural consequence of the Group having completed and opened three shopping centres since 30 April 2009 which since the opening have generated rental income, recognised in gross profit and financing expenses, both of which impact profit/loss.

Profit/loss after tax

In Q1 2010/11, TK Development realised a profit after tax of DKK 19.5 million against a loss of DKK 12.0 million for the year-earlier period.

The profit after tax of TKD Nordeuropa amounted to DKK 11.4 million, compared with a loss of DKK 8.9 million for Q1 2009/10. For Euro Mall Holding, the profit after tax amounted to DKK 5.3 million, compared with DKK 7.2 million for Q1 2009/10. The profit after tax for the rest of the Group was DKK 2.5 million, compared with a loss of DKK 10.3 million in the same period of the previous year.

Balance sheet

The Group's balance sheet total amounted to DKK 4,583.1 million at 30 April 2010, an increase of DKK 205.8 million or 4.7% compared to 31 January 2010. At 30 April 2009, the Group's balance sheet total stood at DKK 3,956.4 million.

Goodwill

At 30 April 2009 as well as at 30 April 2010, goodwill amounted to DKK 33.3 million and related to the business unit Euro Mall Holding A/S. At the balance sheet date of each of the two periods, there was no indication that this value was impaired.

Investment properties

The valuation of the Group's investment properties is made on the basis of a discounted cash flow model, in which future cash flows are discounted to their present value on the basis of a given yield requirement. The valuation at 30 April 2010 was based on unchanged yield requirements compared to 30 April 2009 and 31 January 2010, standing at 6.5% for the German investment properties and at 7.0% for the Czech investment property.

The combined value of the Group's investment properties at 30 April 2010 totalled DKK 356.6 million, compared with DKK 355.1 million at 31 January 2010 and DKK 369.8 million at 30 April 2009. Of this value, DKK 196.0 million at 30 April 2010 and DKK 212.9 million at 30 April 2009 related to the Group's German investment properties and DKK 160.6 million at 30 April 2010 and DKK 156.9 million at 30 April 2009 related to the Group's Czech investment property.

Deferred tax assets

Deferred tax assets in the balance sheet amounted to DKK 286.0 million at 30 April 2010 against DKK 284.9 million at 31 January 2010 and DKK 269.0 million at 30 April 2009. The valuation of the tax assets were based on existing budgets and profit forecasts for a five-year period. For the first three years, budgets were based on an evaluation of specific projects in the Group's project portfolio. The valuation for the following two years was based on specific projects in the project portfolio with a longer time horizon than three years as well as various project opportunities.

Project portfolio

The total project portfolio grew by DKK 127.0 million compared to 31 January 2010, amounting to DKK 3,380.5 million at 30 April 2010. This growth is partially attributable to the completion of the construction of the Group's shopping centre project Silkeborg in Frederikssund, Denmark and the initiation in April 2009 of phase II of Fashion Arena Outlet Center in Prague, Czech Republic. At 30 April 2009, the total project portfolio amounted to DKK 2,776.5 million.

Total prepayments based on forward funding agreements amounted to DKK 311.5 million at 30 April 2010 against DKK 350.7 million at 31 January 2010. The decline should be viewed in relation to the handover in Q1 2010/11 of the Group's 10,900 sqm retail park in Uppsala, Sweden, for which the sales agreement was based on forward funding. At 30 April 2010, forward funding represented about 92% of the gross carrying amount of sold projects. At 30 April 2009, total prepayments amounted to DKK 1,093.2 million, representing about 92% of the gross carrying amount of sold projects.

Receivables

Total receivables amounted to DKK 274.0 million at 30 April 2010, DKK 270.3 million at 31 January 2010 and DKK 315.2 million at 30 April 2009.

Cash and cash equivalents

Cash and cash equivalents amounted to DKK 107.3 million at 30 April 2010, an increase of DKK 29.8 million compared with 31 January 2010. The increase is a combination of freed-up cash on the handover of projects and the obtaining of certain improved financing agreements as well as the use of cash resources for operations and capital being tied up in projects. Cash and cash equivalents at 30 April 2009 amounted to DKK 63.0 million.

Equity

Equity amounted to DKK 1,626.2 million at 30 April 2010 against DKK 1,593.4 million at 31 January 2010. The increase in equity since 31 January 2010 resulted principally from the profit generated for the period and positive value adjustments after tax of DKK 12.4 million. The equity ratio amounted to 35.5%.

The Group's equity stood at DKK 1,512.1 million at 30 April 2009, equal to an equity ratio of 38.2%.

Non-current liabilities

The Group's non-current liabilities amounted to DKK 199.2 million at 30 April 2010, an increase of DKK 95.3 million compared to 31 January 2010. At 30 April 2009, non-current liabilities amounted to DKK 162.2 million.

Current liabilities

Current liabilities amounted to DKK 2,757.7 million at 30 April 2010, an increase of DKK 77.7 million compared to 31 January 2010. At 30 April 2009, current liabilities amounted to DKK 2,282.1 million.

Financial liabilities have been offset against trade receivables and tied-up cash to the extent the Company has a right of setoff and intends to or is under a contractual obligation to realise assets and liabilities simultaneously. Amounts were set

off only against tied-up cash at an amount of DKK 5.2 million at 30 April 2010 and DKK 23.9 million at 30 April 2009.

Cash flow statement

For Q1 2010/11, the cash flow statement showed a cash outflow of DKK 126.1 million from operating activities, a cash outflow of DKK 0.4 million from investing activities and a cash inflow of DKK 153.5 million from financing activities.

For Q1 2009/10, the cash flow statement showed a cash outflow of DKK 158.2 million from operating activities, a cash outflow of DKK 0.1 million from investing activities and a cash inflow of DKK 110.3 million from financing activities.

Cash flows from operating activities

Operating activities generated a cash outflow of DKK -126.1 million for Q1 2010/11 compared with a cash outflow of DKK -158.2 million for Q1 2009/10.

The Group's cash flows from operating activities largely depend on the Group's capital tied up in projects. In Q1 2010/11, capital was tied up in projects in relation to the completion of the construction of the Group's Sillebroen project in Frederikssund, Denmark.

In Q1 2009/10, capital tied up in projects related primarily to the ongoing construction of Sillebroen in Frederikssund as well as the Group's two shopping centres in Tarnów and Nowy Sącz, Poland and Most Retail Park in the Czech Republic.

Cash flows from investing activities

Investing activities generated a cash outflow of DKK 0.4 million for Q1 2010/11 compared with a cash outflow of DKK 0.1 million for Q1 2009/10.

There was no significant investing activity during either period.

Cash flows from financing activities

Financing activities generated a cash inflow of DKK 153.5 million for Q1 2010/11 compared with a cash inflow of DKK 110.3 million for Q1 2009/10.

The Group's financing activities principally consist in raising and reducing project financing. Cash flows from financing activities should be viewed in conjunction with cash flows from operating activities as the capital tied up in projects is largely financed through bank debt.

Off-balance sheet liabilities

For a detailed description of TK Development's rental and leasing obligations, see "Part I - Description of TK Development - Properties and facilities" elsewhere in this Prospectus.

For assumptions and types of other liabilities, see “Part I - Description of TK Development - Related party transactions”.

Capital resources

For a detailed description of TK Development’s capital resources, see “Part I - Description of TK Development - Capital resources” elsewhere in this Prospectus.

Significant events after the balance sheet date

Since the balance sheet date at 30 April 2010, no significant events have occurred that affect the Group’s assets, liabilities or financial position.

Investments in progress

The company Euro Mall Hradec Králové Real Estate s.r.o., in which TK Developments has an ownership interest of 20%, plans to extend Futurum Hradec Králové by almost 10,000 sqm. The total budget for this capital expenditure is approximately DKK 156 million. Construction is expected to start in the autumn of 2010, with the opening scheduled for spring 2012.

In connection with the planned extension of Futurum Hradec Králové, Euro Mall Hradec Králové Real Estate s.r.o. has obtained indicative offers to finance the extension. The extension is expected to be financed entirely by credit institutions and banks. Negotiations of the final financing terms and conditions are under way.

FY 2009/10, FY 2008/09 AND FY 2007/08

Income statement

Revenue

Due to the Group’s accounting policy on the recognition of projects sold, revenue may vary significantly from one year to the next.

Revenue for FY 2007/08 totalled DKK 2,586.8 million. The revenue for FY 2007/08 breaks down as follows by business unit: TKD Nordeuropa 63.7%, Euro Mall Holding 35.9% and the remaining activities 0.4%.

Revenue for FY 2008/09 totalled DKK 1,052.4 million. The revenue for FY 2008/09 breaks down as follows by business unit: TKD Nordeuropa 44.8%, Euro Mall Holding 53.0% and the remaining activities 2.2%.

Revenue for FY 2009/10 totalled DKK 1,369.9 million. The revenue for FY 2009/10 breaks down as follows by business unit: TKD Nordeuropa 89.3%, Euro Mall Holding 8.7% and the remaining activities 2.0%. The bulk of the revenue derives from the sale of Entré, Sweden to Commerz Real Investmentgesellschaft mbH.

Projects handed over

In FY 2007/08 projects representing some 195,000 sqm were handed over. Among the projects handed over were the 37,100 sqm shopping and district centre Spinderiet in Valby, Denmark; the 46,000 sqm Galeria Biala in Bialystok, Poland; the 24,400 sqm Targowek Retail Park in Warsaw, Poland; the 10,300 sqm Ostrava Retail Park in Ostrava, Czech Republic; the 3,600 sqm extension of the Plejada Shopping Centre in Sosnowiec, Poland; the 11,650 sqm Vantaanportti Retail Park, phase II in Helsinki, Finland and additional retail parks in several of the Group’s markets totalling 26,100 sqm. Projects were sold to, among others, Ejendomsinvesteringsselskabet Dades AS, Meinl European Land Ltd., Credit Suisse Asset Management Immobilien Kapitalanlagegesellschaft, GE Real Estate Czech Republic s.r.o., St. Martins Property Corporation Ltd. and a number of private investors.

In FY 2008/09 projects representing some 104,000 sqm were handed over. In Euro Mall Holding, the projects handed over included an 11,400 sqm retail park and a 10,000 sqm shopping centre, both in the Czech Republic, to GE Real Estate Czech Republic s.r.o. The Group’s first housing project, the 18,800 sqm Tivoli Residential Park in Poland was also completed and some 90% of the units were handed over to the new owners. In the northern European markets, the projects handed over mainly comprised retail parks and land. In Sweden, for example, three retail parks totalling 14,100 sqm were handed over.

In FY 2009/10 projects representing some 56,000 sqm were handed over. In TKD Nordeuropa, the projects handed over included the approx. 39,500 sqm multifunctional centre Entré, Malmö, Sweden and an approx. 4,700 sqm retail park in Brønderslev, Denmark. Also, the sites of the Group’s Swedish retail park projects in Uppsala and Danderyd were handed over to the relevant investors. In Euro Mall, the projects handed over included an additional 37 units in Tivoli Residential Park, Targowek, Warsaw, Poland, a site in Bytom sold to French company Castorama and a site in Prešov, Slovakia.

Gross profit

The gross profit for FY 2007/08 amounted to DKK 553.8 million. The gross margin excluding value adjustment of investment properties was 19.7%. No profits on account regarding projects were recognised according to the percentage of completion method in FY 2007/08. The gross profit for FY 2007/08 included a net value adjustment of DKK 44.5 million of the Group’s investment properties. The amount was a combination of a negative value adjustment of the Group’s German investment properties of DKK 1.1 million and a positive value adjustment of the Group’s Czech investment properties of DKK 45.6 million relating to improved rental income, particularly in Shopping Centre Hana in Olomouc,

TABLE I 18: REVENUE, EXTERNAL CUSTOMERS

DKKm	At 31 January 2010 (Audited)	At 31 January 2009 (Audited)	At 31 January 2008 (Audited)
TKD Nordeuropa	1,223.1	471.3	1,648.1
Euro Mall Holding	118.9	557.3	928.0
TKD	27.9	23.8	10.7
Total	1,369.9	1,052.4	2,586.8
(%)			
TKD Nordeuropa	89	45	64
Euro Mall Holding	9	53	36
TKD	2	2	0
Total	100	100	100

where the majority of leases were renegotiated in FY 2007/08, resulting in an increase of more than 5% of the total rental income for the centre. The gross profit for FY 2007/08 also included the reversal of DKK 101.4 million of previous write-downs on projects, DKK 85.0 million of which related to Fashion Arena Outlet Center, Prague, Czech Republic. As a result of the satisfactory progress on this project, including the completion of the first phase in autumn 2007, Management assessed that the risks relating to the project were significantly lower than in previous years and consequently partially reversed the write-downs made in previous years.

The gross profit for FY 2008/09 amounted to DKK 375.0 million. The gross margin excluding value adjustment of investment properties was 30.2%. In FY 2008/09, profit on account regarding a single project was recognised according to the percentage of completion method at DKK 5.3 million. The amount was included in gross profit. The gross profit for FY 2008/09 included a net value adjustment of DKK 57.7 million of the Group's investment properties. The amount related to a realised added value from the sale of two of the Group's investment properties of DKK 42.3 million, a negative value adjustment of the Group's German investment properties of DKK 15.3 million as a result of a changed yield requirement from 6.0% to 6.5% and a positive value adjustment of the Group's Czech investment property of DKK 30.7 million due to increased rent levels and an unchanged yield requirement. The gross profit for FY 2008/09 also included the DKK 11.2 million write-down of projects and the reversal of DKK 22.8 million of previous write-downs on two projects as a result of satisfactory project progress.

The gross profit for FY 2009/10 amounted to DKK 200.5 million. The gross profit excluding value adjustment of invest-

ment properties was 15.4%, which Management considered to be satisfactory under the prevailing market conditions. In FY 2009/10, profit on account regarding a single project was recognised according to the percentage of completion method at DKK 9.0 million. The amount was included in gross profit. In FY 2009/10, the net value adjustment of the Group's investment properties was negative at DKK 10.9 million. The value adjustments for the year comprised a positive DKK 5.9 million value adjustment of the Group's Czech investment property based on an improved letting rate and a negative DKK 16.8 million value adjustment of the Group's German investment properties, mainly as a result of extraordinary maintenance in connection with a tenant vacating a major tenancy in one of the properties. The valuation was made on the basis of an unchanged yield requirement relative to 31 January 2009. A review of the Group's projects and project budgets resulted in the write-down of a single project in FY 2009/10. The write-down amounted to DKK 3.5 million.

Sale of investment properties

In FY 2008/09, the joint venture Euro Mall Ventures S.a.r.l., Luxembourg, of which Euro Mall Holding owns 20%, sold the shopping centres Futurum Ostrava and Haná Shopping Centre in Ostrava and Olomouc, respectively, in the Czech Republic. The selling price of the two shopping centres totalled EUR 104 million, and the centres were handed over to the new owner in June 2008. The buyer was the UK-based investment fund Pradera – AM PLC. With the sale, TK Development realised the previous years' recognised positive value adjustments as well as an added value of DKK 42.3 million over the carrying amount at the beginning of the year and freed up substantial cash resources. The profit was recognised in "Value adjustments" under gross profit, see above.

The Group did not sell any investment properties in FY 2007/08 or FY 2009/10.

Staff costs and other external expenses

Staff costs and other external expenses amounted to DKK 167.3 million for FY 2008/09, an increase of 5.6% compared to FY 2007/08. Staff costs amounted to DKK 120.6 million for FY 2008/09, up by 9.0% on FY 2007/08. In the latter part of FY 2008/09, the Group trimmed the organisation to match a lower level of activity. Accordingly, the number of Group employees stood at 164 at 31 January 2009.

Other external expenses amounted to DKK 46.7 million for FY 2008/09 against DKK 47.8 million for FY 2007/08.

Staff costs and other external expenses amounted to DKK 138.5 million for FY 2009/10, a reduction of 17.2% compared to FY 2008/09. Staff costs amounted to DKK 99.9 million, down by 17.2% on FY 2008/09. As in FY 2008/09, the Group trimmed the organisation to match a lower level of activity in FY 2009/10. The number of Group employees was reduced from 164 at 31 January 2009 to 136 at 31 January 2010, corresponding to a 17% reduction.

The full effect of the trimming of the organisation will be achieved in FY 2010/11. Other external expenses amounted to DKK 38.6 million in FY 2009/10 against DKK 46.7 million in FY 2008/09, equal to a 17.3% reduction.

Financing

In FY 2008/09, the Group recorded net financing expenses of DKK 33.4 million, a reduction of about 20% compared to FY 2007/08. This reduction was largely attributable to the sale of the Group's two Czech investment properties. This sale freed up substantial cash resources, which were invested in projects in progress and used to reduce debt.

In FY 2009/10, the Group recorded net financing expenses of DKK 17.9 million, a reduction of about 46.4% compared to FY 2008/09. This reduction was partly attributable to declining interest rates and the sale of projects, which freed up substantial cash resources, which were mainly invested in projects in progress and used to fund day-to-day operations.

Tax on profit/loss for the year

Tax on the profit for the year amounted to DKK 73.5 million in FY 2007/08, equivalent to a tax rate of 21.3%. This amount is a combination of calculated tax on the profit for the year, with part of earnings realised as tax-free capital gains, a negative adjustment of the tax asset in the Group's Danish operations as a result of a reduction of the Danish corporate income tax rate from 28% to 25% and a reassessment of the total tax asset.

Tax on the profit for the year amounted to DKK 12.8 million in FY 2008/09, equivalent to an effective tax rate of 7.6%. This amount was a combination of calculated tax on the profit for the year, with part of earnings realised as tax-free capital gains, and a reassessment of the total tax asset.

Tax on the profit for the year amounted to DKK 14.0 million in FY 2009/10, equivalent to an effective tax rate of 35.5%. This amount is a combination of calculated tax on the profit for the year and a reassessment of the deferred tax asset.

Profit/loss after tax

FY 2009/10, TK Development realised a profit after tax of DKK 25.4 million against a profit of DKK 155.2 million for FY 2008/09 and a profit of DKK 249.5 million for FY 2007/08.

The profit for FY 2009/10 included an exceptional negative value adjustment of investment properties of DKK 10.9 million, whereas the profits for FY 2008/09 and FY 2007/08 included positive value adjustments of investment properties of DKK 57.7 million and 44.5 million, respectively.

Balance sheet

The Group's balance sheet total amounted to DKK 4,377.3 million at 31 January 2010 against DKK 3,816.1 million at 31 January 2009 and DKK 4,070.9 million at 31 January 2008. Developments in the Group's balance sheet are described below.

Goodwill

Goodwill relates to the cash-generating unit Euro Mall Holding A/S. Goodwill amounted to DKK 33.3 million at 31 January 2009, against DKK 31.3 million at 31 January 2008. The DKK 2.0 million increase in FY 2008/09 relate to the Group acquiring the remaining part of the IØ Fund's stake in Euro Mall Holding A/S.

Goodwill amounted to DKK 33.3 million at 31 January 2010. The carrying amount of goodwill was subjected to an impairment test, which did not give rise to the recognition of any impairment loss.

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 present value on the basis of a given yield requirement.

The combined value of the Group's investment properties at 31 January 2010 totalled DKK 355.1 million, compared with DKK 366.5 million at 31 January 2009 and DKK 584.6 million at 31 January 2008. Of this, DKK 196.0 million (at 31

January 2009: DKK 213.1 million; at 31 January 2008: 228.3 million) related to the Group's German investment properties and DKK 159.1 million (at 31 January 2009: DKK 153.4 million; at 31 January 2008: 356.3 million) related to the Group's central European investment properties.

The decline in the value of the Group's investment properties from FY 2007/08 to FY 2008/09 was explained by the sale in FY 2008/09 of two investment properties in the Czech Republic, see above.

The valuation of the Group's German investment properties at 31 January 2009 was based on a yield requirement that was changed from 6.0% to 6.5%, and the valuation of the Group's central European investment property was based on an unchanged yield requirement of 7.0%. The yield requirements at 31 January 2010 were unchanged compared to 31 January 2009.

Deferred tax asset

A deferred tax asset in the balance sheet amounted to DKK 284.9 million at 31 January 2010 against 265.7 million at 31 January 2009 and DKK 266.0 million at 31 January 2008. For each of the years, the valuation of the tax asset was based on existing budgets and profit forecasts for a five-year period. For the first three years, budgets are based on an evaluation of specific projects in the Group's project portfolio. For the following two years, the profit forecasts are supported by specific projects in the project portfolio with a longer time horizon than three years as well as various project opportunities.

Project portfolio

The combined project portfolio at 31 January 2010 totalled DKK 3,253.5 million, compared with DKK 2,541.3 million at 31 January 2009 and DKK 1,998.3 million at 31 January 2008.

The project portfolio increased by DKK 543.0 million during FY 2008/09. This increase was driven by a combination of several factors, the most significant of which are:

- that sites have been acquired for planned projects; and
- that, due to a satisfactory letting rate, the Group has initiated the construction of the shopping centre Sillebroen in Frederikssund, Denmark and the shopping centres in Tarnów and Nowy Sącz, Poland.

In FY 2009/10, the project portfolio increased by DKK 712.2 million. This increase was largely attributable to the construction of the Group's shopping centre projects Sillebroen in Frederikssund, Denmark, Galeria Tarnovia in Tarnów and Galeria Sandecja in Nowy Sącz, both in Poland.

Prepayments based on forward funding agreements at 31 January 2010 totalled DKK 350.7 million, compared with DKK 942.7 million at 31 January 2009 and DKK 832.0 million at 31 January 2008. The increase from FY 2007/08 to FY 2008/09 represented the generation of forward funding on projects in progress.

The decline from FY 2008/09 to FY 2009/10 should be viewed in relation to the handover in FY 2009/10 of the Group's multi-functional centre Entré, Sweden, where the sales agreement was based on forward funding.

At 31 January 2010, forward funding represented about 96.2% of the gross carrying amount of sold projects against 95.4% at 31 January 2009 and 91.1% at 31 January 2008.

Receivables

Total receivables amounted to DKK 337.4 million at 31 January 2009, a reduction of DKK 157.9 million compared to 31 January 2008. The reduction was attributable to both trade receivables and other receivables.

Total receivables amounted to DKK 270.3 million at 31 January 2010, a reduction of DKK 67.1 million compared to 31 January 2009. The reduction was attributable to both trade receivables and other receivables.

Cash and cash equivalents

Cash and cash equivalents amounted to DKK 111.0 million at 31 January 2009, a decrease of DKK 211.0 million compared with 31 January 2008. The decrease was due to the use of cash resources to reduce debt, to finance projects and to acquire the remaining part of the IØ Fund's stake in Euro Mall Holding A/S.

Cash and cash equivalents amounted to DKK 77.5 million at 31 January 2010, a decrease of DKK 33.5 million compared with 31 January 2009. The decrease was due to the use of cash resources for operations and projects, among other things.

Equity

The Group's equity at 31 January 2010 totalled DKK 1,593.4 million, compared with DKK 1,506.0 million at 31 January 2009 and DKK 1,533.8 million (including DKK 93.9 million in minority interests) at 31 January 2008. The equity ratio at 31 January 2010 stood at 36.4% compared with 39.5% at 31 January 2009 and 37.7% at 31 January 2008.

The change in minority interests from 31 January 2008 to 31 January 2009 resulted from the acquisition by TK Development during FY 2008/09 of the remaining part of the IØ Fund's stake in Euro Mall Holding.

TABLE I 19: DEVELOPMENT OF THE GROUP'S PROJECT PORTFOLIO

DKKm	At 31 January 2010	At 31 January 2009	At 31 January 2008
Sold			
Completed	0	0	0
In progress	2	4	29
Not initiated	12	41	52
Total	14	45	81
Other			
Completed	1,352	565	465
In progress	720	813	186
Not initiated	1,164	1,118	1,213
Total	3,236	2,496	1,864
Project portfolio, net	3,250	2,541	1,945
Forward funding	351	943	832
Project portfolio, gross	3,601	3,484	2,777
Forward funding (%)*	96.2 %	95.4 %	91.1 %

* Forward funding in % of carrying amounts of sold projects, gross.

The table indicates the Group's net project portfolio, defined as the Group's project portfolio ("Projects in progress and completed projects") after any setoff of "Prepayments received from customers" recognised in the consolidated balance sheet under liabilities. At 31 January 2010, 31 January 2009 and 31 January 2008, setoff of prepayments received from customers amounted to DKK 4 million, DKK 0 million and DKK 53 million, respectively.

The remaining increase in equity during FY 2008/09 was attributable to the profit for the year, negative value adjustments after tax of DKK 62.0 million and a DKK 31.4 million unrealised loss on a forward exchange contract related to a hedge of currency risk on a construction contract regarding a project in Poland.

The increase in equity during FY 2009/10 was mainly attributable to the profit for the year, positive value adjustments after tax of DKK 26.7 million and the reversal of an unrealised DKK 31.4 million loss on a forward exchange contract.

Non-current liabilities

The Group's non-current liabilities amounted to DKK 163.9 million at 31 January 2009, a decrease of DKK 318.6 million compared to 31 January 2008. The decrease was due in part to instalments made and in part to the fact that part of the debt was subject to renegotiation within 12 months and was therefore stated under current liabilities.

The Group's non-current liabilities amounted to DKK 103.8 million at 31 January 2010, a decrease of DKK 60.1 million compared to 31 January 2009. The decrease was principally due to the fact that part of the Group's previously non-current

bank debt at 31 January 2010 was due within 12 months and was therefore stated under current liabilities.

Current liabilities

Current liabilities amounted to DKK 2,146.2 million at 31 January 2009, a minor increase compared to 31 January 2008. Current liabilities amounted to DKK 2,680.1 million at 31 January 2010, an increase of DKK 533.9 million compared to 31 January 2009.

Financial liabilities have been offset against trade receivables and tied-up cash to the extent the company has a right of setoff and intends to or is under a contractual obligation to realise assets and liabilities simultaneously. At 31 January 2010, an amount of DKK 5.2 million was set off against tied-up cash, at 31 January 2010 an amount of DKK 40.3 million and at 31 January 2008 an amount of DKK 628.2 million. In addition, at 31 January, an amount of DKK 79.1 million was set off against trade receivables.

The Group's current debt to credit institutions consists of both operating and project financing. TK Development has entered into a general agreement with the Group's main banker about both types of financing. The agreement and the as-

sociated terms and conditions are renegotiated annually, and Management expects the agreement to be extended.

In addition, the Group has entered into project financing agreements with various banks in Denmark and abroad. Project credits are usually granted with different terms to maturity, depending on the specific project.

Of the total project financing outstanding at 31 January 2010, DKK 298.3 million falls due in FY 2010/11. Management expects these project credits to be extended.

Cash flow statement

Cash flows from operating activities

Operating activities generated a cash outflow of DKK 582.8 million for FY 2009/10 an outflow of DKK 431.4 million for FY 2008/09 and an inflow of DKK 231.2 million for FY 2007/08.

The Group's cash flows from operating activities largely depend on the Group's capital tied up in projects. In FY 2008/09 as well as in FY 2009/10, substantial capital was tied up in projects in relation to the construction of the Group's projects in Frederikssund, Denmark and Tarnow and Nowy Sącz, Poland.

Cash flows from investing activities

Investing activities generated a cash inflow of DKK 0.4 million for FY 2009/10, an inflow of DKK 179.1 million for FY 2008/09 and an outflow of DKK 56.5 million for FY 2007/08.

Of the cash outflow of DKK 56.5 million in FY 2007/08, DKK 70.8 million related to the increase of the Group's ownership interest in Euromall Holding A/S from 80% to 90%.

In FY 2008/09, the cash inflow of DKK 179.1 million was a combination of DKK 96.8 million concerning a further increase of the Group's ownership interest in Euro Mall Holding A/S (from 90% to 100%) and the freeing up of cash resources of DKK 276.0 million following the sale of the Group's share of two investment properties in the Czech Republic.

There was no material investing activity in FY 2009/10.

Cash flows from financing activities

Financing activities generated a cash inflow of DKK 542.7 million for FY 2009/10 an inflow of DKK 57.7 million for FY 2008/09 and an outflow of DKK 43.5 million for FY 2007/08.

The Group's financing activities principally consist of raising and reducing the Group's project financing. The Group's cash flows from financing activities should be viewed in conjunction with cash flows from operating activities as the investment in projects is largely financed through bank debt.

Government, economic, fiscal, monetary or political initiatives

For a description of this, see "Risk Factors" above.

TABLE I 20: CASH FLOW STATEMENT

DKKm	2009/10	2008/09	2007/08
Cash flows from operating activities	-582.8	-431.4	231.2
Cash flows from investing activities	0.4	179.1	-56.5
Cash flows from financing activities	542.7	57.7	-43.5
Cash flows for the year	-39.7	-194.6	131.2
Cash and cash equivalents at beginning of year	111.0	322.0	190.1
Foreign exchange adjustment of cash and cash equivalents	6.2	-16.4	0.7
Cash and cash equivalents at year end	77.5	111.0	322.0

I. 10 CAPITAL RESOURCES

The Group uses its cash resources mainly to complete planned projects, including the costs and deposits required, and to finance day-to-day operations. The Group's principal sources of liquidity are cash flows from operating activities as well as bank and mortgage financing.

To provide for sufficient future financial resources, Management has adopted a liquidity target for the Group as a whole. Management has also adopted a solvency target for the Group as a whole corresponding to an equity ratio of at least 30%, calculated as the ratio of equity to total assets. The Group applies liquidity and solvency targets in relation to its main banker.

The Group's total operating credit line amounted to DKK 599 million at 31 January 2010, at 30 April 2010 and at 31 May 2010.

At 31 January 2010, the Group had cash and cash equivalents in the amount of DKK 77.5 million and undrawn committed operating credit lines of DKK 20.3 million of the total credit line.

At 30 April 2010, the Group had cash and cash equivalents in the amount of DKK 107.3 million and undrawn committed operating credit lines of DKK 23.9 million of the total credit line.

At 31 May 2010, the Group had cash and cash equivalents in the amount of DKK 76.3 million and undrawn committed operating credit lines of DKK 33.0 million of the total credit line.

TABLE I 21: CAPITAL RESOURCES

DKKm	31 January 2010 (audited)		30 April 2010 (unaudited)		31 May 2010 (unaudited)	
	Realised	Adjusted for net proceeds	Realised	Adjusted for net proceeds	Realised	Adjusted for net proceeds
Cash and cash equivalents	77.5	275.8	107.3	305.6	76.3	274.6
Undrawn operating credit facilities	20.3	20.3	23.9	23.9	33.0	33.0
Total capital resources	97.8	296.1	131.2	329.5	109.3	307.6

The Group's credit facilities consist of operating credits and project credits. The vast majority of the total facilities relate to financing of specific projects and are obtained through several banks in Denmark and abroad. Project credit lines are generally subject to individual approval of each project before the Group can draw on the lines for the project in question.

At 31 May 2010, the Group had total committed credit facilities of DKK 1,600 million and uncommitted facilities of DKK 1,047 million. The Group has not raised loans under syndicated borrowing facilities or other forms of agreements with more than one bank collectively.

The Group's principal banker for operating credit facilities is Nordea, with which the Group at 31 May 2010 had drawn DKK 523 million of an uncommitted operating credit line of DKK 550 million. Of the drawn amount of DKK 523 million, DKK 200 million was used to finance projects. The operating credit line with Nordea has been partially drawn by the

parent company, TK Development A/S, as well as by a number of the Group's subsidiaries against surety provided by TK Development A/S. The Group has provided security for the operating credit line in the form of charges on the shares in certain subsidiaries and several of the Group's projects.

In addition to the above operating credit line, Nordea has granted the Group a credit line for project credits. At 31 May 2010, DKK 188 million had been drawn of the total credit line of DKK 300 million.

Both credit lines with the Group's principal banker, Nordea, are subject to continual compliance with covenants for a minimum equity ratio of 30% and the maintenance of cash resources corresponding to the Group's internal liquidity covenants (for a more detailed description of the liquidity covenant, see "Part I - Description of TK Development - Business overview - Business - Financial targets - Liquidity covenant"). Accordingly, the Group cannot initiate any

further projects requiring substantial tied-up capital unless the Group has sufficient cash funds to honour its liabilities for the next six months. The Group's customer relation with Nordea was initiated at the end of 2007. The credit facilities are renegotiated annually in connection with the annual financial reporting.

In June 2010, the Group entered into an agreement with Nordea for a credit extension and a DKK 200 million reduction of the operating credit line from DKK 550 million to DKK 350 million. Meanwhile, project credits for a corresponding amount of DKK 200 million will be effected under the project credit line, which was concurrently increased to DKK 400 million, meaning that the amount drawn will be increased from DKK 188 million at 31 May 2010 to DKK 388 million. Accordingly, the Group has neither received nor lost any cash resources in connection with the credit extension. The restructuring of the borrowing facilities is expected to be implemented during August 2010.

Simultaneously with the credit extension, the Group entered into an agreement to reduce the operating credit line by DKK 50 million at the earlier of (i) the sale of the first of four named major, mature projects and (ii) the end of 2010 and by a further DKK 50 million at the earlier of (i) the sale of the second of four named major, mature projects and (ii) the end of 2011. After this, the operating credit line will amount to DKK 250 million. The Group has provided considerable own financing (meaning the part of the cost of the projects not financed through dedicated bank debt) of the four mature major projects, averaging about one quarter of the total cost of these projects. The reduction of the credit line prior to the completion of a sale of any of the four named major, mature projects is expected to be financed through the cash flow generated on an ongoing basis and the other existing cash resources.

The project credit line is to be reduced by DKK 100 million at the end of 2011, regardless of the timing of a sale of project-

financed property. The reduction is expected to be financed through the sale of projects or by way of alternative financing. The project credit line may, however, be increased in connection with new Nordic projects, subject to a case-by-case evaluation of the projects by Nordea.

In addition, the Group has an operating and project credit line with Spar Nord Bank A/S, with which the Group has had customer relations for more than 20 years. At 31 May 2010 DKK 30 million had been drawn of the total operating credit line of DKK 30 million. The parties have agreed to reduce the operating credit line by DKK 5 million at 31 December 2010 and additionally by DKK 5 million at 31 March 2011. The project credit line totals DKK 165 million, of which DKK 99 million had been drawn at 31 May 2010 for various projects. As is the case in relation to the lines with Nordea, the project credit lines with Spar Nord Bank A/S are normally used by the subsidiaries owning the projects, and these subsidiaries have provided security in the form of charges on the financed projects. Also, TK Development A/S has provided surety for the operating and project credit lines where these have been drawn by subsidiaries.

In addition, the Group has entered into project financing agreements with various banks in Denmark and abroad. Project credits are usually granted with different terms to maturity, depending on the specific project. Of the total DKK 2,034 million project financing outstanding at 31 May 2010, just over DKK 200 million falls due in FY 2010/11. Management expects these project credits to be extended.

For a more detailed description of the Group's cash flows, see "Part I - Description of TK Development - Operating and financial review" and "Part II - the Offering - Key information - Working capital".

I. 11 RESEARCH AND DEVELOPMENT, PATENTS AND LICENSES

TK Development has no traditional research and development activities. TK Development has no material patents. TK Development does not use any licenses other than ordinary IT licenses.

TK Development has trademark registered the rights to a number of names and logos. Among these, the Group has generally registered rights to the names of the centres, in addition to which the most significant registered name is TK Development.

TK Development has registered the domain names used by TK Development. The primary domain names are: www.tk-development.dk, www.tk-development.com and www.tk.dk.

Since the end of Q1 2010/11 on 30 April 2010, no significant changes have occurred in terms of trends for the Group, including market conditions, project opportunities, financing, selling prices or expenses.

The consequences or potential relapse of the economic and financial crisis have caused instability and corrections in most industries and, generally, the effects of the crisis are expected to continue to be felt in the markets in which TK Development operates. Management expects the economic instability and downturn to recede and the markets to continue on a re-

strained but positive note and the markets to return to a more normalised trend.

In recent years, the Group has experienced a trend, in Denmark and in the Group's international markets, of a growing number of shopping centres and more and more chain stores as opposed to individually owned shops.

I. 13 CONSOLIDATED PROSPECTIVE FINANCIAL INFORMATION FOR THE FINANCIAL YEAR ENDING 31 JANUARY 2011

13.1 STATEMENT BY MANAGEMENT

The Executive Board and the Board of Directors present their consolidated financial forecasts for the financial year ending 31 January 2011 in the following. The Executive Board and the Board of Directors believe that the prospective financial information has been prepared according to the methodology and based on the material assumptions set out in “Part I – Description of TK Development – Consolidated prospective financial information the financial year ending 31 January 2011 – Methodology and assumptions” and the accounting policies described on pages F20 – F32 of this Prospectus. The forecasts are based on a number of assumptions, some of which are within the control of the Group, whilst others are beyond the Group’s control.

The prospective financial information for the financial year ending 31 January 2011 represents the Executive Board’s and the Board of Directors’ best estimates at the Prospectus Date. The prospective financial information contains estimates and assertions that are subject to considerable uncertainty. Actual results are likely to be different from the prospective financial information for the financial year ending 31 January 2011 since anticipated events frequently do not occur as expected, and the variance may be material.

Aalborg, 5 August 2010

Executive Board

Frede Clausen
(President and CEO)

Robert Andersen
(Executive Vice President)

Board of Directors

Niels Roth
(Chairman)

Torsten Erik Rasmussen
(Deputy Chairman)

Kurt Daell

Per Søndergaard Pedersen

Jesper Jarlbæk

Jens Erik Christensen

Niels Roth is a professional board member

Torsten Erik Rasmussen is a professional board member

Kurt Daell is co-owner of the Harald Nyborg group

Per Søndergaard Pedersen is a professional board member

Jesper Jarlbæk is a professional board member

Jens Erik Christensen is a professional board member

13.2 THE INDEPENDENT AUDITORS' REPORT ON EXAMINATIONS OF MANAGEMENT'S PROSPECTIVE FINANCIAL INFORMATION FOR TK DEVELOPMENT A/S FOR THE FINANCIAL YEAR ENDING 31 JANUARY 2011

To the readers of this Prospectus

We have examined the consolidated prospective financial information for TK Development A/S for the financial year covering the period 1 February 2010 – 31 January 2011 ("Prospective Financial Information 2010/11") as set out in "Consolidated prospective financial information for the financial year ending 31 January 2011" below prepared by Management using the Group's accounting policies, which are described on pages F20 – F32 of this Prospectus.

Management is responsible for Prospective Financial Information 2010/11 and the assumptions on which it is based. Our responsibility is to express an opinion on Prospective Financial Information 2010/11 on the basis of our examination.

Scope of examination

We conducted our examinations in accordance with Danish Standard on Auditing RS 3400 "Examination of Prospective Financial Information." This standard requires that we plan and perform our examination to obtain limited assurance that the assumptions applied are well founded and free from material misstatement, and reasonable assurance that Prospective Financial Information 2010/11 has been prepared on the basis of these assumptions.

Our examinations comprised a review of Prospective Financial Information 2010/11 in order to assess whether the assumptions defined by Management are documented, well founded and complete. We also tested whether Prospective Financial Information 2010/11 was properly prepared in accordance with the defined assumptions and tested the internal numerical consistency in Prospective Financial Information 2010/11.

We believe that our examination provides a reasonable basis for our conclusion.

Conclusion

Based on our examination of the evidence supporting the assumptions, nothing has come to our attention which causes us to believe that these assumptions do not provide a reasonable basis for Prospective Financial Information 2010/11. Further, in our opinion Prospective Financial Information 2010/11 has been properly prepared on the basis of the assumptions defined and is presented in accordance with the accounting policies applied by the Group, which are described on pages F20 – F32 of this Prospectus.

Actual results for 2010 are likely to be different from Prospective Financial Information 2010/11 since anticipated events frequently do not occur as expected, and the variance may be material.

Copenhagen, 5 August 2010

Aalborg, 5 August 2010

DELOITTE

Statsautoriseret Revisionsaktieselskab

Lars Andersen
State Authorised
Public Accountant

Jesper Jørgensen
State Authorised
Public Accountant

NIELSEN & CHRISTENSEN

Statsautoriseret Revisionspartnerselskab

Marian Fruergaard
State Authorised
Public Accountant

Per Laursen
State Authorised
Public Accountant

13.3 INTRODUCTION

The prospective financial information for FY 2010/11 represents Management's best estimates at the Prospectus Date. The prospective financial information contains estimates and forward-looking statements which, as a consequence of the economic and financial crisis, or potential relapse thereof, is subject to considerable uncertainty, which may be significantly greater than under more normal market conditions, see "Risk factors".

Actual results are likely to be different from the prospective financial information for FY 2010/11 since anticipated events frequently do not occur as expected, and the variance may be material. The prospective financial information for FY 2010/11 in this section should be read in conjunction with "Risk factors", included elsewhere in this Prospectus.

13.4 METHODOLOGY AND ASSUMPTIONS

Methodology

The prospective financial information for FY 2010/11 represents the Executive Board's and the Board of Directors' best estimate. The Company's prospective financial information for FY 2010/11 has been prepared on the basis of the Company's accounting policies, which are in accordance with IFRS as adopted by the EU and additional Danish disclosure requirements for annual reports of listed companies, and which are described on pages F20 to F32. The prospective financial information has been prepared in accordance with the Company's internal procedures for preparing estimates for future periods. The prospective financial information for FY 2010/11 is based on a budget prepared by Management for the individual business entities and approved by the Board of Directors. The prospective financial information has been prepared taking into consideration external and internal factors, including actual expectations of developments in the Company's markets, the development in significant cost categories and the impact of completed and ongoing initiatives. The consequences of the Offering are not included in the assumptions and prospective financial information set out below. The realisation of the strategy is subject to uncertainties and contingencies, and there can be no assurance that the strategy will not be changed as Management becomes aware of new circumstances. Future results of operations and any consequent impact on liquidity may deviate materially from the planned results.

According to the Group's accounting policies, profits from the sale of projects are in all material respects recognised on hand-over of the projects to investors. Accordingly, the Group's financial results are very sensitive to the timing of a project handover to investors, and the results of operations may fluctuate significantly depending on the timing of sale and hand-over to investors.

In the event that the assumptions fail to materialise and the performance falls short of expectations, the Group expects, however, to have certain options available to affect liquidity, such as the sale of land or unsold projects at significantly reduced prices, adjustment of staff and other costs. Such measures would also affect the Group's results of operations and equity.

Assumptions

The Group's financial forecasts for FY 2010/11 are based on the following main assumptions:

- The Group's budgets are prepared on the basis of specific forecasts for each individual project in the portfolio, including expected selling dates and expected selling prices. In FY 2010/11 it is assumed that several of the Group's projects, particularly some of the Group's completed projects, will be sold and handed over to investors. The expected selling prices have been determined on the basis of obtained/expected rental income and Management's expectations as to the investors' yield requirement for each individual project.
- The operation of the Group's completed projects is assumed to remain satisfactory, with limited vacancy rates until they are assumed sold.
- As for investment properties, the yield requirement is assumed to be unchanged compared to FY 2009/10.
- It is assumed that the planned extension of the Group's Czech investment property in Hradec Králové has been initiated, and the assumptions include regular value adjustment during the period of construction of this extension.
- Staff costs, other external expenses and depreciation and amortisation for FY 2010/11 are assumed to be slightly lower than in FY 2009/10 as a result of the trimming of the organisation.
- The exchange rates applied in the forecasts are EUR/DKK 7.4443, PLN/DKK 1.8398, CZK/DKK 0.2839, SEK/DKK 0.7271, LVL/DKK 10.5042 and LTL/DKK 2.1560.
- The Group's net financing expenses for FY 2010/11 have been calculated on the basis of a slightly higher level of interest rates than that realised at the end of FY 2009/10 and an assumption of continued capitalisation of interest on projects in progress.

-
- No significant capital investments are expected in FY 2010/11 other than the Group's share of the investment in the planned extension of the investment property Futurum, Hradec Králové.
 - Based on the available budgets and profit forecasts for a five-year period it is assumed that no further impairment losses will be recognised on the value of the Group's tax asset, other than the impairment write-down made at 31 January 2010.
 - No exceptional items are expected in FY 2010/11.

13.5 CONSOLIDATED PROSPECTIVE FINANCIAL INFORMATION FOR FY 2010/11

Based on Management's expectations as to market conditions for the coming year, already completed sales and the prospects for the existing project portfolio which includes several completed projects ready for sale, Management expects an increased level of activity for FY 2010/11 compared to FY 2009/10 and a profit after tax in the region of DKK 100 million.

I. 14 BOARD OF DIRECTORS, EXECUTIVE BOARD AND EXECUTIVE OFFICERS

14.1 BOARD OF DIRECTORS

TK Development A/S is managed by the company's board of directors, which holds the overall responsibility for the management of the Company. The Executive Board is in charge of the day-to-day management of TK Development A/S.

The business address of the members of the Board of Directors and the Executive Board is Vestre Havnepromenade 7, 3rd floor, DK-9000 Aalborg, Denmark

Pursuant to the articles of association of the Company, the Board of Directors shall consist of four to seven members to

be elected by the shareholders in general meeting for terms of one year. The Board of Directors currently consists of six members elected by the shareholders in general meeting.

No persons hold dual memberships of both the Board of Directors and the Executive Board, and none of the members of the Board of Directors are involved in the day-to-day management of the Group.

The Board of Directors consists of the following members:

TABLE I 22: MEMBERS OF THE BOARD OF DIRECTORS

Name	Year born	Year of first appointment	Election period	Position
Niels Roth	1957	2007	24 May 2011	Professional Board Member
Torsten Erik Rasmussen	1944	1998	24 May 2011	Professional Board Member
Kurt Daell	1941	2004	24 May 2011	Co-owner of the Harald Nyborg group
Per Søndergaard Pedersen	1954	2002	24 May 2011	Professional Board Member
Jesper Jarlbæk	1956	2006	24 May 2011	Professional Board Member
Jens Erik Christensen	1950	2010	24 May 2011	Professional Board Member
Jens Erik Christensen	1950	2010	24. May 2011	Professionelt bestyrelsesmedlem

NIELS ROTH (BORN 1957)

Niels Roth, chairman of the Board of Directors, was appointed to the Board of Directors in 2007. Mr. Roth has a background as CEO of Carnegie Bank (1989 – 2004) and Group Head of Investment Banking of the Carnegie Group (2001 - 2002). He holds an MSc in Economics.

Position

Professional Board Member

Managerial positions

Zira Invest II ApS

Zira Invest III ApS

Managerial positions held within the past five years (resigned)

Zira Invest ApS

Chairmanships

Fast Ejendom Holding A/S

Friheden Invest A/S

Foreningen Fast Ejendom Dansk Ejendomsportefølje f.m.b.a.

NPC A/S

Chairmanships held within the past five years (resigned)

None

Directorships

A/S Rådhusparken

A/S Sadolinparken

Arvid Nilssons Fond

Brøndbyernes I.F. Fodbold A/S

Investeringsforeningen SmallCap Danmark

Porteføljeselskab A/S

Realdania

SmallCap Danmark A/S

Directorships held within the past five years (resigned)

Group NBT A/S

H+H International A/S

Other positions

None

Other positions held within the past five years (resigned)

None

TORSTEN ERIK RASMUSSEN (BORN 1944)

Torsten Erik Rasmussen, deputy chairman of the Board of Directors, was appointed to the Board of Directors in 1998. Mr. Rasmussen has a background as managing director and member of the group management of LEGO A/S, Denmark (1981 – 1997). He has commercial training from Dalhoff Larsen & Horneman A/S, Denmark and holds an MBA from IMEDE in Lausanne, Switzerland.

Position

Professional Board Member

Managerial positions

Morgan Management ApS

Managerial positions held within the past five years (resigned)

None

Chairmanships

Acadia Pharmaceuticals A/S

Ball ApS

Ball Holding ApS

Ball Invest ApS

CPD Invest ApS

Oase Outdoors ApS

Outdoor Holding A/S

Chairmanships held within the past five years (resigned)

Ammeraal Beltech Modular A/S

Bekaert Handling Group A/S

Best Buy Group A/S

EBP Holding A/S

Selskabet af 1. august 2007 A/S

Selskabet af 19. september 2007 A/S

Directorships

Academia Pharmaceuticals Inc.

Coloplast A/S

ECCO Sko A/S

Ecco (Thailand) Co. Ltd., Thailand

Ecco (Xiamen) Co. Ltd., China

Ecco Slovakia a.s., Slovakia

PT Ecco Indonesia, Indonesia

Ecco'let Portugal, Portugal

Schur Internaional A/S

Schur International Holding A/S

Vestas Wind Systems A/S (Deputy Chairman)

Vola Holding A/S

Vola A/S

Morgan Invest ApS

Directorships held within the past five years (resigned)

A/S Det Østasiatiske Kompagni
Louis Poulsen El-teknik A/S
Arvid Nilsson A/S
Azanta Danmark A/S
Bang & Olufsen A/S
DMT Fashion Group A/S
Holdingselskabet af 3. november 2005 A/S
JAI Aviation ApS
JAI A/S
JAI Group Holding A/S
Louis Poulsen Lighting A/S
Uci Holding A/S

Other positions

Member of Acadia Pharmaceuticals Inc.'s Compensation Committee (USA)
Chairman of Acadia Pharmaceuticals Corporate Governance Committee (USA)

Other positions held within the past five years (resigned)

Scandinavian International Management Institute (SIMI Fonden)

KURT DAELL (BORN 1941)

Kurt Daell, member of the Board of Directors, was appointed to the Board of Directors in 2004. Mr. Daell has a background as co-owner of A/S Harald Nyborg and related subsidiaries. He holds an LL.M.

Position

Co-owner of the Harald Nyborg group

Managerial positions

A. Junk og Co. ApS
"Anpartsselskabet af 30/3 1984"
ASX 3811 ApS
ASX 9313 ApS
C. Junk ApS
CC Junk ApS
D. Junk ApS
DD Junk ApS
Direct Nyt ApS
Garbage 1 ApS
Harald Parat 2 ApS
Harald Parat 22 ApS
Harald Stress ApS
Harald Stress Holding ApS
HP Parat 1 ApS
KD Garant ApS

KD Parat 1 ApS
KD Parat 2 ApS
KD Parat 21 ApS
Kidh Parat 1 ApS
Kidh Parat 11 ApS
Kuernja ApS
Springforbi ApS

Managerial positions held within the past five years (resigned)

B. Junk ApS

Chairmanships

A/S Harald Nyborg, Isenkram- og Sportsforretning
A/S Daells Bolighus
ApS Kbus 8 nr. 2454
Dacabo-HN Komplementaranpartsselskab
Dava 1 ApS
Dava Holding ApS
Divan 6 ApS
Ejby industrivej 3 - 29 A/S
Harald 1 ApS
Harald Auto A/S
Harald Fix A/S
Harald-Gladsaxe Komplementaranpartsselskab
Harald Glostrup Komplementaranpartsselskab
Harald Parat I Komplementaranpartsselskab
Harald Research A/S
Harald Slagelse Komplementaranpartsselskab
Harald Skåne I ApS
HN Research Holding A/S
K/S Dacabo
K/S Harald Gladsaxe
K/S Harald Glostrup
K/S Harald Parat I
K/S Harald Skåne I
K/S Harald Slagelse
K/S Lady & Kid
K/S Skerrisvej, Brande
Kid-Holding A/S
Komplementaranpartsselskabet Skerrisvej, Brande
Lady & Kid A/S

Chairmanships held within the past five years (resigned)

Harald 2000 A/S
Orthomedics K/S

Directorships

Dorade A/S
K/S Fraugde
Skerris Holding A/S
Ull Meter A/S

Directorships held within the past five years (resigned)

SB af 10. marts 2005 A/S

Other positions

None

Other positions held within the past five years (resigned)

None

PER SØNDERGAARD PEDERSEN (BORN 1954)

Per Søndergaard Pedersen, member of the Board of Directors, was appointed to the Board of Directors in 2002. Mr. Pedersen has a background as CEO of TK Development A/S (1989 – 2002). He completed bank training with Sparekassen Nordjylland.

Position

Professional Board Member

Managerial positions

PSP Holding ApS

A.S.P. Ejendom ApS

Managerial positions held within the past five years (resigned)

None

Chairman

Business Institute A/S

Celenia Software A/S

Conscensia Holding A/S

Conscensia A/S

EIPE Holding A/S

Exportakademiet Holding ApS

Ib Andersen A/S

Ib Andersen A/S Øst

Ib Andersen Ventilation A/S

J. A. Plastindustri A/S

JMI Ejendomme A/S

JMI Gruppen A/S

Konsulenthuset Fremtiden ApS

Lindgaard A/S - Rådgivende Ingeniører F.R.I.

Nowaco A/S

Nybolig Jan Milvertz A/S

Restaurant Fusion A/S

Sport Nord A/S

TBP Invest, Aalborg A/S

Chairmanships held within the past five years (resigned)

AAB Basket A/S

AAB College A/S

AAB Fodbold A/S

AAB Ishockey A/S

AAB Konference A/S

Aalborg Boldspilklub A/S

Nowaco Group A/S

Oblecto A/S

VICH 4305 ApS

Directorships

Arkitekterne Bjørk & Maigård ApS

Bjørk & Maigård Holding ApS

Celenia Software Vietnam A/S

Dansk Reservekraft ApS

DTF Group A/S

Ejendomsaktieselskabet Maren Poppes Gård

Ejendomsmægleraktieselskabet Thorkild Kristensen

Ejendomsmægleraktieselskabet Thorkild Kristensen Bolig

Ejendomsmægleraktieselskabet Thorkild Kristensen, Blokhus

Ejendomsmægleraktieselskabet Thorkild Kristensen Erhverv

Ejendomsselskabet Hjulmagervej 58 A/S

Emidan A/S

Fan Milk International A/S

Fonden Musikkens Hus i Nordjylland

Ida Service A/S

Investeringsforeningen Smallcap Danmark

Investeringselskabet af 1. juli 2005 Aarhus ApS

JMI Investering A/S

JMI Projekt A/S

Kollegiefonden Bikuben

Marius A/S

OKF Holding A/S

Oppellund II A/S

PL Holding Aalborg A/S

P L Invest, Aalborg ApS

Porteføljeselskab A/S

Rejser A/S, Hjørring

Sjællandske Ejendomme A/S

SmallCap Danmark A/S

Spar Nord Bank A/S

Start to run ApS

Toppenberg Maskinfabrik A/S

Wahlberg VVS A/S

Directorships held within the past five years (resigned)

AAB Håndbold A/S

Boform A/S

Clean Air Systems ApS

Hedegaard A/S

H.M.K. I ApS
Ib Andersen VVS A/S
MEIP2-1 A/S
MEIP2-2 A/S
MEIP2-3 A/S
MEIP2-4 A/S
MEIP2-5 A/S
NJM af 1. marts 2008 A/S
Smallcap Invest A/S
Scanmach A/S
Speedteach A/S
Vestsjællands Invest A/S
9000 LUX A/S

Other positions

None

Other positions held within the past five years (resigned)

None

JESPER JARLBÆK (BORN 1956)

Jesper Jarlbæk, member of the Board of Directors, was appointed to the Board of Directors in 2006. Mr. Jarlbæk is former group chief executive of Deloitte (2002 - 2006). He is a state-authorised public accountant.

Position

Professional Board Member

Managerial positions

Earlbrook Holding Ltd. A/S
SCSK 2272 ApS
Timpco ApS

Managerial positions held within the past five years (resigned)

Nordic Brand Capital Management ApS

Chairmanships

Advis A/S
Advis Technologies A/S
Altius Invest A/S
Basico Consulting A/S
Basico Consulting International ApS
GC Infotech Denmark A/S
Groupcare A/S
Groupcare Holding A/S
Groupcare International A/S
Jaws A/S
Julie Sandlau China ApS

Prospect A/S
Radiocomp ApS
Spoing A/S
Southern Trident (Pty) Ltd, Port Elizabeth, South Africa
Valuemaker A/S

Chairmanships held within the past five years (resigned)

Frichskontoret A/S
Groupcare Pmo ApS

Directorships

Ascendi A/S
CimberSterling Group A/S
Cimber Sterling A/S
Earlbrook Holdings Ltd. A/S
Proflex Adm. ApS
International Rescue Journal A/S
IT2 Treasury Solutions Ltd., London, UK
Laigaard & Partners A/S
Polaris III Invest Fonden
TORM A/S
T.P. Audit A/S
Winther Management A/S
Økonomiforum ApS

Directorships held within the past five years (resigned)

Acando Denmark A/S
Basico Consulting A/S
Engerupgaard A/S
EUM Holding ApS
Oceanaut Inc.
Scanjour A/S
Siteimprove A/S

Other positions

DVCA, Danish Venture Capital and Private Equity Association (DVCA) (deputy chairman)

Other positions held within the past five years (resigned)

None

JENS ERIK CHRISTENSEN (BORN 1950)

Jens Erik Christensen, member of the Board of Directors, was appointed to the Board of Directors in 2010. Mr. Christensen has a background as managing director of the insurance group Royal Sun Alliance and CEO of Codan. He is a trained actuary.

Position

Professional Board Member

Managerial positions

Sapere Aude ApS

Randall & Quilter Nordic Holdings ApS

Your Pension Management A/S

Managerial positions held within the past five years (resigned)

Codan A/S

Codan Forsikring A/S

Dansk Merchant Capital A/S

G4 Holding ApS

Chairmanships

Alpha Holding A/S

ApS Harbro Komplementar-48

Behandlingsvejviseren A/S

Copenhagen Multiarena A/S

Core Strategy A/S

Dansk Merchant Capital A/S

Doctorservice A/S

Doctorservice Holding A/S

TA Management A/S

Ecsact A/S

K/S Habro-Reading, Travelodge

Tower Group A/S

Scandinavian Private Equity A/S

Chairmanships held within the past five years (resigned)

Besigtigelses Kontoret af 1914 A/S

BPT Nordic Opportunity f.m.b.a.

Codan Ejendomme II A/S

Ejendomsselskabet Gammel Kongevej 60 ApS

Festina Lente A/S

Festina Lente Consulting A/S

Trustpilot ApS

Directorships

Alpha Insurance A/S

Andersen & Martini A/S

Hugin Expert A/S

Lægernes Pensionsbank A/S

Lægernes Pensionskasse

Mbox A/S

Nordic Corporate Investments A/S

Nordic Insurance Management A/S

Your Pension Management A/S

Directorships held within the past five years (resigned)

Amrop A/S

Falck A/S

Falck Danmark A/S

Other positions

Member of the Danish Infrastructure Commission

Member of the executive committee of the Danish Cancer Society

Other positions held within the past five years (resigned)

None

14.2 EXECUTIVE BOARD

The Board of Directors appoints the Executive Board and determines the employment terms of the members of the Executive Board. The Executive Board is responsible for the day-to-day operations of TK Development A/S subject to the guidelines and recommendations issued by the Board of Directors.

The Executive Board consists of the following members:

TABLE I 23: MEMBERS OF THE EXECUTIVE BOARD

Name	Year born	Position
Frede Clausen	1959	President and CEO
Robert Andersen	1965	Executive Vice President

FREDE CLAUSEN (BORN 1959)

Frede Clausen, President and CEO of TK Development A/S since 1992. Mr. Clausen has a background as area manager of Sparekassen Nordjylland. He has completed bank training and holds an HD graduate diploma in Business Administration (management and Financial Accounting).

Managerial positions

Frede Clausen Holding ApS

Managerial positions held within the past five years (resigned)

None

Chairmanships

ApS Komplementarselskabet DLU nr. 1
Kommanditaktieselskabet DLU nr. 1
Ringsted Outlet Center P/S
SPV Ringsted ApS
Udviklingsselskabet Nordkranen A/S

Chairmanships held within the past five years (resigned)

Ejendomsanpartsselskabet matr. nr. 1 acn Vestermarken Odense Jorder
Nordkranen Vandtårnsvej ApS
Sukkerlageret Odense ApS
Pushkin Development A/S (formerly TK Development Pushkin A/S)

Directorships

Ejendomsselskabet Klampenborgvej I/S
EMCM Holding A/S
Euro Mall Ventures s.a.r.l
K/S Købmagergade 59, st.

Komplementarselskabet DLU ApS
Kommanditaktieselskabet Danlink-Udvikling
Palma Ejendomme A/S

Directorships held within the past five years (resigned)

Amerikakaj I/S
ApS PDE
I/S Margretheparken
Kommanditaktieselskabet Pakhus D+E
Step Re Csp Invest I A/S
Udviklingsselskabet Kolding Storcenter I/S

Other positions

None

Other positions held within the past five years (resigned)

None

ROBERT ANDERSEN (BORN 1965)

Robert Andersen, Executive Vice President of TK Development A/S since 2002. Mr. Andersen has a background as VP of corporate customers with Spar Nord Bank A/S. He has bank training and holds an HD graduate diploma in Business Administration (management and Financial Accounting).

Managerial positions

Palma Ejendomme A/S
Ringsted Outlet Center P/S

Managerial positions held within the past five years (resigned)

Amerikakaj I/S

I/S Margretheparken
K/S Seinäjoki Retail Park Finland

Chairmanships

None

**Chairmanships held within the past five years
(resigned)**

None

Directorships

ApS Komplementarselskabet DLU nr. 1
Komplementarselskabet DLU ApS
Kommanditaktieselskabet DLU nr. 1
Kommanditaktieselskabet Danlink-Udvikling
Kommanditaktieselskabet Østre Havn
Ringsted Outlet Center P/S
SPV Ringsted ApS
Udviklingselskabet Nordkranen A/S
Østre Havn Aalborg ApS

**Directorships held within the past five years
(resigned)**

ApS PDE
Kommanditaktieselskabet Pakhus D+E
Nordkranen Vandtårnsvej ApS
Ejendomsanpartsselskabet matr. Nr. 1 acn, Vestermarken
Odense Jorder
Sukkerlageret Odense ApS

Other positions

None

**Other positions held within the past five years
(resigned)**

Member of the Board, Byggesocietetet, district of Aalborg

14.3 EXECUTIVE OFFICERS

The Group has defined the following persons as Executive Officers:

TABLE I 24: EXECUTIVE OFFICERS

Name	Year born	Position
Erik Godtfredsen	1952	Senior Vice President, Northern Europe and General Manager, Denmark
Dan Fæster	1960	General Manager, Sweden
Riku Nisula	1968	General Manager, Finland
Lina Paukste	1977	General Manager, the Baltic States
Zygmunt Chyla	1953	Senior Vice President, Poland
Thomas H. Villadsen	1968	Senior Vice President, Czech Republic and Slovakia
Vivi Sørensen	1970	Group Accounting Manager
Niels Christian Olsen	1963	Group Finance Manager
Helle Yde Jensen	1963	Head of HR Department
Morten Tousgaard	1967	Vice President, Group Legal Manager
Martin Nørgaard Bach	1973	Head of Communications

ERIK GODTFREDSEN (BORN 1952)

Erik Godtfredsen, Senior Vice President, TK Development , Northern Europe and General Manager, Denmark has been with TK Development since 1990. Before joining TK Development, Mr. Godtfredsen held a position as department manager of Sparekassen Nordjylland (1986 - 1990). He has bank training from Danske Bank.

Managerial positions

Komplementarselskabet Nørrevænget 40-42 ApS

Managerial positions held within the past five years (resigned)

None

Chairmanships

K/S Købmagergade 59, st.

Chairmanships held within the past five years (resigned)

None

Directorships

Østre Havn Aalborg ApS
Kommanditaktieselskabet Østre Havn

Directorships held within the past five years (resigned)

None

Other positions

None

Other positions held within the past five years (resigned)

None

DAN FÆSTER (BORN 1960)

Dan Fæster, General Manager, TK Development, Sweden has been with TK Development A/S since 2000. Before joining TK Development, Mr. Fæster was sales director with Toys'R'Us and a sales manager with BR Legetøj. He is a fully trained curtain installer.

Managerial positions

None

Managerial positions held within the past five years (resigned)

None

Chairmanships

None

Chairmanships held within the past five years (resigned)

None

Directorships

None

Directorships held within the past five years (resigned)

DAT 2005 A/S

DAP 2004 A/S

Capella Toy AB

SweCapella Play AB

Other positions

None

Other positions held within the past five years (resigned)

None

RIKU NISULA (BORN 1968)

Riku Nisula, General Manager, TK Development, Finland has been with TK Development A/S since 2005. Before joining TK Development, Mr. Nisula was employed as country sales manager with IKEA and as area director with Asko. He holds an MSc in marketing.

Managerial positions

None

Managerial positions held within the past five years (resigned)

None

Chairmanships

None

Chairmanships held within the past five years (resigned)

None

Directorships

None

Directorships held within the past five years (resigned)

None

Other positions

None

Other positions held within the past five years (resigned)

None

LINA PAUKSTE (BORN 1977)

Lina Paukste, General Manager, TK Development, Lithuania has been with TK Development A/S since 2003. Before joining TK Development, Ms. Paukste was country manager with BlueTel Baltic UAB (a Lithuanian telecommunication company). She holds an Executive Master of Business Administration from the Baltic Management Institute.

Managerial positions

None

Managerial positions held within the past five years (resigned)

None

Chairmanships

None

Chairmanships held within the past five years (resigned)

None

Directorships

None

Directorships held within the past five years (resigned)

None

Other positions

None

Other positions held within the past five years (resigned)

None

ZYGMUNT CHYLA (BORN 1953)

Zygmunt Chyla, Senior Vice President, TK Development, Poland has been with TK Development A/S since 2001. Before joining TK Development, Mr. Chyla was employed with Globe Trade Centre S.A. (a European property development

company) as a member of the Board in charge of sales and marketing. He holds an MSc in chemistry.

Managerial positions

None

Managerial positions held within the past five years (resigned)

None

Chairmanships

None

Chairmanships held within the past five years (resigned)

None

Directorships

None

Directorships held within the past five years (resigned)

Galeria Białystok Sp. z o.o.
Galeria Copernicus Sp. z o.o.

Other positions

None

Other positions held within the past five years (resigned)

None

THOMAS H. VILLADSEN (BORN 1968)

Thomas H. Villadsen, Senior Vice President, TK Development, Czech Republic and Slovakia has been with TK Development A/S since 2001. Before joining TK Development, Mr. Villadsen was project coordinator with Steensen & Varming A/S (a technical consulting firm). He holds an MSc in civil engineering from Aalborg University.

Managerial positions

Fashion Arena Centre Management s.r.o.

Managerial positions held within the past five years (resigned)

NOISE Consulting, s.r.o. merged with Limelo Consulting a.s. – the legal successor is Pradera Retail Park Ostrava a.s.
TK Czech Development IX s.r.o.

Chairmanships

Euro Mall Štěrboholy a.s.

Euro Mall FM a.s.

Chairmanships held within the past five years (resigned)

OC Futurum Kolín a.s. (former Euro Mall Kolín a.s.)
Retail Park Liberec a.s. (former Euro Mall Ruzyně Development a.s.)

Directorships

None

Directorships held within the past five years (resigned)

Euro Mall Eden Offices a.s. (in solvent liquidation)
Euro Mall Eden a.s. (in solvent liquidation)

Other positions

None

Other positions held within the past five years (resigned)

None

VIVI SØRENSEN (BORN 1970)

Vivi Sørensen, Group Accounting Manager of TK Development has been with TK Development A/S since 1994. Before joining TK Development, Ms. Sørensen was an assistant accountant with Nielsen & Christensen. She is trained as an auditor.

Managerial positions

None

Managerial positions held within the past five years (resigned)

Vivi Christensen Holding ApS

Chairmanships

None

Chairmanships held within the past five years (resigned)

None

Directorships

None

Directorships held within the past five years (resigned)

None

Other positions

None

Other positions held within the past five years (resigned)

None

NIELS CHRISTIAN OLSEN (BORN 1963)

Niels Christian Olsen, Group Finance Manager of TK Development has been with TK Development A/S since 1996. Before joining TK Development, Mr. Olsen was employed with Spar Nord Bank in the commercial customer segment. He has a background in banking.

Managerial positions

None

Managerial positions held within the past five years (resigned)

None

Chairmanships

None

Chairmanships held within the past five years (resigned)

None

Directorships

Bubetti A/S

Lomoco Invest Aalborg A/S

Directorships held within the past five years (resigned)

MEIP2-3 A/S

MEIP2-2 A/S

MEIP2-1 A/S

MEIP2-4 A/S

MEIP2-5 A/S

Other positions

Partnerships

K/S Værftsvej 23, Aalborg

Other positions held within the past five years (resigned)

None

HELLE YDE JENSEN (BORN 1963)

Helle Yde Jensen, Head of the HR Department of TK Development, has been with TK Development A/S since 2007. Before joining TK Development, Ms. Jensen was HR Manager of DCS Group A/S and HR Manager of Dansk Eternit A/S. She has various management training, including from FLSmidth.

Managerial positions

None

Managerial positions held within the past five years (resigned)

None

Chairmanships

None

Chairmanships held within the past five years (resigned)

None

Directorships

None

Directorships held within the past five years (resigned)

None

Other positions

None

Other positions held within the past five years (resigned)

None

MORTEN TOUSGAARD (BORN 1967)

Morten Tousgaard, Vice President, Group Legal Manager of TK Development, has been with TK Development A/S since 2001. Before joining TK Development, Mr. Tousgaard was employed with Royal Greenland as a legal adviser. He holds an MBA and a CBA and a Master of Business Law from Aalborg University.

Managerial positions

Kommanditaktieselskabet DLU nr. 1

Kommanditaktieselskabet Østre Havn

Komplementarselskabet DLU ApS

ApS Komplementarselskabet DLU nr. 1

Managerial positions held within the past five years (resigned)

APS PDE

Chairmanships

None

Chairmanships held within the past five years (resigned)

None

Directorships

Ringsted Outlet Center P/S

SPV Ringsted ApS

Directorships held within the past five years (resigned)

None

Other fiduciary positions

None

Other fiduciary positions held within the past five years (resigned)

None

MARTIN NØRGAARD BACH (BORN 1973)

Martin Nørgaard Bach, Head of Communications of TK Development, has been with the Group since 2008. Before joining TK Development, Mr. Bach was business editor at NORDJYSKE Medier. He holds an MA in Danish and Business Economics.

Managerial positions

None

Managerial positions held within the past five years (resigned)

None

Chairman

None

Chairmanships held within the past five years (resigned)

None

Directorships

None

Directorships held within the past five years (resigned)

None

Other positions

None

Other positions held within the past five years (resigned)

None

14.4 STATEMENT ON PAST RECORDS

Over the past five years none of the members of the Board of Directors, the Executive Board or the Executive Officers have (1) been convicted of fraudulent offences (2) been members of a board of directors, executive board or supervisory body, general partners of limited partnerships, founders or executive officers of companies which have entered into bankruptcy, receivership or liquidation, except as set out above (3) been the object of public prosecution and/or public sanctions by authorities or regulatory bodies (including designated professional bodies), except as set out above or (4) been disqualified by a court of law from acting as a member of the board of directors, executive board or supervisory body of an issuer or from serving on the management of an issuer.

In June 2006, the Senior Vice President of TK Development, Poland, Zygmunt Chyla, was detained, remanded in custody and charged by the Polish police with irregularities relating to obtaining approval from the authorities (zoning approval) for the Polish shopping centre project Galeria Biala in Bialystok. In November 2006, Mr. Chyla was released on bail, of which TK Development provided PLN 1 million. The Polish prosecution service has charged Mr. Chyla and the case is ongoing.

Group Management has throughout the process been unable to find any irregularities in connection with the case and continues to find it incomprehensible that Senior Vice President Chyla could have been involved in the alleged irregularities.

14.5 STATEMENT ON KINSHIP

The Company is not aware of any kinship existing between any of the members of the Board of Directors, the Executive Board and/or the Executive Officers.

14.6 STATEMENT ON CONFLICTS OF INTEREST

The Group has previously and may in future develop projects for and let out properties to companies controlled by board member Kurt Daell. If such cases were to be considered by the Board of Directors, Kurt Daell would not participate in such consideration. Management believes that this does not constitute a conflict of interest.

Management believes that the Offering does not involve any significant current or potential conflicts of interest for members of Management or the Executive Officers. However, it should be noted, for the sake of completeness, that the members of the Executive Board and certain Executive Officers hold bonds issued by the Group and that the completion of the Offering would be expected, all other things being equal, to have a favourable effect on such bonds.

Furthermore, to the best of the Company's knowledge, no actual or potential conflict of interest exists between any duties

of the members of the Board of Directors and the Executive Board or Executive Officers vis-à-vis the Company, and these persons' private interests and/or duties vis-à-vis other persons.

The Company is not aware of any members of the Board of Directors, the Executive Board or Executive Officers having been appointed pursuant to an agreement or understanding with the Company's major shareholders, customers, suppliers or other parties.

14.7 LIMITS ON SECURITIES TRADING

No limits or restrictions have been placed on trading in the Company's shares by the members of the Board of Directors, the Executive Board or Executive Officers unless otherwise provided by law or what is common practice concerning compliance with insider obligations.

See "Part I – Description of TK Development – Staff – Existing Shares and warrants held by members of the Board of Directors, the Executive Board and Executive Officers – Share-based incentive schemes" for a description of warrants.

15.1 REMUNERATION OF THE BOARD OF DIRECTORS

Members of the Board of Directors receive a fixed remuneration and are not comprised by the Company's bonus and incentive schemes. The work performed by the audit committee is not separately remunerated because the committee is made up of all members of the Board of Directors. Board members are paid a basic fee. The Chairman is paid three times the basic fee, and the Deputy Chairman twice the basic fee. For 2009/10, the basic fee was DKK 250,000 million. The total remuneration to the Board of Directors thus amounted to DKK 2.3 million in 2009/10.

The Company has not granted any loans, issued any guarantees or undertaken any other obligations vis-à-vis or on behalf of the Board of Directors or any of its members. No member of the Board of Directors is entitled to any kind of remuneration upon retirement from his or her position as a board member, nor has the Company undertaken any pension obligations in respect of the Board of Directors and has therefore made no provisions in that respect.

15.2 REMUNERATION OF THE EXECUTIVE BOARD

The remuneration paid to the Executive Board in FY 2009/10 amounted to DKK 7.2 million, of which DKK 4.1 million was paid to Frede Clausen and DKK 3.1 million was paid to Robert Andersen. The members of the Executive Board participate in a short-term incentive scheme in the form of cash bonuses based on the Group's performance. The remuneration for 2009/10 did not comprise any bonuses. Furthermore, a car has been made available to each member of the Executive Board. The value of the cars represented DKK 0.1 million per member in 2009/10. In addition to the said remuneration, the members of the Executive Board participate in a long-term incentive scheme in the form of warrants. See "Part I - Description of TK Development - Management practices - Guidelines for incentive pay" for a detailed description of the incentive scheme of the Executive Board.

The Group has not granted any loans, provided any guarantees or undertaken any special obligations in respect of the Executive Board or any of its members. The Company has not undertaken any pension obligations in respect of the Executive Board and has therefore made no provisions in that respect.

The service agreements of the members of the Executive Board may be terminated by the Company giving twelve months' notice or by the member of the Executive Board giving six months' notice. See "Part I - Description of TK Development - Staff - Existing Shares and warrants held by members of the Board of Directors, the Executive Board and Executive Officers" with regard to share-based incentive schemes.

Severance schemes

Under the service agreements of the members of the Executive Board, each member of the Executive Board can give notice of

termination not 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. The Executive Board is not comprised by any other special severance schemes. It is company policy to ensure that members of the Executive Board have an incentive to work in the best interests of the Company and its shareholders in the event of a merger, takeover bid or other extraordinary situations. Against this background, the Board of Directors may decide, on the basis of a specific assessment, to pay a retention bonus whereby the members of the Executive Board receive special remuneration, such remuneration not to exceed 12 months' fixed salary, for example in the event that the Company merges with another company, or if another company takes over all the Company's activities, subject to the approval of the shareholders in general meeting.

15.3 REMUNERATION OF EXECUTIVE OFFICERS

The remuneration paid to the Group's Executive Officers for FY 2009/10 amounted to DKK 18.6 million. This amount included salary, cash bonuses to certain of the Executive Officers who participate in a short-term incentive scheme, a defined contribution pension plan, social security contributions and paid housing for certain of the Executive Officers. In addition to the said remuneration, certain Executive Officers have a company car at their disposal, representing a cost of DKK 0.4 million in FY 2009/10. Executive Officers are remunerated by the Group subsidiaries in the respective countries.

In addition to the said remuneration, the majority of the Executive Officers participate in a long-term incentive scheme in the form of warrants.

The Group has not granted any loans, provided any guarantees or undertaken any special obligations in respect of the Executive Officers other than as set out in "Part I - Description of TK Development - Board of Directors, Executive Board and Executive Officers - Statement on past records" in relation to the Group's senior vice president in Poland. The Company has not undertaken any unfunded pension obligations in respect of the Executive Officers and has therefore made no provisions in that respect.

Generally, the Executive Officers may terminate their employment relationship giving three to six months' notice.

See "Part I - Description of TK Development - Staff - Existing Shares and warrants held by members of the Board of Directors, the Executive Board and Executive Officers" with respect to share-based incentive schemes.

16.1 PRACTICES OF THE BOARD OF DIRECTORS

The tasks, duties and responsibilities of the Board of Directors are set out in the rules of procedure for the Board of Directors.

The Board of Directors holds at least five meetings each year, including an annual strategy meeting, and whenever the Chairman deems it necessary or whenever requested by a member of the Board of Directors.

The Board of Directors forms a quorum when more than half of the Board members elected by the shareholders are present. However, no resolution may be passed without all members of the Board of Directors having had an opportunity to participate in the consideration of the matter, if at all possible.

In respect of voting, all resolutions are passed by a simple majority of votes. In the event of an equality of votes, the Chairman will have a casting vote.

The Board of Directors appoints an Executive Board to be in charge of the day-to-day management of the Company.

The Board of Directors defines the objectives and strategic development of the Company.

The Board of Directors reviews the Company's interim financial statements etc. during each financial year and performs an assessment thereof in relation to the budget, including a specific assessment in relation to any variances therefrom. Furthermore, the Board of Directors supervises the Executive Board's management of the Company's business and subsidiaries by regularly following up on plans, budgets, etc. and by considering reports on the Company's liquidity, order book, significant transactions, overall insurance coverage, financing, cash flows and special risks.

The Board of Directors establishes procedures for the Executive Board's reporting to the Board of Directors and for communication between the Board of Directors and the Executive Board generally.

Any information about matters that may involve a risk of major losses on one or more of TK Development's exposures must be communicated to the Chairman of the Board of Directors immediately. In case of urgency, matters of great importance which, pursuant to the rules of procedure, must be submitted to Board of Directors may nonetheless be decided by the Chairman and the Deputy Chairman alone.

16.2 PRACTICES OF THE EXECUTIVE BOARD

The Executive Board consists of two members, one of whom is appointed as president and CEO.

The Executive Board is responsible for the day-to-day management of the Company, which includes ensuring the adequacy of business procedures, bookkeeping and accounting procedures as well as the safe storage of securities, loan documents, collateral, etc.

The Executive Board must submit to the Board of Directors any matters which according to the Company's circumstances are of an unusual nature or size or generally of great significance before any resolution is made. The Executive Board may, however, make any such decision as is necessary for the ordinary day-to-day operations of TK Development taking into account the fact that the Company is a project-driven business.

16.3 INFORMATION REGARDING CONTRACT TERMS FOR THE EXECUTIVE BOARD

See "Part I - Description of TK Development - Remuneration and benefits - Remuneration of the Executive Board" for a description of the service agreements of the Executive Board.

16.4 COMMITTEES, INCLUDING ADVISORY BOARDS

An audit committee has been set up pursuant to Danish law.

The Board of Directors believes that auditing is an issue that concerns all board members. For this reason, and given the complexity of the accounting procedures, it has been considered appropriate for all board members to sit on the audit committee.

Generally, the audit committee deals with such matters as internal controls in the financial reporting process, special financial and accounting issues, as well as the evaluation of the Company's financial reporting, accounting process and risk management activities. The audit committee held four meetings in 2009/10, all held in connection with ordinary board meetings.

The audit committee's key tasks are:

- considering communications from the external auditors to the Board of Directors, including monitoring and checking the external auditors' independence, reviewing audit plans and audit book entries;
- considering the Executive Board's recommendations regarding accounting principles, accounting policies and significant accounting estimates;
- reviewing and approving new and changed significant guidelines and procedures for internal controls and the financial reporting process;
- reviewing and considering the Company's risk management principles, including reviewing the Company's risk management process and risk exposures.

The Board of Directors has found no reason to set up any other board committees or committees related to the work of the Board of Directors.

16.5 DESCRIPTION OF MANAGEMENT REPORTING SYSTEMS AND INTERNAL CONTROL SYSTEMS

The Board of Directors and the Executive Board have overall responsibility for the Group's risk management and internal controls related to its financial reporting, including compliance with relevant legislation and other regulatory provisions governing financial reporting.

Management considers good risk management and internal controls essential and regularly impresses this policy on the Group's staff members.

The Group's risk management and internal controls related to financial reporting have been established with a view to effectively controlling financial reporting and thus minimising/eliminating the risk of misstatement and error.

The Group's risk management and internal control systems related to financial reporting cannot provide absolute assurance but only reasonable assurance that any misuse of assets, losses and/or material misstatement and errors connected with financial reporting can be avoided.

The Board of Directors, which also makes up the audit committee, performs an ongoing assessment of important risks and internal controls in connection with the Group's activities and their potential impact on its financial reporting.

Control environment

Each year, the Board of Directors assesses the Group's organisational structure and staffing in important areas, including areas relating to the financial reporting process. In addition, an assessment is made of the risk of fraud and the appropriateness of the Group's accounting principles, accounting policies and the most significant accounting estimates.

The Board of Directors has introduced a number of general procedures in all key areas for financial reporting purposes. In doing so, the Board of Directors has accorded weight, inter alia, to having a clear organisational structure as well as precise reporting guidelines, approval procedures and functional separation.

The Group's accounting function is responsible for planning and controlling the financial reporting process. The group accounting manager and the associated staff members monitor compliance with agreed guidelines, continuously reviewing the Group's internal financial reporting from both domestic

and foreign sources. Their duties also include random checks of accounting records.

As an element of the Board of Directors' assessment of the internal control environment, the Board annually determines the appropriateness of internal control systems and the possible need for an internal audit. Based on the company's size, complexity and accounting department organisation, the Board of Directors has so far assessed that internal audit has been unnecessary.

RISK ASSESSMENT

At least once a year, the Board of Directors, which also makes up the audit committee, and the Executive Board perform an overall risk assessment as part of the financial reporting process.

Against this background, the Board of Directors adopts a number of overall procedures, including initiatives to reduce/eliminate risks.

As an element of the risk assessment, each year the Board of Directors and the Executive Board estimate the risk of fraud and decide which measures to take to minimise such risks. In this connection, the Board of Directors also assesses the risk of the Executive Board bypassing controls and exercising undue influence on the financial reporting process.

Decisions regarding initiatives to reduce/eliminate risks are based on an assessment of materiality.

Control activities

Control activities are based on the risk assessment. The goal of such control activities is to ensure that the guidelines laid down by Management are followed, and to prevent, detect and correct any misstatement and errors.

Both manual and computerised control activities are carried out. These procedures essentially comprise rules on powers, approval procedures, reconciliation, functional separation, follow-up on financial results, an analytical review of the financial statements, verification of the existence of assets and other verification procedures.

Standard formal procedures have been set up for preparing interim reports and annual reports. Checklists are used to ensure that each company submits correct and adequate information and to ensure compliance with relevant legislation, primarily IFRS and additional disclosure requirements for listed companies.

Information is gathered on an ongoing basis for use in ensuring compliance with any requirements regarding notes and other disclosure requirements.

16.6 CORPORATE GOVERNANCE

Management is continuously working to develop corporate governance with due regard to legislation in force from time to time and developments in practice.

On its website, the Company has published a statement on its position on the recommendations issued by the Committee on Corporate Governance of 15 August 2005 as amended (the "Corporate Governance Recommendations") in effect as of 31 January 2010.

On 8 April 2010, the Committee on Corporate Governance adopted new Corporate Governance Recommendations. NASDAQ OMX incorporated the recommendations in the disclosure requirements for listed companies on 31 May 2010, and the recommendations will apply to the presentation of the financial statements for FY 2010/11 in 2011. In the course of 2010, the Board of Directors will consider the changes to the recommendations.

The members of the Board of Directors elected by the shareholders in general meeting are all independent, except for one member, Per Søndergaard Pedersen, who has previously held the position of president and CEO of the Company. Furthermore, when the new Corporate Governance Recommendations enter into force, Torsten Erik Rasmussen will no longer be independent, since he has been a member of the Company's Board of Directors for more than 12 years. Thus, even after the new Corporate Governance Recommendations have entered into force, the Company complies with the recommendations on independence, since only two of the Company's six board members are not considered to be independent.

The Board of Directors believes that the Company's corporate governance complies with the Corporate Governance Recommendations, except in the following areas:

Time allocated to the board work and the number of board positions

The Company believes that a simple calculation of board positions is irrelevant, as the time spent on each board position may vary greatly. Consequently, it must be up to each board member to assess how many board positions he or she can reasonably undertake and still fulfil the duties expected of a board member. Consequently, the Company has not introduced any limit on the number of board positions that a board member may hold.

Age limit

Setting an age limit for the members of the Board of Directors has not been considered appropriate by the Company, as talents, expertise and experience are weighted higher than an age criterion.

16.7 GUIDELINES FOR INCENTIVE PAY

The general guidelines for the Company's remuneration of the Board of Directors and Executive Board adopted and published by the Company comprise the Board of Directors and the Executive Board.

Board of Directors

The members of the Board of Directors are paid a fixed, annual fee. The Chairman and Deputy Chairman of the Board of Directors receive a supplement to the fixed fee. The amounts of the fee and of 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. Members of the Board of Directors are not eligible for incentive pay.

Executive Board

Every year the Board of Directors assesses and determines the remuneration payable to the members of the Executive Board, based on the recommendation of the Chairman and the Deputy Chairman.

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 for each individual member of the Executive Board is disclosed in the annual report.

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, 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 member of the Executive Board 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 once a year. The number of warrants issued to the Executive Board per allocation represents a value of up to about 15% of the fixed annual salary payable to the Executive Board members, calculated according to the Black & Scholes model. The warrants issued may be exercised after a two to three 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 up to two years for gains on any shares whose market value exceeds the subscription amount and tax. The tax rules applicable to the allocation of warrants mean that capital gains are taxed as share income, on condition that the Company's costs associated with the allocation are not tax-deductible. The specific allocation is determined by the Board of Directors within the established framework, and the scheme is submitted for adoption at 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 members of the Executive Board have an incentive to work in the best interests of the Company and its shareholders in the event of a merger, takeover bid or other extraordinary situations. Against this background, the Board of Directors may decide, on the basis of a specific assessment, to pay a retention bonus whereby the members of the Executive Board receive special remuneration, such remuneration not to exceed 12 months' fixed salary, for example in the event that the Company merges with another company, or if another company takes over all the Company's activities, subject to the approval of such transaction by the shareholders in general meeting. 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 Board of Directors 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.

See "Part I - Staff - Existing Shares and warrants held by members of the Board of Directors, the Executive Board and Executive Officers" for a detailed description of warrants issued.

I. 17 STAFF

17.1 OVERVIEW OF EMPLOYEES

The Group's staff counted 132 employees at 30 April 2010 and 136 at 31 January 2010. As in FY 2008/09, the Group trimmed the organisation to match a lower activity level in FY 2009/10. The number of Group employees dropped from 164 at 31 January 2009 to 136 at 31 January 2010, corresponding to a 17% reduction. The staff reduction was mainly achieved by closing down activities in Bulgaria and Latvia and by a strong reduction in activities in Lithuania and Finland.

Staff costs amounted to DKK 99.9 million in FY 2009/10, a drop of 17% compared to the previous financial year.

At 31 January 2008, 2009 and 2010, there were 161, 164 and 136 employees respectively at TK Development.

TABLE I 25: DISTRIBUTION OF EMPLOYEES BY BUSINESS ENTITIES AT 30 APRIL 2010

	30 April 2010
Group function and related services	15
Germany	5
TK Development A/S	20
Denmark	28
Denmark, location operations	7
Sweden	17
Finland	4
Lithuania	4
TKD Nordeuropa A/S	60
Czech Republic	22
Poland	30
Euro Mall Holding A/S	52
TK Development Total	132

Group function and related services include the Executive Board and accounting, finance and other staff.

17.2 EXISTING SHARES AND WARRANTS HELD BY THE MEMBERS OF THE BOARD OF DIRECTORS, THE EXECUTIVE BOARD AND EXECUTIVE OFFICERS

The table below shows the breakdown of shares held by members of the Board of Directors and Executive Board.

TABLE I 26: EXISTING SHARES HELD BY THE MEMBERS OF THE BOARD OF DIRECTORS, THE EXECUTIVE BOARD AND EXECUTIVE OFFICERS AS AT THE PROSPECTUS DATE

	Number of Shares	Ownership and voting rights (%)
Board of Directors		
Niels Roth	110,000	0.39
Torsten Erik Rasmussen via Morgan Invest ApS	32,760	0.12
Kurt Daell		
Kurt Daell	14,000	0.05
Dava 1 ApS (c/o Kurt Daell)	1,792,300	6.39
Per Søndergaard Pedersen		
Per Søndergaard Pedersen	41,182	0.15
PSP Holding ApS	120,490	0.43
JMDP Invest ApS	8,000	0.03
Jesper Jarlbæk via Earlbrook Holdings Ltd. A/S	24,600	0.09
Jens Erik Christensen	0	0.00
Executive Board		
Frede Clausen		
Frede Clausen	84,004	0.30
Frede Clausen Holding ApS	37,784	0.13
Komplementarselskabet Nørrevænget 40-42 ApS	24,178	0.09
Robert Andersen and related parties		
Robert Andersen	48,000	0.17
Lotte Nyholm Andersen	2,000	0.01
Executive Officers		
Erik Godtfredsen	25,190	0.09
Dan Fæster	1,000	<0.01
Riku Nisula	0	0.00
Lina Paukste	0	0.00
Zygmunt Chyla	0	0.00
Thomas H. Villadsen	347	<0.01
Vivi Sørensen	7,410	0.03
Niels Christian Olsen	905	<0.01
Helle Yde Jensen	1,500	0.01
Morten Tousgaard	316	<0.01
Martin Nørgaard Bach	486	<0.01
Total	2,377,652	8.48

TABLE I 27: WARRANTS HELD BY THE MEMBERS OF THE BOARD OF DIRECTORS, THE EXECUTIVE BOARD AND EXECUTIVE OFFICERS AS AT THE PROSPECTUS DATE

	Number of warrants per programme	
	June 2008	June 2010
Board of Directors	0	0
Executive Board		
Frede Clausen	85,000	50,000
Robert Andersen	85,000	50,000
Executive Officers		
Erik Godtfredsen	50,000	22,000
Dan Fæster	30,000	22,000
Riku Nisula	20,000	0
Lina Paukste	20,000	12,000
Zygmunt Chyla	30,000	22,000
Thomas H. Villadsen	30,000	22,000
Vivi Sørensen	30,000	22,000
Niels Christian Olsen	30,000	22,000
Helle Yde Jensen	20,000	12,000
Morten Tousgaard	20,000	12,000
Martin Nørgaard Bach	12,000	6,000
Other employees	212,000	120,000
Total	674,000	394,000

Share-based incentive schemes

On 5 June 2008, the Board of Directors issued warrants to the Executive Board and 30 other employees conferring a right to subscribe for 698,000 shares, each with a value of DKK 20. Subsequently, 24,000 warrants have lapsed leaving a total of 674,000 active warrants at the end of the financial year. This is a four-year warrant scheme with the first exercise window after three years and with a further lock-up period of up to three years in respect on any subscribed shares. This means that shares with a market value of up to the subscription amount plus any tax may be disposed of without restrictions, while shares exceeding a market value equal to the subscription amount plus tax cannot be disposed of earlier than during a three-year period after subscription, such that up to one-sixth of these shares may be disposed of in each of the six windows during the three-year period. The above-mentioned 674,000 warrants correspond to approximately 2.4% of the

share capital. The incentive scheme may be exercised in three six-week periods (windows), placed as follows:

- following publication of the preliminary announcement of the financial statements for FY 2010/11 (approximately from 30 April 2011)
- following publication of the interim report for the six months for FY 2011/12 (approximately from 30 September 2011)
- following publication of the preliminary announcement of the financial statements for FY 2011/12 (approximately from 30 April 2012).

The subscription price per share of DKK 20 before deduction of any dividends has been fixed at 83.4 in the first window, at 86.2 in the mid window and at 90.2 in the last window. The costs to the Group of the above-mentioned four-year incenti-

ve scheme were in the region of DKK 11 million which will be expensed in the period from June 2008 to October 2011.

At the annual general meeting held on 25 May 2010, the shareholders authorised the Board of Directors to issue warrants for up to a nominal value of DKK 8,000,000.00 (400,000 warrants of DKK 20 each) to the Executive Board and 26 other employees of the Group. On 4 June 2010, the Board of Directors resolved to use this authorisation by initiating an incentive scheme whereby 394,000 warrants were issued: 100,000 warrants to the Executive Board and 294,000 warrants to other employees, respectively.

This is a three-year scheme with the first exercise window after two years and with a further lock-up period of up to two years on any subscribed shares. This means that shares with a market value of up to the subscription amount plus tax may be disposed of without restrictions, while other shares cannot be disposed of until during a two-year period after subscription, such that one fourth of these shares may be disposed of during each of the four windows of the two-year period.

The above-mentioned 394,000 warrants correspond to 1.4% of the share capital. The incentive scheme may be exercised during three six-week periods, placed as follows:

- following publication of the preliminary announcement of the financial statements for FY 2011/12 (approximately from 30 April 2012)
- following publication of the H1 profit announcement for FY 2012/13 (approximately from 30 September 2012), and
- following the preliminary announcement of the financial statements for FY 2012/13 (approximately from 30 April 2013).

The main condition for the exercise of warrants is that the employee has not terminated his employment with the company effective before the exercise of the allocated warrants. If TK Development terminates the employment without this being due to breach on the part of the employee, the employee will still be entitled to exercise his or her warrants.

The subscription price per share of DKK 20 nominal value before any deduction of dividends, and on the basis of a price of 24.3, during the three windows is 28.0, 28.9 and 30.3, respectively. The subscription price is calculated on the basis of a simple average of the All Trades-price of TK Development's listed share during the ten business days from 9 June 2010 to 22 June 2010 plus an annual adjustment of 8% to reflect advance returns to the shareholders and less any dividends paid to the shareholders up until the date of exercise.

The value of the incentive scheme can, based on a price of 23.5 at 23 June 2010 and a dividend policy of DKK 0 per share per year by using the Black-Scholes formula, be calculated at DKK 1.9 million, recognised in the income statement over 22 months. The calculation is made based on an expected future volatility rate of 40, an annual hurdle rate of 8% and a risk-free interest rate level of 5% p.a. In addition, it is assumed that the incentive scheme is exercised in the middle of the three six-week periods.

After completion of the Offering, the exercise price of all warrants allocated will be adjusted as per usual practice.

I. 18 MAJOR SHAREHOLDERS

Major shareholders, which means shareholders holding at least 5% of the share capital or the voting rights in the Company, comprise the following at the Prospectus Date:

TABLE I 28: MAJOR SHAREHOLDERS AT THE PROSPECTUS DATE

Shareholder	Percentage share of the share capital and of the voting rights
Dava 1 ApS and Kurt Daell personally Lysagervej 25 2920 Charlottenlund Denmark	Total 6.44%
Holberg Fenger Holding A/S Frode Jakobsens Plads 4, 5th floor 2720 Vanløse Denmark	5.81%
Carl Ejler Rasmussen Holding Sweden AB Pirgatan 13 SE 374 35 Karlshamn Sweden	5.00%

The shares held by the major shareholders carry the same voting rights.

I. 19 RELATED PARTY TRANSACTIONS

TK Development's related parties exercising significant influence include members of the Board of Directors, the Executive Board and former members of the board of directors and the executive board in FY 2007/08, FY 2008/09 and FY 2009/10.

Furthermore, related parties include associates, joint ventures and companies in which the above-mentioned persons have

significant interests, including such persons' relatives. See also "Part I - Description of TK Development - Remuneration and benefits" for a description of the remuneration of the Board of Directors and the Executive Board.

The Company has no related parties exercising control.

TABLE I 29: RELATED PARTY TRANSACTIONS DURING THE LAST THREE FINANCIAL YEARS

DKKm	2007/08	2008/09	2009/10	As at and for the period 1 February 2010 – 30 April 2010
Board of Directors and Executive Board (and their related parties)				
Liabilities with respect to the Executive Board concerning retention bonuses	5.7	0.0	0.0	0.0
Liabilities with respect to the Executive Board concerning employee bonds	0.1	1.5	1.5	1.5
Joint ventures and associates				
Fees from joint ventures	9.0	0.9	0.3	0.0
Interest income from joint ventures	10.1	4.0	5.0	1.7
Interest expenses, joint ventures	(5.4)	(8.1)	(9.7)	(0.9)
Interest income from associates	0.4	0.4	0.3	0.0
Receivables from associates	8.4	8.4	2.9	25.8
Receivables from joint ventures	122.7	102.3	87.1	88.9
Payables to joint ventures	126.9	106.5	110.1	111.4

No other related party transactions took place in the respective financial years.

Guarantee and security has been provided on behalf of joint ventures and associates as stated in the table below.

No security or guarantees have been provided in respect of any balances owing to or by other related parties at the balance sheet date. Receivables and payables are settled in cash. No losses have been incurred and no provisions for probable losses have been made in respect of receivables from related parties.

TABLE I 30: CONTINGENT LIABILITIES AND COLLATERAL OF THE LAST THREE FINANCIAL YEARS

DKKm	2007/2008	2008/2009	2009/2010	For the period 01 February 2010 – 30 April 2010
Contingent liabilities and guarantees				
Surety and guarantees on behalf of associates	5.1	5.1	5.1	5.1
Surety and guarantees on behalf joint ventures	33.1	28.5	1.1	1.1
Surety and guarantees in joint ventures	11.0	8.5	5.8	5.8

The stated amounts for surety and guarantees on behalf of associates and joint ventures constitute the maximum amount.

I. 20 INFORMATION ON THE COMPANY'S ASSETS AND LIABILITIES, FINANCIAL POSITION, FINANCIAL RESULTS, DIVIDEND POLICY AND LITIGATION

20.1 FINANCIAL INFORMATION

See the F-pages for financial information concerning the Company.

20.2 DIVIDEND POLICY

The payment of dividends is considered from year to year. A rate of dividend of 0 was recommended for FY 2009/10. No dividends have been paid during the past five years. The Board of Directors has initiated the work of defining a future dividend policy. This work will continue throughout FY 2010/11.

20.3 LITIGATION

As at the Prospectus Date, the Group is not a party to any governmental, legal or arbitration proceedings, which Management considers to be material, apart from the following:

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 design was approved. De Samvirkende Købmænd subsequently took out a writ against the Nature Protection Board of Appeal before

the Danish Eastern High Court. A ruling in the matter is expected in autumn 2010 at the earliest. Neither the owner of the centre nor any company of the TK Development Group is a direct party to the case, but if the Eastern 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 Eastern High Court rules in favour of De Samvirkende Købmænd, the owner of Field's and TK Development as a former co-owner 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. Management believes the risk of this case to be limited.

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

The Group has not within the past 12 months been involved in any government, legal or arbitration proceedings that have had a material adverse effect on the Group's financial position or results, and Management is not aware of any threatened proceedings that could have such effect in the future.

21.1 SHARE CAPITAL BEFORE AND AFTER THE OFFERING

Immediately prior to the Offering, the Company's share capital amounted to a nominal value of DKK 560,876,200 divided into 28,043,810 Existing Shares, each with a nominal value of DKK 20. All Shares are fully paid up.

At the Company's extraordinary general meeting held on 1 July 2010, it was resolved, subject to completion of the Offering, to reduce the Company's share capital by a nominal amount of DKK 140,219,050 and to reduce the denomination of the Shares from DKK 20 nominal value to DKK 15 nominal value (the "Capital Reduction"). The reduction amount will be transferred to a special reserve under equity, which may subsequently only be used as resolved by the shareholders in general meeting. The Capital Reduction will take place concurrently with the registration of the capital increase related to the Offering with the Danish Commerce and Companies Agency. After completion of the Capital Reduction and prior to completion of the Offering, the nominal value of the Company's share capital amounts to DKK 420,657,150 divided into 28,043,810 Shares of DKK 15 nominal value each.

At the extraordinary general meeting, it was further resolved, subject to final completion and registration of the Capital Reduction, to increase the Company's share capital by a nominal amount of DKK 210,328,575 by cash payment with preemptive rights to the Company's Existing Shareholders at a price of DKK 15 per New Share with a nominal value of DKK 15 each (the "Subscription Price").

After the Offering, the Company's share capital will amount to a nominal value of DKK 630,985,725 divided into 42,065,715 Shares, each with a nominal value of DKK 15. When issued, the New Offer Shares will rank pari passu with the Existing Shares.

The Company's articles of association do not contain any authorisation to issue Shares other than in accordance with warrant programmes as described below.

The Company does not hold any treasury shares as at the Prospectus Date.

The company has not issued any shares that do not represent the share capital, and there are no takeover rights or obligations with respect to authorised capital not issued or any obligation to increase the capital.

Apart from warrants issued by the Company as set out in "Part I – Description of TK Development – Staff – Existing Shares and warrants held by members of the Board of Direc-

tors, the Executive Board and Executive Officers", none of the companies of the Group have warrants or options attached to their share capital.

21.2 WARRANT PROGRAMMES

See "Part I - Description of TK Development - Staff - Existing Shares and warrants held by members of the Board of Directors, the Executive Board and Executive Officers" for a description of warrants.

21.3 HISTORICAL MOVEMENTS IN THE COMPANY'S SHARE CAPITAL

At the Prospectus Date, the Company's share capital amounts to a nominal value of DKK 560,876,200 divided into 28,043,810 Existing Shares, each of a nominal value of DKK 20. The Company's share capital has not been increased or reduced during the period from 31 January 2006 until the Prospectus Date. The Company's share capital was most recently changed on 27 January 2006 by way of an increase of the share capital from DKK 280,438,100 to DKK 560,876,200 through a rights issue at DKK 40 per share with a nominal value of DKK 20.

21.4 DESCRIPTION OF THE COMPANY'S OBJECTS AND PROVISIONS CONCERNING THE BOARD OF DIRECTORS AND THE EXECUTIVE BOARD

The following is a brief description of certain provisions of the Company's current articles of association.

Objects clause

TK Development A/S was founded as a Danish public limited company on 1 February 1967, the objects clause, according to the memorandum of association, being to buy and sell real property and securities and to operate a related consulting business.

Pursuant to Article 1 of the current articles of association, the objects of the Company are to buy, build, sell, lease and let, act as agents for, invest in and advise on real property at home and abroad, to carry on financial activities and any other business related to or associated with the above-mentioned activities.

Summary of provisions concerning the Board of Directors and the Executive Board

The Company is managed by a Board of Directors composed of not less than four and not more than seven members elected by the shareholders in general meeting. The members of the Board of Directors are elected for terms of one year, but are eligible for re-election.

The Board of Directors elects a chairman and a deputy chairman from among its own number. The Board of Directors shall lay down its own rules of procedure.

In the event of an equality of votes, the chairman will have the casting vote.

Minutes of the proceedings of the meetings of the Board of Directors are recorded in a minute book authorised by the Board of Directors and signed by all board members attending the meeting.

The Board of Directors appoints an Executive Board composed of one or more members to be in charge of the day-to-day management of the Company.

The Company shall be bound in legal transactions by the joint signatures of the Chairman and Deputy Chairman, by the joint signatures of the Chairman or the Deputy Chairman and any member of the Board of Directors or of the Executive Board, by the joint signatures of any three members of the Board of Directors, by the joint signatures of any two members of the Executive Board, or by the joint signatures of all members of the Board of Directors.

21.5 DESCRIPTION OF THE COMPANY'S SHARES

The following is a brief description of certain provisions of (i) the Company's current articles of association, (ii) a resolution on the Capital Reduction adopted at the Company's extraordinary general meeting held on 1 July 2010, (iii) a resolution to increase the capital increase adopted at the Company's extraordinary general meeting held on 1 July 2010 and (iv) certain provisions under the Danish Companies Act.

Voting rights

Each share amount of DKK 1 nominal value entitles the holder to one (1) vote at general meetings.

The right of a shareholder to attend and vote at general meetings is determined relative to the shares held by the shareholder at the record date. The record date is one week before the general meeting is held.

The shares held by each shareholder are calculated on the record date on the basis of the entry of the shareholders' shareholdings in the register of shareholders and notifications about ownership received by the Company for entry into the register of shareholders, but which have not yet been recorded therein.

Any shareholder wishing to attend a general meeting is required to give notice to the Company of his intention to at-

tend the general meeting not later than three days prior to the general meeting.

Voting rights may be exercised by a written and dated instrument of proxy. A proxy may be revoked at any time. Revocation must be made in writing and may be made by notifying the Company. Any instrument of proxy issued to Management may not be given for more than twelve months and shall be issued for a specific general meeting with an agenda known in advance. Any shareholder may further vote by correspondence. Votes by correspondence must be in writing and be received by the Company not later than on the day before the general meeting.

Forms to be used for voting by proxy or by correspondence are made available on the Company's website, www.tk-development.dk, unless such forms are sent directly to the shareholders.

Negotiability and transferability of the Shares

The Shares are negotiable instruments, and no restrictions apply to their transferability.

Authorisations

To implement the capital increases following from the exercise of warrants, the Board of Directors is authorised, in the period ending 30 June 2012, to increase the Company's share capital in one or more issues by up to a total nominal value of DKK 13,960,000 and, in the period ending 30 June 2013, to increase the Company's capital share in one or more issues by up to a total nominal value of DKK 8,000,000 by a cash contribution without preemptive rights to the Company's existing shareholders.

The shares subscribed on exercise of warrants will be freely transferable and be issued to named holders and be registered in the register of shareholders of the Company and will rank *pari passu* in all respects with the Company's other Shares.

Dividend rights

The Existing Shares will be eligible for dividends. The New Shares are eligible for any dividends declared and payable from the date of registration of the capital increase with the Danish Commerce and Companies Agency.

No restrictions on dividends or special procedures apply to holders of Shares who are not residing in Denmark.

Under current Danish legislation, the Company withholds tax on dividends.

Current rules regarding dividends

Under the Danish Companies Act, the shareholders may, at the annual general meeting, authorise the distribution of profits based on the distributable reserves recognised in the latest adopted full-year financial statements. Furthermore, the shareholders in general meeting may authorise the distribution of extraordinary dividends that in addition to distributable reserves recognised in the latest adopted financial statements can also be based on profit for the current financial year and distributable reserves having occurred or having been released in the current financial year. The dividend adopted by the shareholders in general meeting may not exceed the amount proposed or approved by the Board of Directors.

The shareholders may also authorise the Board of Directors to distribute extraordinary dividends. Such authorisation has not been given as at the Prospectus Date.

Dividends are paid automatically through VP Securities to accounts designated by the shareholders.

Preemptive rights

Under the Danish Companies Act, all shareholders of the Company have proportionate preemptive rights in case of a cash increase of the share capital. An increase of the share capital may be adopted by the shareholders in general meeting or by the Board of Directors pursuant to an authorisation granted by the shareholders in general meeting. Under the Danish Companies Act, any deviations from the shareholders' general preemptive rights may be resolved only at a general meeting and must be approved by at least two-thirds of all votes cast and of the part of the share capital represented at the general meeting. The capital increase must furthermore be subscribed at market price.

Rights on liquidation

In case of solvent liquidation or dissolution, the Company's shareholders are entitled, under the Danish Companies Act, to participate in the distribution of any excess assets in proportion to their shareholdings after payment of the Company's creditors.

Rights attaching to the Shares

The Company's Shares must be issued to registered holders and be recorded in the Company's register of shareholders.

The Shares are freely transferable and no shareholder is under an obligation to have his or her Shares redeemed, in whole or in part.

No Share confers any special rights upon its holder.

Changes to shareholder rights

Resolutions at general meetings are passed by a simple majority of votes of the shareholders attending unless otherwise provided by legislation. Resolutions to amend the articles of association or to dissolve the Company require a majority vote of not less than two-thirds of the votes cast as well as of the share capital represented at the general meeting.

Registration of Shares

All Shares are registered in book-entry form and must be held through a Danish bank or other institution authorised to be registered as the custodian of such Shares ("custodian institution") in accounts maintained in the computer system of VP Securities. The Shares are issued in book-entry form.

No transfer of Shares will be operative vis-à-vis the Company until the transfer has been registered with VP Securities. The Company is not liable for the authenticity or correctness of such registration.

Limitations on shareholdings

There are no limitations on the right to hold Shares under the Company's articles of association or Danish legislation.

Shareholder agreements

Management has no knowledge of any shareholder agreements concerning the Company.

21.6 PROVISIONS IN THE ARTICLES OF ASSOCIATION OR OTHER RULES WHICH MAY LEAD TO A DELAY IN CHANGE OF CONTROL OF THE COMPANY

The right of a shareholder to vote at a general meeting is determined relative to the Shares held by such shareholder on the record date. The record date is one week before the general meeting. The Shares held by each shareholder are made up on the record date on the basis of registration of the shareholder's shareholdings in the register of shareholders and notifications about ownership received by the Company for entry into the register of shareholders, but not yet recorded therein. Furthermore, any shareholder wishing to attend a general meeting is required to give notice to the Company of his intention to attend the general meeting not later than three days prior to the general meeting.

21.7 DISCLOSURE REQUIREMENTS

Pursuant to section 29 of the Danish Securities Trading Act, a shareholder of the Company is required to notify the Company and the Danish FSA without undue delay if the shareholder's stake (i) represents 5% or more of the voting rights in the Company or the nominal value of the shares accounts for at least 5% of its share capital, and (ii) when a change in a holding already notified entails that the thresholds

of 5%, 10%, 15%, 20%, 25%, 50% or 90% or the thresholds of one-third and two-thirds of the voting rights or the nominal value of the share capital are reached or are no longer reached or the change entails that the thresholds stated in (i) are no longer reached. The notification shall provide information about the shareholder's identity, the number of shares and their nominal value, including the percentage held by the shareholder, share classes, and information about the basis of calculation of the holdings and the date at which the limits are reached or no longer reached. Failure to comply with the notification requirements is punishable by a fine. After the receipt of a major shareholder announcement, the Company will publish the contents thereof without undue delay.

Furthermore, the general duties of notification pursuant to the Danish Companies Act apply.

21.8 GENERAL MEETING

The Company's annual general meetings shall be held every year in the municipality where the Company's registered office is located and sufficiently early to ensure observance of the time limit for holding the annual general meeting and filing the annual report.

Requests for the inclusion of specific proposals in the agenda of the annual general meeting shall be submitted in writing to the Board of Directors. If the request is submitted not later than six weeks before the date of annual general meeting, the shareholder is entitled to have the proposal included in the agenda. If the Board of Directors receives the request later than six weeks before the annual general meeting, the Board of Directors will determine whether the request has been made sufficiently early to permit its inclusion in the agenda.

Not later than eight weeks before the contemplated date of the annual general meeting, the Company shall announce such date and the deadline for shareholders' submission of proposals for specific business to be included in the agenda.

Extraordinary general meetings shall be held following a resolution adopted by the shareholders at a general meeting or by the Board of Directors, at the request of the Company's auditor or upon written request to the Board of Directors by shareholders holding in the aggregate not less than five per cent of the share capital. Such request must contain a specification of the proposal or proposals desired to be considered at the general meeting. Such an extraordinary general meeting shall be convened no later than 14 days after receipt of the appropriate request.

The Shareholders shall be convened to general meetings subject to not less than three weeks' nor more than five weeks notice by an advertisement inserted in "Berlingske Tidende",

"Dagbladet Børsen" and "Morgenavisen Jyllands-Posten" or similar daily papers as determined by the Board of Directors and by sending a letter/notification to all shareholders who have so requested. In addition, the notice convening a general meeting shall be published via the Company's website, www.tk-development.dk.

In addition to the day and time of the general meeting, the convening notice shall contain information about the agenda and a statement of any proposals submitted for consideration and any other information required by law.

For a consecutive period of three weeks starting not later than three weeks before the general meeting is held, including the day when the general meeting is held, the Company must make the following information available on the Company's website, www.tk-development.dk: the notice convening the general meeting, the total number of shares and voting rights at the date of the notice, the documents to be presented at the general meeting, the agenda, the complete proposals and forms for nominating proxies and voting by correspondence unless these are sent directly to the shareholders.

See "Part II - The Offering - Information concerning the securities to be offered - Rights attaching to the New Shares - Voting rights" for information regarding provisions regarding right of attendance.

A number of the Group's projects are developed in collaboration with one or more business partners. The relevant Group company and the relevant partner(s) enter into collaborative agreements in respect of such arrangements. These collaborative agreements typically govern management matters in jointly owned companies, distribution of responsibilities, distribution of profit or dividends as well as financing and disposal of the relevant project. The principal collaborative agreements are described below.

Udviklingselskabet By & Havn I/S (Amerika Plads, Copenhagen, Denmark)

In August 2000, the Group and Københavns Havn A/S initiated a collaboration for the development of a number of properties at Amerika Plads, Søndre Frihavn, Copenhagen. The rights and obligations of Københavns Havn A/S under the collaboration have later passed to Udviklingselskabet By & Havn I/S. For a description of the project at Amerika Plads, see "Part I - Description of TK Development - Business overview - Business - TKD Nordeuropa's project portfolio".

For the purpose of developing the properties at Amerika Plads, the parties established the jointly owned company Kommanditaktieselskabet DanLink-Udvikling ("DLU"), which owns the properties at Amerika Plads. The parties each hold a 50% stake in DLU.

The collaborative agreement governs the obligations of the parties with respect to DLU, including in relation to management, capital structure, responsibilities, etc.

As for the development of the properties at Amerika Plads, the collaborative agreement provides e.g. that should a party not wish to participate in the completion of a construction project, the other party may complete the construction alone or in collaboration with a third party. In such events, the collaborative agreement contains a number of terms and conditions, including on price, concerning DLU's sale of building rights or properties to the party wishing to complete the construction alone. The parties may agree to sell building rights or properties to a third party, provided that such sale is made at market price.

If DLU fails to comply with its obligations under loans obtained from mortgage-credit institutions, resulting in a risk of debt enforcement proceedings against DLU's assets, either party may choose to inject funds into DLU and demand that the other party pay half of the amount injected. In the event of non-payment, the non-paying party will forfeit the voting rights attaching to its shares and the other party will be entitled to acquire the non-paying party's shares at a price equal to 75% of the market value of the shares.

The collaborative agreement may be terminated by either party giving 12 months' notice to the end of a calendar year, such 12-month notice not to expire earlier than on 31 January 2012. The collaborative agreement provides that the parties are under an obligation to negotiate an extension of the agreement.

Frederikshavn Maritime Erhvervspark A/S (Østre Havn / Stuhrs Brygge, Aalborg, Denmark)

The Group develops a range of waterfront properties in Aalborg in cooperation with Frederikshavn Maritime Erhvervspark A/S ("FME") (owned by the Lauritzen Group). For a description of the project, see "Part I - Description of TK Development - Business overview - Business - Project portfolio in TKD Nordeuropa".

The projects at Østre Havn are being developed through Kommanditaktieselskabet Østre Havn, which is owned 50/50 by the Group and FME. The Group and FME have signed a shareholders' agreement and a collaborative agreement in respect of their shareholdings in Kommanditaktieselskabet Østre Havn. Under the agreement, the Group is entitled to 70% of any future realised profit from the completion and sale of projects. Any additional profit generated at a utilisation rate of the premises of 75% or more will, however, be divided equally between the parties.

The waterfront areas have been acquired by Kommanditaktieselskabet Østre Havn from FME, and payment will be made as and when the properties are developed. The Group is required to procure the necessary funding as and when specific projects are developed and completed. The agreement is of indefinite duration. However, both parties may request that Kommanditaktieselskabet Østre Havn be liquidated, if, following the adoption of the planning basis, it proves impossible to implement the project in full within a certain period of time. Any liquidation is subject to all ongoing construction being completed and finally transferred to a third party. If a party opposes the other party's request for liquidation, then such party is entitled to take over the other party's shares at a price corresponding to the equity value according to the most recent annual report less 25%.

GE Capital Investments Holding B.V. and HCEPP II Luxembourg S.A. (Futurum Hradec Králové, Czech Republic)

In March 2003, the Group signed a shareholders' agreement with GE Capital Investments Holding B.V. ("GE Capital") and HCEPP II Luxembourg Master S.a.r.l. ("Heitman") concerning the jointly owned company Euro Mall Ventures S.a.r.l.

Euro Mall Ventures S.a.r.l. is a joint venture company for the collaboration between the Group, GE Capital and Heitman concerning the shopping centre Futurum Hradec Králové in the Czech Republic. The joint venture originally consisted of four shopping centres in the Czech Republic, but three of the centres have been divested, leaving only Futurum Hradec Králové.

Plans have been made to expand Futurum Hradec Králové. For a description of the project concerning the expansion of Futurum Hradec Králové, see “Part I - Description of TK Development - Business overview - Business - Euro Mall Holding project portfolio”.

The Group has a 20% stake in Euro Mall Ventures S.a.r.l., while GE Capital and HCEPP each have a 40% stake.

When the agreement was signed, GE Capital and Heitman were given first priority to dividends from Euro Mall Ventures S.a.r.l. and to proceeds from the sale of Futurum Hradec Králové up to an amount equal to the capital contributed plus interest. GE Capital and Heitman have received the mentioned amount, and the Group has also received an amount equal to the capital contributed plus interest. Accordingly, under the agreement, proceeds from a sale of Futurum Hradec Kralove will be distributed by 50% to the Group and 50% to GE Capital and Heitman. Current dividends will be distributed by 50% to the Group and 50% to GE Capital and Heitmann.

The shareholder's agreement further provides that if GE Capital and Heitman believe that a further capital contribution to the company is necessary, and such capital cannot be raised as loan capital on certain defined terms, the parties will be obliged to contribute additional capital by subscribing for new shares. If a party fails to subscribe for shares in proportion to its existing shareholding, the other parties will be entitled to subscribe for such party's proportion at a price corresponding to 80% of the subscription price initially determined. Subject to certain conditions, failure to contribute capital may also entitle the other parties to buy the shares of such party.

The shareholders' agreement may be terminated at five years' written notice.

Atrium European Real Estate (Stocznia, multi-functional centre, Young City, Gdansk, Poland)

In December 2006, TK Development entered into a number of agreements with Atrium European Real Estate (“Atrium”) and other parties concerning Stocznia, a multi-functional centre in Gdansk, Poland. For a description of the project, see “Part I - Description of TK Development - Business overview - Business - Euro Mall Holding project portfolio”.

The Group is in charge of developing the project through four Polish companies in which the Group owns 76%. As part of the agreement, Euro Mall Holding A/S has, among other things, guaranteed the performance of these companies under the agreements. Atrium currently holds 24% of the shares in each of the Polish companies.

Subject to certain conditions, Atrium has undertaken the project financing and will retain a long-term investment in the retail, restaurant and leisure premises.

During the development period, the Group will generate earnings through fee income and a share of the profit from the completed project, based on, among other things, the rental income obtained when the centre opens.

The main agreement automatically expires 15 years after it was signed.

Miller Holding International Limited (Premier Outlets Center, Ringsted, Denmark)

In February 2005, TK Development entered into a collaborative arrangement with the Edinburgh-based Miller Group concerning the development of a factory outlet centre as well as restaurant facilities in Ringsted, Denmark. As one of the UK's largest contracting and development companies, the Miller Group has prior experience from developing outlets in central Europe. For a description of the project, see “Part I - Description of TK Development - Business overview - Business - TKD Nordeuropa's project portfolio”.

The collaboration with the Miller Group is based on a 50-50 ownership through Ringsted Outlet Center P/S. The collaborative agreement contains provisions on the distribution of responsibilities and services between the parties and what responsibilities and services should be undertaken by third parties. All resolutions under the collaboration are subject to agreement between the parties.

The agreement with the Miller Group may be terminated in the event of material breach, change of control or insolvency, in the event of which the nonbreaching party is entitled to buy the stake held by the party in breach based on a reduced valuation. The agreement also contains a deadlock provision under which either party may request a dissolution of the collaboration in the event of disagreement, in which event TK Development is required to buy the stake held by the Miller Group or accept that the stake held by TK Development is sold.

The agreement with the Miller Group cannot be terminated for the duration of the collaboration.

LMS Outlets Limited (Fashion Arena Outlet Center, Prague, Czech Republic)

In August 2006, TK Development signed an agreement with LMS Outlets Limited concerning Fashion Arena Outlet Center in Prague, Czech Republic. For a detailed description of the project, see “Part I - Description of TK Development - Business overview - Business - Euro Mall Holding project portfolio”.

TK Development holds 75% of the jointly owned company Euro Mall Sterboholly a.s., and LMS Outlets Limited the remaining 25%. LMS Outlets Limited is a subsidiary of Derwent London PLC, a listed UK investment company, and LMS Outlet Limited is behind the development of a number of outlet centres around Europe.

Under the agreement between the parties, LMS Outlets Limited has a right of veto in relation to a number of defined resolutions. Furthermore, it has been agreed that LMS Outlets Limited and TK Development are required to make the necessary financing (at a ratio of 25/75) available to Euro Mall Sterboholly a.s. in the event that external financing cannot be obtained. Neither party is required to assume the obligations of the other party in that respect.

Unless agreed by the owners, neither owner may sell or otherwise transfer its shares in the company (in whole or in part) within three months of the commencement of the second project stage. The owners have agreed on a mutual right of preemption to the effect that either owner is required to offer its shares to the other owner before disposing of the shares to a third party.

In the event of breach of the agreement by either party, the other party is entitled to acquire the shares of the party in breach based on a reduced valuation. The agreement also contains a deadlock provision applying to resolutions that are subject to unanimity, under which TK Development is required to buy the shares of LMS Outlets Limited or accept to sell its own shares.

The agreement with LMS Outlets cannot be terminated for the duration of the collaboration.

EMCM Holding A/S (Euro Mall Center Management)

Euro Mall Holding A/S, Step Re Holding ApS and Elkjaerholm Invest ApS each own one-third of EMCM Holding A/S, the objects of which are to carry on property and investment activities in Central and Eastern Europe. For a detailed description of EMCM Holding A/S, see “Part I - Description of TK Development - Business overview - Business - Centre management”.

The shareholder agreement between Euro Mall Holding A/S, Step Re Holding ApS and Elkjaerholm Invest ApS contains a non-competition clause preventing EMCM Holding A/S, Step Re Holding ApS and Elkjaerholm Invest ApS from carrying on competing activities within property development and Euro Mall Holding A/S from carrying on competing activities within the operation and management of properties, including conversion and new lettings and promotion of investment projects. Each of the parties is required to provide loans to EMCM Holding A/S to ensure that the company has sufficient working capital.

The agreement may be terminated by a party giving two months' notice to the effect that dissolution of EMCM Holding A/S may be requested if the parties have not beforehand signed an agreement about the transfer of the shares.

I. 23 THIRD PARTY INFORMATION, EXPERT STATEMENTS AND DECLARATIONS OF INTEREST

This Prospectus contains historical market data and general economic and industry forecasts for the markets in which TK Development operates.

This information has been obtained from a variety of sources, including professional data suppliers such as IMF, the European Commission and other publicly available information as well as the Company's knowledge of the markets. The professional data suppliers state that the historical data they supply has been obtained from sources and by methods deemed to be reliable, but that they do not guarantee the accuracy and completeness of the information. Similarly, as they are deemed to be reliable, industry forecasts have not been independently verified by the Company.

Neither TK Development nor the Lead Manager represents that the historical information is accurate. General economic and industry forecasts are inherently subject to significant uncertainty. There can be no assurance that any of the forecasts will materialise.

Management confirms that information provided by third parties has been correctly reproduced, and that to the best of Management's knowledge and belief based on information provided by third parties, no facts have been omitted which would render the information provided inaccurate or misleading.

Market statistics are inherently subject to uncertainty and are not necessarily reflective of actual market conditions. Such statistics are based on market research which itself is based on sampling and subjective judgments.

The following documents are available for inspection at the Company's address, Vestre Havnepromenade 7, 9000 Aalborg, Denmark:

- Memorandum of association of TK Development A/S
- Articles of association of TK Development A/S
- Annual reports of TK Development A/S as at and for the years ended 31 January 2010 (FY 2009/10), 2009 (FY 2008/09) and 2008 (FY 2007/08)
- The published annual reports of the Company's subsidiaries as at and for the years ended 31 January 2010 (FY 2009/10) and 2009 (FY 2008/09).
- Minutes of the extraordinary general meeting held on 1 July 2010
- Declaration by the Board of Directors pursuant to section 156(2)(ii) of the Danish Companies Act with the related auditors' report pursuant to section 156(2)(iii) of the Danish Companies Act
- This Prospectus

With the exception of the memorandum of association of TK Development A/S and the published annual reports of the Company's subsidiaries, the above documents are available on the Company's website, www.tk-development.dk.

I. 25 DISCLOSURE OF INVESTMENTS

For information about material investments by the Company in other companies, see “Part I - Description of TK Development - Organisational structure”.

PART II. THE OFFERING

II. 1 PERSONS RESPONSIBLE

An overview of the persons responsible for this Prospectus is given in “Persons responsible” above.

II. 2 RISK FACTORS

For a description of risk factors in connection with the Offering, see “Risk factors” above.

II. 3 KEY INFORMATION

3.1 WORKING CAPITAL

Management expects the Group's present cash resources and equity base to be sufficient to execute the projects in progress, also without selling any of the completed projects. Moreover, it is expected that the projects that have been fully financed,

either by bank loans or by forward funding, can be executed. Accordingly, Management believes that the working capital of the Group prior to completion of the Offering is sufficient to meet the current requirements for the next twelve months.

3.2 CAPITALISATION AND DEBTS

TABLE II 1: EQUITY AND LIABILITIES

DKKm	At 31 January 2010 (Audited)	At 30 April 2010 (Unaudited)	At 31 May 2010 (Unaudited)
Liabilities			
Non-current liabilities	103.8	199.2	218.5
Current liabilities	2,680.1	2,757.7	2,698.9
Total liabilities	2,783.9	2,956.9	2,917.4
Equity			
Share capital	560.9	560.9	560.9
Other reserves	21.8	34.2	15.7
Retained earnings	1,010.7	1,031.1	1,027.6
Total equity	1,593.4	1,626.2	1,604.2

The DKK 10.8 million capital increase since 31 January 2010 is primarily attributable to the profit for the period of DKK 15.8 million, negative value adjustments after tax of DKK 1.6 million and unrealised losses on interest rate hedging arrangements of DKK 4.6 million.

The equity ratio stood at 35.5% at 31 May 2010.

Financial liabilities have been offset against trade receivables and tied-up cash to the extent the Company has a right of setoff and intends to or is under a contractual obligation to realise assets and liabilities simultaneously. At 31 May 2010, setoff against tied-up cash was limited to DKK 5.2 million.

The Group's short-term debt to credit institutions comprises financing of both operations and projects. For a detailed description of operating and project credit lines with Nordea and Spar Nord Bank A/S and other project financing, see "Part I - Description of TK Development - Capital resources".

As at 31 May 2010, the Group had total committed credit facilities of DKK 1,600 million and uncommitted credit facilities of DKK 1,047 million.

The Group's secured liabilities amounted to DKK 2,487.9 million at 31 May 2010, corresponding to all debt to credit institutions. The debt to credit institutions is secured on part of the Group's project portfolio, investment properties and deposits in escrow accounts, as described below.

TABLE II 2: SECURITY

DKKm	At 31 January 2010 (Audited)	At 31 May 2010 (Unaudited)
Value of project portfolio on which debt to credit institutions is secured ⁽¹⁾	2,938.6	3,119.4
Value of investment properties and escrow accounts, etc. on which debt to credit institutions is secured ⁽²⁾	387.9	411.6

1. Carrying amount of project portfolio provided as security to credit institutions.

2. Carrying amount of investment properties, deposits in escrow accounts, etc., investments and receivables provided as security to credit institutions.

The value of the Group's project portfolio amounted to DKK 3,393.4 million at 31 May 2010, of which DKK 3,119.4 million had been provided as security to the credit institutions that have provided construction credits or mortgage loans.

The carrying amount of investment properties and deposits in escrow accounts, etc. was DKK 411.6 million at 31 May 2010, divided into security provided on escrow accounts and securities, etc. of DKK 55.1 million and investment properties of DKK 356.5 million.

3.3 INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE OFFERING

The Shareholder Group and the Group of Underwriters

The Shareholder Group has made advance commitments to the Company, subject to the satisfaction of certain conditions, to exercise Preemptive Rights allocated on the basis of the Existing Shares held by each of them to subscribe for a total of 3,870,676 New Shares, corresponding to total gross proceeds of DKK 58.1 million.

Furthermore, the Group of Underwriters has made underwriting commitments to the Company, subject to the satisfaction of certain conditions, to subscribe, in proportion to their underwriting commitments, for up to 10,152,884 New Shares at the Subscription Price which have not been subscribed for by the Company's Existing Shareholders pursuant to Preemptive Rights allocated or by investors pursuant to Preemptive Rights acquired on expiry of the Subscription Period, corresponding to total gross proceeds of DKK 152.3 million.

The Shareholder Group and the Group of Underwriters have thus made total advance and underwriting commitments to subscribe for a total of 14,023,560 New Shares corresponding to more than the total number of shares in the Offering. The Company will pay an underwriting commission to the Shareholder Group and the Group of Underwriters totalling 1.5% of the total amount comprised by advance and underwriting commitments. For a detailed description of the Shareholder Group and the Group of Underwriters, see "Part II - The Offering - Terms and Conditions of the Offering - Advance and underwriting commitments".

Management

Certain members of Management are also shareholders of the Company as described in "Part I - Description of TK Development - Staff".

Nordea Bank Danmark A/S

Nordea Bank Danmark A/S has provided loans to TK Development. Nordea Bank Danmark A/S is the Lead Manager

of the Offering and has signed the Rights Issue Agreement with the Company.

Management is not aware of any potential conflicts of interest in relation to the Offering that would be material to TK Development.

3.4 REASONS FOR THE OFFERING AND USE OF PROCEEDS

Management reviews the Group's capital structure on a regular basis, as well as the need for any adjustments. Management's overall aim is to provide a capital structure that supports the Group's long-term growth, while at the same time ensuring the best possible relation between equity and loan capital and thus maximising the return for the Company's shareholders.

The Group's business model has remained unchanged in recent years and will not be changed as a result of the Offering. Management believes that property development will continue to be a sustainable business area, if opportunities and risks are managed professionally and proactively. Management thus intends to actively exploit the earnings potential of existing as well as new project opportunities.

Management believes that the Group's present cash flows and equity base will be sufficient to execute the projects currently in progress, also without selling any of the completed projects. Moreover, it is expected that the projects which have been fully financed, either by bank loans or by forward funding, can be executed. In order to initiate the development and construction of additional projects and thus exploit the project opportunities, Management assesses that a capital injection of about DKK 200 million will be necessary and will provide an opportunity to increase shareholder returns. These expectations are based on several specific projects for which the Group would like to secure the rights at the current price level. Management expects that this will help the Group gain faster access to projects with a higher anticipated return than that offered by most of the existing ongoing projects in the portfolio. The scope of additional projects initiated will, apart from the capital injection, also depend on the future sale of completed projects, general market conditions, etc.

The Company expects to receive gross proceeds from the Offering of DKK 210.3 million, and net proceeds of DKK 198.3 million after deduction of estimated issuing costs in connection with the Offering.

4.1 TYPE OF SECURITY, ALLOCATION TIME AND ISIN CODES

Preemptive rights

Preemptive Rights will be allocated free of charge to Existing Shareholders who are registered as shareholders with VP Securities on 11 August 2010 at 12.30 p.m. CET. Shares traded after 6 August 2010 will be traded ex Preemptive Rights assuming that the Shares are traded at customary three-day settlement.

The ISIN code of the Preemptive Rights is DK0060238350.

The Preemptive Rights have been approved for admission to trading and official listing on NASDAQ OMX, and the Preemptive Rights will be traded and officially listed on NASDAQ OMX in the period from 9 August 2010 at 9.00 a.m. CET to 20 August 2010 at 5.00 p.m. CET.

The Subscription Period for the New Shares commences on 12 August 2010 and closes on 25 August 2010 at 5.00 p.m. CET.

The Offering is being made at the ratio of 1:2, to the effect that each Existing Shareholder will be allocated one (1) Preemptive Right for each Existing Share held, and that two (2) Preemptive Rights will be required to subscribe for one (1) New Share.

The completion of the Offering is subject to the Capital Reduction.

The New Shares

The New Shares to be issued by the Company will be of the same class as the Existing Shares following registration of the capital increase with the Danish Commerce and Companies Agency, expected to take place on 27 August 2010.

The New Shares to be issued by the Company on exercise of the Preemptive Rights will be registered under the temporary ISIN code DK0060238277. The New Shares will not be traded and officially listed on NASDAQ OMX under the temporary ISIN code. Upon expiry of the Subscription Period, the New Shares will be registered with the Danish Commerce and Companies Agency and admitted to trading and official listing under the ISIN code of the Existing Shares, DK0010258995, which is expected to take place on 31 August 2010. The New Shares have been approved for admission to trading and official listing on NASDAQ OMX, subject only to registration with the Danish Commerce and Companies Agency.

Upon payment of the Subscription Price and exercise of the Preemptive Rights at the end of a business day in the Subscription Period, the New Shares will be issued and allocated through VP Securities.

4.2 APPLICABLE LAW AND JURISDICTION

The Offering is subject to Danish law. This Prospectus has been prepared in compliance with the standards and requirements of Danish law, including the rules issued by NASDAQ OMX. Any dispute that may arise as a result of the Offering must be brought before the Danish courts of law.

4.3 REGISTRATION

All Preemptive Rights and New Shares will be delivered in book-entry form by allocation to accounts with VP Securities through a Danish bank or other institution authorised as custodian institution for such Shares. The address of VP Securities is Weidekampsgade 14, DK-2300 Copenhagen S, Denmark. The Preemptive Rights and the New Shares will be issued in non-certificated form and registered in the name of the holder in the Company's register of shareholders through the holder's custodian institution.

4.4 CURRENCY

The Offering will be made and the Preemptive Rights and the New Shares will be traded in Danish kroner. The New Shares are denominated in Danish kroner.

Exchange control regulation in Denmark

There is no legislation in Denmark that restricts the export or import of capital (except for certain investments in areas in accordance with applicable resolutions adopted by the United Nations and the European Union), including, but not limited to, foreign exchange controls, or which affects the remittance of dividends, interest or other payments to non-resident holders of the New Shares. As a measure to prevent money laundering and financing of terrorism, persons travelling into or out of Denmark carrying amounts of money (including, but not limited to, cash and travellers cheques) worth the equivalent of EUR 10,000 or more must declare such amounts to the Danish tax authorities when travelling into or out of Denmark.

4.5 RIGHTS ATTACHING TO THE NEW SHARES

The New Shares will, when fully paid up and registered with the Danish Commerce and Companies Agency, rank *pari passu* with the Existing Shares.

Dividend rights/rights to share of profits

The New Shares will carry the right to dividends distributed by the Company following the issuance of the New Shares and registration of the capital increases with the Danish Commerce and Companies Agency. Consequently, the New Shares

will carry the right to any dividends in respect of the financial year ending 31 January 2011 declared and paid after registration of the New Shares with the Danish Commerce and Companies Agency.

Dividends are paid in Danish kroner to the shareholder's account with VP Securities. There are no dividend restrictions or special procedures for non-resident holders of New Shares. Reference is made to "Part II – The Offering – Taxation" below for a description of the treatment of dividends under Danish tax law. Dividends not claimed by shareholders are forfeited under the general rules of Danish law, i.e. after three years, and then accrue to the Company.

The Company has not paid dividends for the financial years ended 31 January 2009 and 2010.

The Board of Directors is not authorised to pass resolutions on the declaration of extraordinary dividends.

The Company does not pay dividends cumulatively.

Voting rights

At general meetings, shareholders are entitled to one vote for each share with a nominal value of DKK 1 held.

The right of a shareholder to attend and vote at general meetings is determined relative to the shares held by the shareholder at the record date. The record date is one week before the general meeting is held.

The shares held by each shareholder are calculated on the record date on the basis of the entry of the shareholders' ownership in the register of shareholders and notifications about ownership received by the Company for entry into the register of shareholders, but which have not yet been recorded in the register of shareholders.

Any shareholder wishing to attend a general meeting is required to notify the Company of his or her attendance not later than three days prior to the general meeting.

Voting rights may be exercised pursuant to a written and dated instrument of proxy. A proxy may be revoked at any time. Revocation must be made in writing and may be made by notifying the Company. Any instrument of proxy issued to Management may not be issued for more than twelve months and shall be issued for a specific general meeting with an agenda known in advance. Any shareholder may further vote by correspondence. Votes by correspondence must be in writing and be received by the Company not later than on the day before the general meeting.

Forms to be used for voting by proxy or by correspondence are made available on the Company's website, www.tk-development.dk, unless the forms are sent directly to the shareholders.

Preemptive rights

The Company's Existing Shareholders have preemptive rights to subscribe for the New Shares proportionately with their existing shareholdings.

Following registration, the New Shares will carry general preemptive rights under Danish law. Under the Danish Companies Act, any deviation from the shareholders' preemptive rights may be resolved only at a general meeting and must be resolved by at least two-thirds of all votes cast and of the part of the share capital represented at the general meeting. Any deviation from the shareholders' preemptive rights is further subject to the capital increase being subscribed for at market price.

Changes to shareholder rights

Resolutions at general meetings are passed by a simple majority of votes of the shareholders attending unless otherwise provided by legislation. Resolutions to amend the articles of association or to dissolve the Company require a majority vote of not less than two-thirds of the votes cast as well as of the share capital represented at the general meeting.

Rights on liquidation

In case of solvent liquidation or dissolution, the Company's shareholders are entitled to participate in the distribution of any excess assets in proportion to their shareholdings after payment of the Company's creditors.

Other rights

None of the Company's Shares confer any rights of redemption or conversion or any other special rights upon their holders.

4.6 RESOLUTIONS, AUTHORISATIONS AND APPROVAL OF THE OFFERING

At the Company's extraordinary general meeting held on 1 July 2010, it was resolved, subject to completion of the Offering, to reduce the Company's share capital by a nominal amount of DKK 140,219,050 and to reduce the denomination of the Shares from DKK 20 nominal value to DKK 15 nominal value. The Capital Reduction will take place concurrently with the registration of the capital increase related to the Offering with the Danish Commerce and Companies Agency.

At the extraordinary general meeting, it was further resolved, subject to final completion and registration of the Capital Re-

duction, to increase the Company's share capital by a nominal amount of DKK 210,328,575, corresponding to 14,021,905 Shares, each with a nominal value of DKK 15 with preemptive rights to the Existing Shareholders at the ratio of 1:2. For every two (2) Preemptive Rights held, the holder is entitled to subscribe for one (1) New Share with a nominal value of DKK 15 at the Subscription Price of DKK 15.

4.7 ISSUE DATE OF THE NEW SHARES

Date set for allocation of Preemptive Rights

On 11 August 2010 at 12.30 p.m. CET, any person registered with VP Securities as a shareholder of the Company will be allocated Preemptive Rights. Shares traded after 6 August 2010 will be traded ex Preemptive Rights assuming that the Shares are traded at customary three-day settlement.

Date set for issue of New Shares

The New Shares may be subscribed for in the period from 12 August 2010 to 25 August 2010 at 5.00 p.m. CET. During that period, the New Shares will be allocated through VP Securities upon exercise of the Preemptive Rights. The New Shares are expected to be issued by the Company, and the capital increase is expected to be registered with the Danish Commerce and Companies Agency on 27 August 2010. The Offering may be withdrawn and cancelled until registration of the capital increase relating to the New Shares with the Danish Commerce and Companies Agency. See "Part II - The Offering - Terms and conditions of the Offering - Termination of the Rights Issue Agreement and withdrawal or suspension of the Offering". Admission to trading and official listing of the New Shares on NASDAQ OMX under the ISIN code of the Existing Shares is expected to take place on 27 August 2010.

4.8 NEGOTIABILITY AND TRANSFERABILITY OF THE SHARES AND THE NEW SHARES

All Shares, including the New Shares, are freely transferable and negotiable under Danish law, and no restrictions apply to the transferability of the Shares or the New Shares. The Company's articles of association do not contain any provisions on the exchange of Shares into other financial instruments.

4.9 DANISH LEGISLATION GOVERNING MANDATORY TAKEOVER BIDS, REDEMPTION OF SHARES AND DISCLOSURE REQUIREMENTS

Mandatory takeover bids

Part 8 of the Danish Securities Trading Act and the executive order issued pursuant thereto lay down rules on public offers for the acquisition of shares. If a shareholding in a company with one or more classes of shares admitted to trading in a

regulated market or an alternative marketplace is transferred, directly or indirectly, to a transferee or to persons who act in concert with such transferee, the transferee shall enable all shareholders of the company to dispose of their shares on identical terms if such transfer implies that the transferee acquires control of the company.

Control is deemed to exist if the transferee directly or indirectly holds more than half the voting rights in a company unless, in special cases, it can be clearly demonstrated that such holding does not constitute a controlling interest. Control is also deemed to exist if a transferee who does not hold more than half the voting rights in a company has:

- the right to appoint or dismiss the majority of the members of the board of directors or a comparable governing body, and such board of directors or any such other body has control of the company;
- the right to manage a company's financial and operating affairs in accordance with its articles of association or an agreement;
- the right to control more than half the voting rights by virtue of an agreement with other investors; or
- more than one-third of the voting rights in the company and the actual majority of the votes at the general meeting or in any other governing body, thus having the actual control of the company.

If special conditions apply, the Danish Financial Supervisory Authority may grant an exemption from the obligation to make a mandatory takeover bid.

Compulsory redemption of shares

Pursuant to section 70 of the Danish Companies Act, shares in a company may be redeemed in whole or in part by a shareholder holding more than nine-tenths of the share capital and a corresponding proportion of the voting rights in the company. A minority shareholder may require the majority shareholder holding more than nine-tenths of the share capital and a corresponding proportion of the voting rights to redeem the minority shareholder's shares under section 73 of the Danish Companies Act.

Major shareholdings

Pursuant to section 29 of the Danish Securities Trading Act, a shareholder of a listed company is required to notify the listed company and the Danish Financial Supervisory Authority as soon as possible if the shareholder's stake (i) represents 5% or more of the voting rights in the company or the nominal value of the shares accounts for at least 5% of its share capital, and (ii) when a change in a holding already notified implies that the thresholds of 5%, 10%, 15%, 20%, 25%, 50% or 90% and the thresholds of one-third and two-thirds of the voting rights or the nominal value of the share capital are reached or

are no longer reached or the change implies that the thresholds stated in (i) are no longer reached. The notifications must comply with the content requirements set out in sections 15 and 16 of the Danish executive order on major shareholders, including the identity of the shareholder and the date when a threshold is reached or is no longer reached. Any failure to comply with the disclosure requirements is punishable by a fine.

When the Company has received such notification, it is required to publish the contents thereof as soon as possible.

Furthermore, the general duties of notification under the Danish Companies Act apply.

4.10 PUBLIC TAKEOVER BIDS MADE BY THIRD PARTIES FOR THE COMPANY'S EXISTING SHARES DURING THE PAST OR CURRENT FINANCIAL YEARS

No takeover bids have been made by any third party in respect of the Company's Existing Shares in the past or current calendar years.

4.11 TAXATION

Introduction

The following is a summary of certain Danish income tax considerations relating to an investment in the Preemptive Rights and the New Shares.

The summary is for general information only and does not purport to constitute tax or legal advice. It is specifically noted that the summary does not address all possible tax consequences relating to an investment in the Preemptive Rights and the New Shares. The summary is based solely upon the tax laws of Denmark in effect on the Prospectus Date.

The summary does not address investors subject to special tax rules, such as professional investors, private equity funds and investors trading professionally in shares, and therefore may not be relevant for example to certain institutional investors, insurance companies, banks, dealers in securities and investors subject to the Danish Pension Investment Returns Tax Act (*pensionsafkastbeskatningsloven*).

Investors in the Preemptive Rights and the New Shares are advised to consult their tax advisers regarding the applicable tax consequences of acquiring, holding, exercising and disposing of the Preemptive Rights and the Shares based on their particular circumstances. Investors who may be affected by the tax laws of other jurisdictions should consult their tax advisers with respect to the tax consequences applicable to their particular circumstances, as such consequences may differ sig-

nificantly from those described in the summary below, which does not discuss the tax consequences in jurisdictions other than Denmark.

Taxation of investors subject to full tax liability in Denmark

Individuals residing in Denmark or spending at least six months in Denmark within a period of 12 consecutive months as well as companies etc. that are either registered in Denmark or the effective management of which is based in Denmark are generally subject to full tax liability in Denmark. Individuals or companies that are also subject to full tax liability in another country may be subject to special rules which are not described herein.

Taxation of dividends

Individuals, available funds

Dividends paid to individuals are taxed as share income. Share income comprises total gains and losses for the year on shares and certain unit trust certificates as well as dividends. In the 2010 income year, share income is taxed at a rate of 28% on the first DKK 48,300 (DKK 96,600 for spouses cohabiting at the end of the income year), and at a rate of 42% on share income exceeding DKK 48,300 (DKK 96,600 for spouses cohabiting at the end of the income year). As of the 2012 income year, the 28% rate will be reduced to 27%. The said amounts include all share income for the relevant individual or couple, respectively.

Dividends paid are generally subject to withholding tax at the rate of 28%, and it is the responsibility of the Company to withhold such tax.

Individuals, investment of pension savings

Subject to certain limits, investors may invest pension savings in the New Shares. The net return will be subject to taxation under the Danish Pension Investment Returns Tax Act. The net return is defined as the sum of any gains less any losses in the relevant year. The net return will be subject to tax at the rate of 15% on a mark-to-market basis, i.e. on an unrealised basis. Pension investment returns tax is generally settled by the pension institution.

Companies etc.

A distinction is made between dividends on "Subsidiary Shares", "Group Shares" and "Portfolio Shares" with respect to taxation of dividends (and gains) on shares of companies resident in Denmark:

- "Subsidiary Shares" are generally defined as shares held by a shareholder with a direct holding of 10% or more of the share capital of a company.
- "Group Shares" are generally defined as shares in a company in which the shareholder of the company and the

company are jointly taxed or meet the criteria for international joint taxation, usually implying that they control, directly or indirectly, more than 50% of the votes.

- “Portfolio Shares” are shares not falling within the definitions of “Subsidiary Shares” or “Group Shares”, for example if the shareholder holds less than 10%.

Dividends received on Portfolio Shares are taxable at a rate of 25%. Dividends received on Subsidiary Shares and Group Shares are exempt from taxation and not included in the calculation of income.

Special rules apply if the shares in the Company are held by a so-called “intermediate holding company”.

Dividends paid to Danish companies are generally subject to withholding tax at a rate of 25%. If the shareholder holds 10% or more of the share capital, no withholding tax applies provided that the relevant forms are submitted to the Danish tax authorities.

Capital gains taxation

The Shares in the Company are deemed to be listed shares for tax purposes.

Individuals

The rules on taxation of individuals’ gains and losses on shares were changed effective 1 January 2006. Special transitional rules apply to the sale of shares after 1 January 2006 where the shares have been acquired on or before 31 December 2005. These rules are not described below.

Realised gains on the sale of shares are taxed as share income. Share income comprises total gains and losses for the year on shares and certain unit trust certificates as well as dividends. On disposal in the 2010 income year, share income is taxed at a rate of 28% on the first DKK 48,300 (DKK 96,600 for spouses cohabiting at the end of the income year), and at a rate of 42% on share income exceeding DKK 48,300 (DKK 96,600 for spouses cohabiting at the end of the income year). As of the 2012 income year, the 28% rate will be reduced to 27%. The said amounts include all share income for the relevant individual or couple, respectively.

Gains and losses are calculated using the average method, under which the purchase price of each share is made up as a proportionate share of the total purchase price of all shares in the relevant company held by the investor. The first-in-first-out (FIFO) method is applied to determine which shares have been sold.

Losses realised in the 2010 income year or later years on the sale of shares admitted to trading in a regulated market (listed)

may be set off against taxable gains and dividends on other shares admitted to trading in a regulated market (listed) and taxed as share income. However, it is a condition for deducting losses that the Danish tax authorities have been informed of the acquisition of the shares, including the identity and number of shares, the date of acquisition and the acquisition price, before the deadline for filing the tax return for the income year in which the acquisition took place. For shares acquired before 1 January 2010, the acquisition of the shares, etc. must be reported not later than by the deadline for filing the tax return for the 2010 income year.

Losses exceeding the year’s share income (with respect to gains and losses on shares admitted to trading in a regulated market) are set off against the spouse’s share income. Any losses that cannot be set off against the spouse’s share income are carried forward indefinitely and set off against taxable gains and dividends from shares admitted to trading in a regulated market (listed) in future income years

Individuals, investment of pension savings

Subject to certain limits, investors may invest pension savings in the New Shares. The net return will be subject to taxation under the Danish Pension Investment Returns Tax Act. The net return is defined as the sum of any gains less any losses in the relevant year. The net return will be subject to tax at the rate of 15% on a mark-to-market basis, i.e. on an unrealised basis. Pension investment returns tax is generally settled by the pension institution.

Companies etc.

Taxable gains on the sale of shares are subject to tax at a rate of 25%.

Gains and losses on Subsidiary Shares and Group Shares are exempt from taxation and not included in the calculation of income.

Gains and losses on listed Portfolio Shares are included in the calculation of taxable income on a mark-to-market basis. Under the mark-to-market principle, unrealised gains/losses are taxed year-on-year on an ongoing basis.

Special rules apply if the shares in the Company are held by a so-called “intermediate holding company”.

Any change of status from Subsidiary/Group Shares to Portfolio Shares and vice versa will for tax purposes be treated as a disposal and reacquisition at market price at the time of change of status.

Allocation, exercise and sale of preemptive rights

Individuals

The allocation of preemptive rights to shares admitted to trading in a regulated market to individuals who are shareholders in the company or the exercise of preemptive rights does not result in a tax liability for existing shareholders or the individual who receives the preemptive rights. Gains on the sale of preemptive rights are calculated according to the share-for-share method as the difference between the purchase price and the selling price. For tax purposes, the preemptive rights allocated are considered to have been acquired at DKK 0. The purchase price of preemptive rights acquired is defined as the amount paid for the right. Exercise of preemptive rights acquired does not result in taxation.

Realised gains on the sale of preemptive rights are taxed as share income.

Share income comprises total gains and losses for the year on shares and certain unit trust certificates as well as dividends. On realisation in the 2010 income year, share income is taxed at a rate of 28% on the first DKK 48,300 (DKK 96,600 for spouses cohabiting at the end of the income year), and at a rate of 42% on share income exceeding DKK 48,300 (DKK 96,600 for spouses cohabiting at the end of the income year). As of the 2012 income year, the 28% rate will be reduced to 27%. The said amounts include all share income for the relevant individual or couple, respectively.

Companies etc.

The allocation of preemptive rights to shares admitted to trading in a regulated market, to companies that are shareholders in the Company or the exercise of preemptive rights does not result in a tax liability for existing shareholders or the company that receives the preemptive rights. Gains on the sale of preemptive rights are calculated according to the share-for-share method as the difference between the purchase price and the selling price. For tax purposes, preemptive rights allocated are considered to have been acquired at DKK 0. The purchase price of preemptive rights acquired is defined as the amount paid for the right. Exercise of preemptive rights acquired does not result in taxation.

Gains on preemptive rights are taxed at a rate of 25% provided the investor holds Portfolio Shares in the company. If the investor holds Subsidiary Shares or Group Shares in the company, any gains on preemptive rights are tax free.

Danish taxation of investors not subject to full tax liability in Denmark

Taxation of dividends

Individuals

The distribution of dividends from a Danish company to a non-resident individual is generally subject to withholding tax

at the rate of 28%. As of the 2012 income year, the tax rate will be reduced to 27%.

If Denmark has entered into a double taxation treaty with the country in which the shareholder is resident, the shareholder may seek a refund from the Danish tax authorities of the part of the tax withheld in excess of the tax to which Denmark is entitled under the relevant double taxation treaty.

It is possible for VP Securities or the dividend distributing company to enter into an arrangement with the Danish tax authorities according to which the obligation to withhold tax is reduced to the tax rate stipulated in the double taxation treaty with the relevant country.

In order to qualify for this regime, an eligible holder of shares must deposit his shares with a Danish bank, and the shareholding must be registered with VP Securities. In addition, such shareholder must provide documentation from the relevant foreign tax authority as to the shareholder's tax residence and eligibility under the relevant treaty. Such documentation must be given by filling in a form available from the Danish tax authorities. The shareholder may agree with the relevant custodian institution that it procures the relevant form.

Individuals, investment of pension savings

Foreign investors' pension savings will not be covered by the Danish Pension Investment Returns Tax Act. Tax is charged under the general rules mentioned above.

Companies etc.

With respect to companies resident abroad, dividends on Subsidiary Shares are not included in Danish taxable income provided the taxation of dividends is to be waived or reduced in accordance with the provisions of the Parent/Subsidiary Directive (Directive 90/435/EEC) or under a double taxation treaty with the Faroe Islands, Greenland or the state in which the company is resident. Dividends on Group Shares are not included in Danish taxable income provided the dividend-receiving company is a resident of an EU or EEA member state, and the taxation of dividends should have been waived or reduced in accordance with the provisions of the Parent/Subsidiary Directive (Directive 90/435/EEC) or the double taxation treaty with the relevant state had the shares been Subsidiary Shares. It is a prerequisite for not withholding tax that relevant forms are submitted to the Danish tax authorities.

Dividends on Portfolio Shares are always subject to taxation in Denmark.

Dividends from Portfolio Shares are subject to withholding tax at a rate of 25%. The withholding tax may be reduced under a double taxation treaty as applicable.

Where the shares are attributable to a permanent establishment in Denmark, dividends are taxed according to the same rules as apply to resident shareholders.

Capital gains taxation

Generally, non-resident investors are not subject to taxation in Denmark on capital gains on the sale of shares.

Individuals

Investors trading professionally in shares that are attributable to a permanent establishment in Denmark are liable to pay tax under the same rules as apply to Danish resident investors trading professionally in shares.

Companies, etc.

Investors holding Portfolio Shares that are attributable to a permanent establishment in Denmark will be subject to limited tax liability in respect of gains and losses on such shares.

Exercise and sale of preemptive rights

Individuals

The allocation of preemptive rights to individuals who are resident outside Denmark will not generally result in a tax liability in Denmark. Individuals resident outside Denmark will not generally be liable to taxation in Denmark on gains on preemptive rights. If a non-resident investor is considered (i) as trading professionally in shares and (ii) the preemptive rights are attributable to a permanent establishment in Denmark, the preemptive rights are taxed according to the same rules as apply to resident shareholders.

The exercise of the preemptive rights does not result in tax liability in Denmark.

Companies etc.

The allocation of preemptive rights to companies, etc. resident outside Denmark will not generally result in tax liability in Denmark. Nor will companies, etc. resident outside Denmark generally be liable to taxation in Denmark on gains on preemptive rights. If the preemptive rights are attributable to a permanent establishment in Denmark, the preemptive rights are taxed according to the same rules as apply to resident companies.

Transfer taxes/stamp duties

Transfers of shares and preemptive rights are not subject to any Danish share transfer tax or Danish stamp duty.

5.1 TERMS AND CONDITIONS OF THE OFFERING

On 11 August 2010 at 12.30 p.m. CET, anyone registered with VP Securities as a shareholder of the Company will be entitled to allocation of one (1) Preemptive Right for each Existing Share held.

Two (2) Preemptive Rights confer the right on the holder to subscribe for one (1) New Share. Accordingly, the holder will have the right, upon payment of the Subscription Price, to subscribe for one (1) New Share for every two (2) Preemptive Rights held. No fractions of New Shares will be issued.

Shares traded after 6 August 2010 will be traded ex Preemptive Rights assuming that the Shares are traded at customary three-day settlement.

The Preemptive Rights and the New Shares will be delivered in book-entry form through allocation to accounts with VP Securities.

The Preemptive Rights have been approved for admission to trading and official listing on NASDAQ OMX, and the trading period for the Preemptive Rights commences on 9 August 2010 at 9.00 a.m. CET and closes on 20 August 2010 at 5.00 p.m. CET under ISIN code DK0060238350.

The completion of the Offering is subject to the Capital Reduction.

The New Shares to be issued by the Company on exercise of the Preemptive Rights will be registered under the temporary ISIN code DK0060238277. The New Shares will not be traded and officially listed on NASDAQ OMX under the temporary ISIN code. Upon expiry of the Subscription Period, the New Shares will be registered with the Danish Commerce and Companies Agency and admitted to trading and official listing under the ISIN code of the Existing Shares, DK0010258995, which is expected to take place on 31 August 2010. The New Shares have been approved for admission to trading and official listing on NASDAQ OMX, subject only to registration with the Danish Commerce and Companies Agency.

The Existing Shares are listed on NASDAQ OMX under ISIN code DK0010258995.

5.2 PROCEEDS FROM THE OFFERING

The Offering comprises 14,021,905 New Shares, each with a nominal value of DKK 15.

The gross proceeds from the Offering are expected to total DKK 210.3 million. The net proceeds (gross proceeds less estimated expenses incurred by the Company in connection with the Offering) are expected to be DKK 198.3 million.

5.3 ADVANCE AND UNDERWRITING COMMITMENTS

The table below sets out the number of Existing Shares as at the Prospectus Date, advance commitments to exercise Preemptive Rights to subscribe for New Shares and underwriting commitments to subscribe for New Shares in respect of the individual members of the Shareholder Group (Dava 1 ApS, Kurt Daell, Holberg Fenger Holding A/S, Carl Ejler Rasmussen Holding Sweden AB, Niels Roth, Morgan Invest ApS, Per Søndergaard Pedersen, PSP Holding ApS, JMDP Invest ApS, Earlbrook Holdings Ltd. A/S, Frede Clausen, Frede Clausen Holding ApS, Komplementarselskabet Nørrevænget 40-42 ApS, Robert Andersen, LD, SEB Pensionsforsikring A/S, PKA, TIKKA Holding A/S, Juttine Nielsen, Poul Lauritsen, Else Lauritsen and Lotte Nyholm Andersen) and the Group of Underwriters (Holberg Fenger Holding A/S, Carl Ejler Rasmussen Holding Sweden AB, LD, PKA, TIKKA Holding A/S, Juttine Nielsen, SmallCap Danmark A/S, Realdania and SEBC Holding ApS).

TABLE II 3: ADVANCE AND UNDERWRITING COMMITMENTS

Advance and underwriting commitments	No. of Existing Shares	Percentage of capital and votes prior to the Offering	Advance commitment to exercise allocated Preemptive Rights (no. of New Shares)	Underwriting commitment (no. of New Shares)	Maximum no. of Shares held after the Offering	Maximum percentage of capital and votes after the Offering
Major shareholders:						
Dava 1 ApS c/o Kurt Daell Lysagervej 25 2920 Charlottenlund Denmark	1,792,300	6.39%	896,150	-	2,688,450	6.39%
Kurt Daell Lysagervej 25 2920 Charlottenlund Denmark	14,000	0.05%	7,000	-	21,000	0.05%
Holberg Fenger Holding A/S Frode Jakobsens Plads 4, 5th fl. 2720 Vanløse Denmark	1,628,521	5.81%	814,260	1,200,000	3,642,781	8.66%
Carl Ejler Rasmussen Holding Sweden AB Pirgatan 13 SE 374 35 Karlshamn Sweden	1,402,500	5.00%	701,250	1,402,500	3,506,250	8.34%
Management including their related parties:						
Niels Roth Chairman	110,000	0.39%	55,000	-	165,000	0.39%
Morgan Invest ApS c/o Torsten Erik Rasmussen Smedens Ager 6, Nørup 7182 Bredsten Denmark	32,760	0.12%	16,380	-	49,140	0.12%
Per Søndergaard Pedersen Board Member Johannes Hofmeisters Vej 10 9000 Aalborg Denmark	41,182	0.15%	20,591	-	61,773	0.15%
PSP Holding ApS. Johannes Hofmeisters Vej 10 9000 Aalborg Denmark	120,490	0.43%	60,245	-	180,735	0.43%
JMDP Invest ApS Johannes Hofmeisters Vej 10 9000 Aalborg Denmark	8,000	0.03%	4,000	-	12,000	0.03%
Earlbrook Holdings Ltd. A/S Kompagnistræde 10 1208 Copenhagen K Denmark	24,600	0.09%	12,300	-	36,900	0.09%

Advance and underwriting commitments	No. of Existing Shares	Percentage of capital and votes prior to the Offering	Advance commitment to exercise allocated Preemptive Rights (no. of New Shares)	Underwriting commitment (no. of New Shares)	Maximum no. of Shares held after the Offering	Maximum percentage of capital and votes after the Offering
Jens Erik Christensen Board Member	0	0.00%	0	-	0	0.00%
Frede Clausen President and CEO Granbakken 7 9210 Aalborg SØ Denmark	84,004	0.30%	42,002	-	126,006	0.30%
Frede Clausen Holding ApS Granbakken 7 9210 Aalborg SØ Denmark	37,784	0.13%	18,892	-	56,676	0.13%
Komplementarselskabet Nørrevænget 40-42 ApS Bavnebakken 87 9530 Støvring Denmark	24,178	0.09%	12,089	-	36,267	0.09%
Robert Andersen Executive Vice President	48,000	0.17%	24,000	-	72,000	0.17%
Lotte Nyholm Andersen (spouse of Robert Andersen)	2,000	0.01%	1,000	-	3,000	0.01%
Shareholders:						
Den Professionelle Forening LD Vendersgade 28 1363 Copenhagen K Denmark	1,001,200	3.57%	500,600	600,000	2,101,800	5.00%
SEB Pensionsforsikring A/S Holmens Kanal 9 1060 Copenhagen K Denmark	853,600	3.04%	426,800	-	1,280,400	3.04%
PKA Tuborg Boulevard 3 2900 Hellerup Denmark	647,561	2.31%	-	380,000	1,027,561	2.44%
TIKA Holding A/S Vossvej 13 9000 Aalborg Denmark	333,365	1.19%	166,682	166,682	666,729	1.58%
Juttine Nielsen Vossvej 13 9000 Aalborg Denmark	140,740	0.50%	70,370	70,370	281,480	0.67%
Poul Lauritsen Strøybergsvej 82 9000 Aalborg Denmark	29,130	0.10%	14,565	-	43,695	0.10%
Else Lauritsen (spouse of Poul Lauritsen) Strøybergsvej 82 9000 Aalborg Denmark	13,000	0.05%	6,500	-	19,500	0.05%

Advance and underwriting commitments	No. of Existing Shares	Percentage of capital and votes prior to the Offering	Advance commitment to exercise allocated Preemptive Rights (no. of New Shares)	Underwriting commitment (no. of New Shares)	Maximum no. of Shares held after the Offering	Maximum percentage of capital and votes after the Offering
Other investors:						
SmallCap Danmark A/S Toldbodgade 53 1253 Copenhagen K Denmark	-	-	-	3,333,333	3,333,333	7.92%
Realdania Jarmers Plads 2 1551 Copenhagen V Denmark	-	-	-	1,666,666	1,666,666	3.96%
SEBC Holding ApS Råensvej 1 9000 Aalborg Denmark	-	-	-	1,333,333	1,333,333	3.17%
Total	8,388,915	29.91%	3,870,676	10,152,884¹⁾	22,412,475¹⁾	53.28%¹⁾

1) However, the subscription under advance and underwriting commitments may not, in aggregate, exceed 14,021,905 New Shares, corresponding to 100% of the Offering.

The advance and underwriting commitments are subject, inter alia, to the Offering not being withdrawn or any other events occurring which must be assumed to have a material adverse effect on the Company's operations and activities, its financial position or prospects. The Company will pay an underwriting commission to the Shareholder Group and the Group of Underwriters totalling 1.5% of the total amount comprised by advance and underwriting commitments.

The Group of Underwriters are not jointly and severally liable for subscription of any outstanding share amounts but are solely liable for their proportionate share of the underwriting commitment.

The Offering will only be completed if all the New Shares are subscribed for on the basis of exercise of Preemptive Rights or by the Group of Underwriters.

At the board meeting held on 22 April 2010, the Board of Directors resolved to accept the advance commitments and underwriting commitments received as set out above.

5.4 PRE-ALLOTMENT

No pre-allotment of shares has taken place.

5.5 SUBSCRIPTION PERIOD

Subscription of the New Shares commences on 12 August 2010 and closes on 25 August 2010 at 5.00 p.m. CET.

For a description of the exercise and subscription procedures, see "Part II - The Offering - Terms and conditions of the Of-

fering - Procedure for exercise of and dealing in Preemptive Rights and treatment of Preemptive Rights".

5.6 TRADING AND OFFICIAL LISTING OF THE NEW SHARES

The New Shares to be issued by the Company on exercise of the Preemptive Rights will be registered under the temporary ISIN code DK0060238277. Upon expiry of the Subscription Period, the New Shares will be registered with the Danish Commerce and Companies Agency and admitted to trading and official listing under the ISIN code of the Existing Shares, DK0010258995, which is expected to take place on 31 August 2010.

5.7 EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Publication of Prospectus	5 August 2010
Last day of trading in Existing Shares cum Preemptive Rights:	6 August 2010
First day of trading in Existing Shares ex Preemptive Rights:	9 August 2010
Trading period for Preemptive Rights commences:	9 August 2010 at 9.00 a.m. CET
Allocation Time of Preemptive Rights:	11 August 2010 at 12.30 p.m. CET
Subscription Period for New Shares commences:	12 August 2010 at 9.00 a.m. CET
Trading period for Preemptive Rights closes:	20 August 2010 at 5.00 p.m. CET
Subscription Period for New Shares closes:	25 August 2010 at 5.00 p.m. CET

Completion of the Capital Reduction and the Offering:	The Offering will be completed only if and when the New Shares subscribed for are issued by the Company after registration of the capital increase and simultaneous registration of the Capital Reduction with the Danish Commerce and Companies Agency, expected to take place on 27 August 2010.
Publication of the results of the Offering:	Expectedly two Business Days after the end of the Subscription Period, expected to take place on 27 August 2010
Date of admission of the New Shares to trading and official listing under the ISIN code of the Existing Shares:	Expected to take place on 31 August 2010

5.8 TERMINATION OF THE RIGHTS ISSUE AGREEMENT AND WITHDRAWAL OR SUSPENSION OF THE OFFERING

Under the Rights Issue Agreement, the Offering may be withdrawn should events occur before 6 August 2010, which is the last trading day before trading in Preemptive Rights begins, which in the opinion of the Company or the Lead Manager, would make the completion of the Offering inadvisable.

Furthermore, in the period until registration of the capital increase with the Danish Commerce and Companies Agency, expected to take place on 27 August 2010, the Lead Manager is entitled, in certain exceptional and/or unpredictable circumstances (including force majeure), to terminate the Rights Issue Agreement and, in such case, the Company shall withdraw the Offering. The Rights Issue Agreement also contains conditions for the completion of the Offering which the Lead Manager believes are usual in such offerings, including that the completion of the Offering is subject to the satisfaction of all conditions set out in the Rights Issue Agreement. If one or more conditions for completion of the Offering are not met, the Lead Manager may, at its discretion, terminate the Rights Issue Agreement and thus require that the Company withdraw the Offering.

Any withdrawal will be notified immediately to NASDAQ OMX and announced as soon as possible in the Danish daily newspapers in which the Offering was announced.

If the Offering is not completed, any exercise of Preemptive Rights that has already taken place will be cancelled automatically, the subscription amount for the New Shares will be

refunded (less any brokerage fees) to the latest registered owner of the New Shares as of the date of withdrawal, all Preemptive Rights will lapse, and no New Shares will be issued, potentially causing investors who may have acquired Preemptive Rights and/or New Shares to incur a loss. Trades in Preemptive Rights executed during the trading period for the Preemptive Rights will not be cancelled or reversed. As a result, investors who have acquired Preemptive Rights will incur a loss corresponding to the purchase price of the Preemptive Rights plus any brokerage fees, unless the parties to the transaction have specifically agreed otherwise or they otherwise succeed in recovering the purchase price of such Preemptive Rights from the seller. Investors who have acquired New Shares in off-market transactions will incur a loss corresponding to the proportion of their investment that exceeds the subscription amount plus any brokerage fees, unless the parties to the transaction have specifically agreed otherwise or they otherwise succeed in recovering the purchase price of such New Shares from the seller.

5.9 REDUCTION OF SUBSCRIPTION

Reduction of subscription is not applicable.

5.10 MINIMUM AND/OR MAXIMUM SUBSCRIPTION AMOUNT

The minimum number of New Shares that a holder of Preemptive Rights may subscribe for will be one (1) New Share, requiring the exercise of two (2) Preemptive Rights and the payment of the Subscription Price. The number of New Shares that a holder of Preemptive Rights may subscribe for is not capped. However, the number is limited to the number of New Shares that may be subscribed for through the exercise of the Preemptive Rights held by the investor at the date of subscription.

5.11 WITHDRAWAL OF APPLICATIONS FOR SHARES

Instructions to exercise Preemptive Rights are irrevocable.

5.12 PAYMENT

When exercising the Preemptive Rights, the holder must pay DKK 15 per New Share subscribed for.

Payment for the New Shares shall be made in Danish kroner at the time of subscription, however, not later than on 25 August 2010 at 5.00 p.m. CET against registration of the New Shares on the transferee's account with VP Securities. Holders of Preemptive Rights must adhere to the account agreement with their own Danish custodian institution or other financial intermediary through which they hold Shares. Financial intermediaries through which a holder has Preemptive Rights may require payment at an earlier date.

5.13 PUBLICATION OF THE RESULTS OF THE OFFERING

The results of the Offering will be published in a company announcement which is expected to be released through NASDAQ OMX two (2) Business Days after the end of the Subscription Period, expected to take place on 27 August 2010.

5.14 COMPLETION OF THE OFFERING

The Offering will be completed only if and when the New Shares subscribed for are issued by the Company after registration with the Danish Commerce and Companies Agency, expected to take place on 27 August 2010.

An announcement concerning the results of the Offering is expected to be made on 27 August 2010.

5.15 PROCEDURE FOR EXERCISE OF AND DEALINGS IN PREEMPTIVE RIGHTS AND TREATMENT OF PREEMPTIVE RIGHTS

The Preemptive Rights are negotiable instruments. The Preemptive Rights have been approved for admission to trading and official listing on NASDAQ OMX.

Holders of Preemptive Rights wishing to subscribe for New Shares will be required to do so through their own custodian institution or other financial intermediary in accordance with the rules of such institution or intermediary. The deadline for notification of exercise depends on the holder's agreement with and the rules and procedures of the relevant custodian institution or other financial intermediary, and the deadline may be earlier than the last day of the Subscription Period. Once holders have exercised their Preemptive Rights, such exercise cannot be revoked or modified.

Upon payment of the Subscription Price and exercise of the Preemptive Rights during the Subscription Period, the New Shares will be allocated through VP Securities at the end of a Business Day. The New Shares will not be traded and officially listed under the temporary ISIN code, DK0060238277. Upon expiry of the Subscription Period, the New Shares will be registered with the Danish Commerce and Companies Agency and admitted to trading and official listing under the ISIN code of the Existing Shares, DK0010258995, which is expected to take place on 31 August 2010.

Holders exercising their Preemptive Rights will be deemed to have represented that they have complied with all applicable laws relating to the exercise of the Preemptive Rights. Custodian institutions exercising Preemptive Rights on behalf of beneficial owners will be deemed to have represented that they have complied with the offering procedures set forth in this Prospectus.

Shareholders who do not wish to exercise their Preemptive Rights to subscribe for the New Shares may transfer their rights, and the transferee may use the Preemptive Rights to subscribe for New Shares. Holders wishing to sell their Preemptive Rights should instruct their custodian institution or other financial intermediary accordingly.

The Lead Manager may from time to time buy and sell Preemptive Rights, exercise Preemptive Rights and buy and sell Shares.

Any Preemptive Rights that are not exercised during the Subscription Period will lapse with no value, and the holder of such Preemptive Rights will not be entitled to compensation. The Subscription Period closes on 25 August 2010 at 5.00 p.m. CET.

5.16 JURISDICTIONS IN WHICH THE OFFERING WILL BE MADE AND RESTRICTIONS APPLICABLE TO THE OFFERING

Where the Offering will be made

The Offering consists of a public offering in Denmark and private placements in certain other jurisdictions.

Restrictions applicable to the Offering

General restrictions

In certain jurisdictions, the distribution of this Prospectus and the Offering may be restricted by law and/or be subject to other restrictions, and the Prospectus may not be used for, or in connection with, any offer or solicitation by any person in any jurisdiction in which such offer or solicitation is not authorised or to any persons to whom it is unlawful to make such offer or solicitation. This Prospectus does not constitute an offer or an invitation to purchase Preemptive Rights or to purchase or subscribe for New Shares in any jurisdiction in which such offer or invitation would be unlawful. The Company and the Lead Manager require persons into whose possession the Prospectus may come to inform themselves of and observe any such restrictions, including any tax and currency restrictions that may be relevant in connection with the Offering. All investors should examine through their own advisers the tax consequences of an investment in the New Shares. Neither the Company nor the Lead Manager accepts any legal liability for any violation of such restrictions by any person, irrespective of whether such person is an Existing Shareholder or a prospective purchaser of Preemptive Rights and/or subscriber of the New Shares.

The distribution of this Prospectus and the marketing of Preemptive Rights or Shares is subject to restrictions in certain countries. Persons into whose possession this Prospectus may come are required to inform themselves of and observe any

such restrictions, including any tax and currency restrictions that may be relevant in connection with the Offering. All investors should examine through their own advisers the tax consequences of an investment in the New Shares. This Prospectus does not constitute an offer or an invitation to purchase Preemptive Rights or to purchase or subscribe for New Shares in any jurisdiction in which such offer or invitation would be unlawful.

The Preemptive Rights and the New Shares are further subject to transfer and reselling restrictions in certain jurisdictions. By purchasing or subscribing for Preemptive Rights or New Shares, purchasers of or subscribers for Preemptive Rights or New Shares will be deemed to have confirmed that the Company and the Lead Manager and their respective associates may rely on the accuracy of representations, warranties, guarantees and agreements contained herein.

This Prospectus may not be distributed or otherwise made available, the New Shares may not be offered or sold, directly or indirectly, and the Preemptive Rights may not be exercised or otherwise offered or sold, directly or indirectly, in the United States, Canada, Australia or Japan, unless such distribution, offer, sale or exercise is permitted under applicable laws in the relevant jurisdiction, and the Company and the Lead Manager must receive satisfactory documentation to that effect. This Prospectus may not be distributed or otherwise made available, the New Shares may not be offered or sold, directly or indirectly, and the Preemptive Rights may not be exercised or otherwise offered or sold, directly or indirectly, in any jurisdiction outside Denmark, unless such distribution, offer, sale or exercise is permitted under applicable laws in the relevant jurisdiction, and the Company and the Lead Manager may request satisfactory documentation to that effect. Due to such restrictions under applicable laws, the Company expects that some or all investors residing in the United States, Canada, Australia, Japan and other jurisdictions outside Denmark may not be able to obtain a copy of the Prospectus and may not be able to exercise the Preemptive Rights or subscribe for the New Shares. The Company makes no offer or solicitation to any person under any circumstances that may be unlawful.

Selling restrictions in the United States

The Preemptive Rights and the New Shares have not been approved, disapproved or recommended by the U.S. Securities and Exchange Commission, any state securities commission in the United States or any other U.S. regulatory authority, nor have any of such regulatory authorities passed upon or endorsed the merits of the Offering or the accuracy or adequacy of this Prospectus. Any representation to the contrary is a criminal offence in the United States.

The Preemptive Rights and the New Shares have not been and will not be registered under the U.S. Securities Act or any state securities laws in the United States. Any transfer of Preemptive Rights and any offer and sale of the New Shares are not permitted except by offer and sale in accordance with Regulation S.

Any person wishing to exercise Preemptive Rights and subscribe for New Shares will be deemed to have declared, warranted and agreed, by accepting delivery of this Prospectus and delivery of Preemptive Rights or New Shares, either that he is acquiring the Preemptive Rights or the New Shares in an offshore transaction as defined in Regulation S in compliance with Regulation S, or pursuant to an effective registration statement under the U.S. Securities Act, or pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and in accordance with any applicable U.S. state securities laws.

In addition, until the expiration of 40 days after the closing of the Subscription Period, an offer to sell or a sale of Preemptive Rights or New Shares within the United States by a broker or dealer (whether or not it is participating in the Offering) may violate the registration requirements of the U.S. Securities Act if such offer to sell or such sale is made otherwise than pursuant to exemptions under the U.S. Securities Act.

The Offering concerns securities in a Danish company. The Offering is subject to Danish disclosure requirements which deviate from the disclosure requirements under U.S. law. The financial statements contained in this document, which have been prepared in accordance with the International Financial Reporting Standards (“IFRS”) as adopted by the EU, may not be comparable to the financial statements of U.S. companies.

Due to such restrictions under applicable laws and regulations, the Company expects that some or all investors residing in the United States may not be able to exercise the Preemptive Rights and subscribe for the New Shares.

Notice to investors in the United Kingdom

This Prospectus is only being distributed to, and is only directed at, (i) persons outside the United Kingdom or (ii) investment professionals falling within article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the “Order”) or (iii) high net worth companies, and other persons to whom it may lawfully be communicated, falling within article 49(2)(a) to (d) of the Order (all such persons being referred to collectively as “Relevant Persons”). The Preemptive Rights and the New Shares are only available to Relevant Persons, and any invitation, offer or agreement to subscribe for, purchase or otherwise acquire such Preemptive Rights or New Shares will be engaged in only with Relevant

Persons. Any person who is not a Relevant Person should not act or rely on this Prospectus or any of its contents.

Selling restrictions in the European Economic Area

In relation to each member state of the European Economic Area that has implemented the Prospectus Directive (each a “Relevant Member State”), no offering of Preemptive Rights or New Shares to the public will be made in any Relevant Member State prior to the publication of a prospectus concerning the Preemptive Rights and the New Shares which has been approved by the competent authority in such Relevant Member State or, where relevant, approved in another Relevant Member State and notified to the competent authority in such Relevant Member State, all pursuant to the Prospectus Directive, except that with effect from and including the date of implementation of the Prospectus Directive in such Relevant Member State, an offering of Preemptive Rights and New Shares may be made to the public at any time in such Relevant Member State:

- (a) to legal entities that are authorised or regulated to operate in the financial markets or, if not so authorised or regulated, whose corporate purpose is solely to invest in securities;
- (b) to any legal entity fulfilling at least two of the following criteria: (i) an average of at least 250 employees during the last financial year; (ii) a total balance sheet of more than EUR 43,000,000; and (iii) an annual net revenue of more than EUR 50,000,000, as shown in its last annual or consolidated accounts;
- (c) to less than 100 individuals or legal persons (except for “qualified investors” as defined in the Prospectus Directive) subject to the prior written consent of the Company and the Lead Manager; or
- (d) in any other circumstances which do not require the publication by the Company of a prospectus under article 3 of the Prospectus Directive.

For the purposes of the above, the expression an “offering of Preemptive Rights and New Shares to the public” in relation to any Preemptive Rights and New Shares in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the Offering, the Preemptive Rights and the New Shares so as to enable an investor to decide whether to purchase the Preemptive Rights or purchase or subscribe for the New Shares, as the same may be varied in that Relevant Member State by any measure implementing the Prospectus Directive in that Relevant Member State. The term “Prospectus Directive” means

Directive 2003/71/EC and includes all relevant implementation procedures in each Relevant Member State.

Restrictions on sales in Canada, Australia and Japan and other jurisdictions outside Denmark

The Preemptive Rights and the New Shares have not been approved, disapproved or recommended by any foreign securities commission, nor have any of such authorities passed upon or endorsed the merits of the Offering or the accuracy or adequacy of this Prospectus.

Due to restrictions under applicable laws and regulations, the Company expects that certain or all investors residing in Canada, Australia, Japan and other jurisdictions outside Denmark may not be able to exercise their Preemptive Rights or subscribe for the New Shares.

5.17 INTENTIONS OF MAJOR SHAREHOLDERS OF THE COMPANY AND MEMBERS OF MANAGEMENT TO PARTICIPATE IN THE OFFERING

The major shareholders of the Company, i.e. shareholders holding 5% or more of the share capital or the voting rights in the Company, and the members of Management, including their related parties, have, subject to the satisfaction of certain conditions, made advance commitments to the Company to subscribe for a total of 2,685,159 New Shares by exercising 5,370,318 Preemptive Rights attaching to Existing Shares in the Company in connection with the Offering, corresponding to total gross proceeds of DKK 40.3 million or 19.1% of the Offering. In addition, certain major shareholders have made conditional underwriting commitments to subscribe for 2,602,500 New Shares corresponding to total gross proceeds of DKK 39.0 million or 18.6% of the Offering. The Company will pay an underwriting commission totalling 1.5% of the total amount comprised by advance and underwriting commitments. For a description of advance and underwriting commitments made by the Company’s major shareholders and Management, see “Part II - The Offering - Terms and conditions of the Offering - Advance and underwriting commitments”.

Dava 1 ApS, Holberg Fenger Holding A/S and Carl Ejler Rasmussen Holding Sweden AB will each subscribe for more than 5% of the Offering solely under commitments to exercise Preemptive Rights allocated. Moreover, LD, SmallCap Danmark A/S, Realdania and SEBC Holding ApS may, in certain circumstances, each subscribe for more than 5% of the Offering by subscription under underwriting commitments.

5.18 PLAN OF DISTRIBUTION

Not applicable.

5.19 SUBSCRIPTION PRICE OF NEW SHARES

The New Shares are offered at DKK 15 per Share with a nominal value of DKK 15, free of brokerage.

5.20 PRICE DISPARITY

No persons have been granted the right to subscribe for New Shares at a preferential price, and consequently there is no price disparity.

5.21 PAYMENT INTERMEDIARIES

Euroclear Bank S.A./N.V.
1 Boulevard de Roi Albert II
B-1210 Brussels
Belgium

Clearstream Banking S.A.
42 Avenue JF Kennedy
L-1855 Luxembourg
Luxembourg

5.22 PLACING

Nordea is the Lead Manager.

Address of Lead Manager

Nordea Bank Danmark A/S
(CVR no. 13522197)
Strandgade 3, P.O. Box 850
DK-0900 Copenhagen C
Denmark

Rights Issue Agreement

In connection with the Offering, the Company and the Lead Manager signed the Rights Issue Agreement on 5 August 2010.

The Company has made certain representations and warranties to the Lead Manager. The Company has further undertaken to indemnify the Lead Manager for certain matters relating to the Offering. Under the Rights Issue Agreement, the Lead Manager may, at any time prior to registration of the capital increase relating to the New Shares, require that the Company withdraw the Offering upon notice to terminate the Rights Issue Agreement. The Lead Manager is entitled to terminate the agreement upon the occurrence of certain exceptional and unpredictable circumstances, such as force majeure.

The Rights Issue Agreement also contains completion conditions which the Company believes are customary for offerings such as the Offering, and the completion of the Offering is subject to the satisfaction of all conditions in that respect set out in the Rights Issue Agreement. If one or more conditions for completion are not met, the Lead Manager may, at its discretion, also terminate the Rights Issue Agreement and thus require that the Company withdraw the Offering, see “Part II - The Offering - Terms and conditions of the Offering - Termination of the Rights Issue Agreement and withdrawal or suspension of the Offering”.

The Preemptive Rights will be admitted to trading and official listing on NASDAQ OMX, and the trading period for the Preemptive Rights commences on 9 August 2010 at 9.00 a.m. CET and closes on 20 August 2010 at 5.00 p.m. CET under ISIN code DK0060238350.

The New Shares to be issued by the Company on exercise of the Preemptive Rights will be registered under the temporary ISIN code, DK0060238277. The New Shares will not be traded and officially listed on NASDAQ OMX under the temporary ISIN code. Upon expiry of the Subscription Period, the New Shares will be registered with the Danish Commerce and Companies Agency and admitted to trading and official listing under the ISIN code of the Existing Shares, DK0010258995, which is expected to take place on 31 August 2010. The New Shares have been approved for admission to trading and official listing on NASDAQ OMX, subject only to registration with the Danish Commerce and Companies Agency.

The Existing Shares are listed on NASDAQ OMX under ISIN code DK0010258995.

6.1 MARKET MAKING

The Company has not signed any market making agreements.

6.2 STABILISATION

In connection with the Offering, the Lead Manager may, from commencement of the trading period for the Preemptive Rights and until 30 days after the first day of trading and official listing of the New Shares, effect transactions that stabilise or maintain the market price of the Preemptive Rights (stabilising measures relating to the Preemptive Rights will only take place during the trading period for Preemptive Rights) and the Shares at levels above those that might otherwise prevail. The Lead Manager is not obliged to take any stabilising measures. Such stabilising measures, if commenced, may be discontinued at any time.

II. 7 LOCK-UP AGREEMENTS

Under the Rights Issue Agreement, the Company has, for a period of 180 days from expiry of the Subscription Period, undertaken not to offer, allot, issue, sell or agree to sell or otherwise dispose of Shares or to grant share options or warrants (except for allotment in accordance with existing warrant programmes) or to issue securities convertible into Shares

without the prior written consent of the Lead Manager, unless required under current law or as a result of the exercise of issued warrants.

II. 8 COSTS OF THE OFFERING

The gross proceeds from the Offering will total DKK 210.3 million, of which the estimated net proceeds will represent DKK 198.3 million.

The estimated costs payable by TK Development A/S in connection with the Offering will be as stated below.

TABLE II 4: COSTS OF THE OFFERING

	DKKm
Fees to the Lead Manager	5.3
Fees to accountants and legal advisers	2.1
Other costs	1.0
Layout of prospectus and brochure	0.2
Public charges and duties	0.2
Underwriting commission	3.2
Total costs	12.0

In connection with the Offering, the Company has also undertaken to pay a subscription commission of 0.125% of the Subscription Price per New Share to the custodian institutions, with the exception of Nordea.

II. 9 DILUTION

As at 30 April 2010, the Company's equity amounted to DKK 1,626.2 million, corresponding to DKK 58 per Existing Share. Equity per Existing Share is made up by dividing the equity by the total number of Existing Shares. After the completion of the Capital Reduction, the issuance of the New Shares (14,021,905 New Shares) at the Subscription Price of DKK 15 per New Share and after deducting commissions and estimated costs, the pro forma equity of the Company as at 30 April 2010 would have been DKK 1,824.6 million, or DKK 43.4 per Share. For the Company's shareholders, this would cause an immediate reduction in equity per Share of DKK 14.6, and for subscribers of the New Shares, an immediate dilution of the adjusted equity per New Share by DKK 28.4, corresponding to 189.3%.

The following table illustrates the dilution that investors in the New Shares will experience:

The dilution is determined by subtracting equity per Share after the Offering from the Subscription Price per Share.

TABLE II 5: DILUTION PER NEW SHARE

Subscription Price per New Share	15.0
Equity per Share with a nominal value of DKK 15	58.0
Change in equity per Share as a result of the subscription of the New Shares	-14.6
Equity per Share after the Offering	43.4
Dilution per New Share	-28.4

Existing Shareholders of the Company who do not exercise their Preemptive Rights to subscribe for New Shares will experience a dilution of their investment of approximately 33%.

After completion of the Offering, the exercise price of the warrants granted will be adjusted as per usual practice.

II. 10 ADDITIONAL INFORMATION

10.1 ADVISERS

Manager

Nordea Bank Danmark A/S
Strandgade 3
P.O. Box 850
DK-0900 Copenhagen C
Denmark

Legal adviser to TK Development A/S

As to Danish law
Advokatfirmaet Børge Nielsen
Hassersvej 174
DK-9000 Aalborg
Denmark

Legal adviser to the Managers

As to Danish law
Kromann Reumert
Sundkrogsgade 5
DK-2100 Copenhagen Ø
Denmark

Auditors of TK Development A/S

Nielsen & Christensen, Statsautoriseret Revisionspartnerselskab
Hassers Bymidte 6
DK-9000 Aalborg
Denmark

Deloitte, Statsautoriseret Revisionsaktieselskab
Weidekampsgade 6
DK-2300 Copenhagen S
Denmark

10.2 HOW TO ORDER THIS PROSPECTUS

Requests for copies of this Prospectus may be addressed to:

Nordea Bank Danmark A/S
Securities Operations/HH 7324
P.O. Box 850
DK-0900 Copenhagen C
Tel: +45 33 33 50 92
Fax: +45 33 33 31 82
E-mail: prospekt.ca@nordea.com

This Prospectus may also, with certain exceptions, including prohibition on access by persons located in the United States, be downloaded from the Company's website: www.tk-development.dk.

The contents of the website do not form part of the Prospectus.

II. 11 DEFINITIONS

Allocation Time	11 August 2010 at 12.30 p.m. CET. The time at which anyone registered with VP Securities as a shareholder of the Company will be entitled to allocation of one (1) Preemptive Right for each Existing Share held.
Board of Directors	Niels Roth (Chairman), Torsten Erik Rasmussen (Deputy Chairman), Per Søndergaard Pedersen, Jesper Jarlbæk, Kurt Daell and Jens Erik Christensen.
Business Day	A day on which banks in Denmark are open for business.
Capital Reduction	Reduction of the Company's share capital by a nominal amount of DKK 140,219,050 and including a reduction of the denomination from DKK 20 nominal value to DKK 15 nominal value pursuant to a conditional resolution passed at the Company's extraordinary general meeting held on 1 July 2010. The Capital Reduction is subject to completion of the Offering.
Clearstream	Clearstream Banking S.A., 42 Avenue JF Kennedy, L-1855 Luxembourg.
Company	The parent company TK Development A/S, company registration (CVR) no. 24256782, Vestre Havnepromenade 7, 9000 Aalborg, Denmark.
CZK	Czech koruna, the official currency of the Czech Republic.
Danish Companies Act	Danish Act no. 470 of 12 June 2009 on Public and Private Limited Companies (the Companies Act).
Danish Securities Trading Act	Danish Consolidated Act no. 795 of 20 August 2009 on securities trading etc., as amended.
DKK	Danish kroner, the official currency of Denmark.
EUR	Euro, the official currency of the European Monetary Union.
Euro Mall Holding	Euro Mall Holding A/S together with its directly and indirectly owned subsidiaries, associates and other investments.
Euroclear	Euroclear Bank S.A./N.V., 1 Boulevard de Roi Albert II, B-1210 Brussels, Belgium.
Executive Board	Frede Clausen, President and CEO, and Robert Andersen, Executive Vice President.
Executive Officers	Erik Godtfredsen, Senior Vice President, Northern Europe and General Manager, Denmark, Dan Fæster, General Manager, Sweden, Riku Nisula, General Manager, Finland, Lina Paukste, General Manager, Lithuania and Latvia, Zygmunt Chyla, Senior Vice President, Poland, Thomas H. Vil-ladsen, Senior Vice President, the Czech Republic and Slovakia, Vivi Sørensen, Group Accounting Manager, Niels Christian Olsen, Group Finance Manager, Helle Yde Jensen, Head of the HR Department, Morten Tousgaard, Vice President, Group Legal Manager, Martin Nørgaard Bach, Head of Communications.
Existing Shareholders	Shareholders who are registered with VP Securities as shareholders of the Company as at 11 August 2010 at 12.30 p.m. CET.
Existing Shares	28,043,810 existing shares with a nominal value of DKK 20 each in the Company immediately prior to the Offering.

Group	The Company together with its directly and indirectly owned subsidiaries, associates and other investments, also referred to as TK Development.
Group of Underwriters	Holberg Fenger Holding A/S, Carl Ejler Rasmussen Holding Sweden AB, LD, PKA, TIKKA Holding A/S, Juttine Nielsen, SmallCap Danmark A/S, Realdania and SEBC Holding ApS.
IFRS	International Financial Reporting Standards.
Lead Manager	Nordea.
LTL	Lithuanian litas, the official currency of Lithuania.
LVL	Latvian lat, the official currency of Latvia.
Management	The Board of Directors and the Executive Board of the Company.
NASDAQ OMX	NASDAQ OMX Copenhagen A/S.
New Shares	The 14,021,905 new shares with a nominal value of DKK 15 each offered in the Offering.
Nordea	Nordea Bank Danmark A/S, company registration (CVR) no. 13522197.
Offering	Offering of 14,021,905 new shares with a nominal value of DKK 15 each at a price of DKK 15 per Share with preemptive rights to Existing Shareholders at the ratio of 1:2.
PLN	Polish zloty, the official currency of Poland.
Preemptive Rights	Preemptive rights allocated to the Company's Existing Shareholders.
Prospectus	This prospectus dated 5 August 2010.
Prospectus Date	5 August 2010.
Prospectus Directive	Directive 2003/71/EC.
Prospectus Order	Executive Order no. 223 of 10 March 2010 issued by the Danish Financial Supervisory Authority on the requirements for prospectuses.
Regulation S	Regulation S of the U.S. Securities Act of 1933, as amended.
Rights Issue Agreement	Agreement on the Offering signed by the Company and the Lead Manager.
SEK	Swedish kroner, the official currency of Sweden.
Shareholder Group	Dava 1 ApS, Kurt Daell, Holberg Fenger Holding A/S, Carl Ejler Rasmussen Holding Sweden AB, Niels Roth, Morgan Invest ApS, Per Søndergaard Pedersen, PSP Holding ApS, JMDF Invest ApS, Earlbrook Holdings Ltd. A/S, Frede Clausen, Frede Clausen Holding ApS, Komplementarselskabet Nørrevænget 40-42 ApS, Robert Andersen, LD, SEB Pensionsforsikring A/S, PKA, TIKKA Holding A/S, Juttine Nielsen, Poul Lauritsen, Else Lauritsen and Lotte Nyholm Andersen.
Shares	The Company's shares, after the Capital Reduction, each with a nominal value of DKK 15, including the New Shares.

Subscription Period	From 12 August 2010 to 25 August 2010 at 5.00 p.m. CET.
Subscription Price	DKK 15 per New Share of DKK 15.
TK Development	The Company together with its directly and indirectly owned subsidiaries, associates and other investments, also referred to as the Group.
TKD	The Group, excluding TKD Nordeuropa and Euro Mall Holding.
TKD Nordeuropa	TKD Nordeuropa A/S together with its directly and indirectly owned subsidiaries, associates and other investments.
U.S. Securities Act	U.S. Securities Act of 1933, as amended.
VP Securities	VP Securities A/S.

II. 12 GLOSSARY

Anchor tenant	Tenants with whom agreements are typically entered into in the beginning of a project phase and who are considered to be of importance for letting in the rest of the project.
Building rights (sqm)	Maximum space available for construction under applicable laws and regulations
Committed facility	Loan commitments from a creditor to a borrower in respect of the maximum future credit that such creditor is obliged to lend under certain circumstances.
Construction contract	An agreement with a contractor for the carrying out of a construction project.
Covenant	Denotes a clause in, say, loan agreements at which the borrower undertakes to perform or refrain from certain obligations.
Design and build contract	An agreement with a single general contractor on a single general and/or separate project for which the general contractor oversees the separate contracts.
Forward funding	Sale of a project at an early stage with the investor financing the project during the construction period. Payments on account during the construction period coincide with the payments to be made to the Group's contractors.
Forward purchase	Sale of a project at an early stage securing the sale and the investor taking over the project on completion. Forward purchase agreements with investors are usually entered into before construction startup.
Separate contract	Construction contracts with a number of contractors, dividing the construction project into sub-contracts.

III. ARTICLES OF ASSOCIATION

1. THE COMPANY'S NAME, REGISTERED OFFICE AND OBJECTS

The name of the company is TK Development A/S ("the Company"). The Company shall moreover have the ancillary name of Thorkild Kristensen A/S (TK Development A/S).

The Company's registered office is situated in the Municipality of Aalborg.

The objects for which the Company is established are to buy, build, sell, lease and let, act as agents for, invest in and advise on real property at home and abroad, to carry on financial activities and any other business related to or associated with the above-mentioned activities.

2. THE COMPANY'S SHARE CAPITAL AND SHARES

The Company's share capital amounts to DKK 560,876,200.00, in words, Danish kroner five hundred and sixty million eight hundred and seventy-six thousand two hundred 00/100, divided into shares in the denomination of DKK 1.00 or multiples thereof.

The share capital has been paid up in full.

The Company's Register of Shareholders shall be kept by VP Investor Services A/S, Weidekampsgade 14, DK-2300 Copenhagen S.

The shares shall be issued to named holders and shall be recorded as such in the Company's Register of Shareholders.

The shares shall be freely transferable negotiable instruments, and no shareholder is obligated to let the Company or any third party redeem his shares, whether in whole or in part.

No share shall confer special rights upon any shareholder.

The shares shall be registered with VP Securities A/S, Weidekampsgade 14, P.O. Box 4040, DK-2300 Copenhagen S.

The transfer of shares shall only be valid vis-à-vis the Company when the transfer has been registered with VP Securities A/S, Weidekampsgade 14, P.O. Box 4040, DK-2300 Copenhagen S. The Company shall not be liable for the authenticity or correctness of any such registration.

2 A.

Deleted.

2 B.

Deleted.

2 C.

On 5 June 2008, based on the authorization granted to the Supervisory Board according to the resolution passed by the shareholders at the Company's General Meeting on 27 May 2008, the Supervisory Board resolved to issue warrants to the Company's Executive Board, executive staff and the executive staff of subsidiaries, entitling them to subscribe for shares in the Company for up to nominally DKK 13,960,000. No separate consideration shall be paid for the warrants.

The warrants may be exercised, in whole or in part, to subscribe for shares in three six-week window periods ("exercise periods"). The three exercise periods are (1) the period starting upon the publication of the preliminary announcement of financial statements for the 2010/11 financial year and ending six weeks later, (2) the period starting upon the publication of the interim report for the first six months of 2011/12 and ending six weeks later, and (3) the period starting upon the publication of the preliminary announcement of financial statements for the 2011/12 financial year and ending six weeks later

The subscription price per share of nominally DKK 20.00 has been fixed at:

DKK 83.4 upon subscription in the first exercise period (calculated on the basis of payment of the subscription amount on 1 May 2011)

DKK 86.2 upon subscription in the second exercise period (calculated on the basis of payment of the subscription amount on 1 October 2011)

DKK 90.2 upon subscription in the third exercise period (calculated on the basis of payment of the subscription amount on 1 May 2012)

The subscription prices set out above were fixed on the basis of a rate of return of 8 % p.a. If subscription amounts are paid on dates other than those stipulated above, the price will be adjusted based on an 8 % rate of return p.a. for the period between the payment dates stipulated and the actual payment dates. In case of payment before the dates stipulated, the subscription price will thus be reduced, and in case of payment after the dates stipulated, the subscription price will be increased to reflect the rate of return in the intermediate period.

Any new shares subscribed for under the warrants shall have the same rights pursuant to the Articles of Association as existing shares, and the shares shall be freely transferable negotiable instruments. The new shares shall be issued to named holders and shall be recorded as such in the Company's Register of Shareholders. No restrictions shall apply to the trans-

ferability of the new shares, and they shall not be subject to any redemption obligation. The shares shall rank for dividend from the time when the newly subscribed shares are registered with the Danish Commerce and Companies Agency, assuming that they are registered before the holding of the Annual General Meeting as concerns the exercise period related to the publication of the preliminary announcement of financial statements. If such new shares are not registered prior to the Annual General Meeting, and thus do not rank for dividend, the subscriber shall be compensated herefor, as the subscription prices are subject to the condition that shares subscribed for during such exercise period shall rank for the dividend declared at the relevant Annual General Meeting.

No share shall confer special rights upon any shareholder. The shares shall be registered with VP Securities A/S, Weidekampsgade 14, P.O. Box 4040, DK-2300 Copenhagen S.

The warrants shall also be subject to the following conditions:

1. The warrant holder can exercise the warrants by submitting a written notice to the Company's head office in Aalborg within one of the exercise periods. The Company will acknowledge to the warrant holder the receipt of such notice. Payment to the Company shall be effected in cash at the same time as the warrant holder's name is entered in the subscription list and no later than 14 days after the Company has sent its acknowledgement of receipt to the warrant holder.
2. Warrants are personal and cannot be transferred or transmitted, which shall also be the case in the event of division of property on divorce or legal separation; nor can they be pledged or otherwise used for the purpose of satisfying the claims of the warrant holder's creditors. But in case of the warrant holder's death, any unexercised warrants may be appropriated to the surviving spouse or issue.
3. The subscription price has been fixed at DKK 83.4, DKK 86.2 and DKK 90.2 for the first, second and third exercise periods, respectively, but subject to a rate-of-return adjustment in case of actual payment taking place on dates other than those stipulated, see above, which means that upon exercising a warrant, a warrant holder may subscribe for one new share of nominally DKK 20.00 against payment in cash of DKK 83.4, DKK 86.2 or DKK 90.2 or the amount resulting after a possible rate-of-return adjustment.
4. If the Company resolves to introduce share classes, each share subscribed for by exercising warrants shall belong to the share class enjoying the most privileges.

The subscription price will be adjusted in the event that any steps of the nature referred to below are taken, following the adoption of the appropriate decision, after 20 June 2008:

- (a) A capital increase through the issue of new shares, subject to a pre-emptive right for the existing shareholders.
- (b) The issuing of bonus shares.
- (c) A capital reduction, unless it is made to cover losses, effected by the cancellation of shares of company stock ("treasury shares") or in any other lawful way without distribution of funds to all shareholders.
- (d) The distribution of dividend of more than DKK 0 per share of nominally DKK 20.
- (e) The issuing of additional warrants or the issuing of additional convertible bonds subject to a pre-emptive right for the existing shareholders.
- (f) Any changes that are equivalent to any of the steps listed in items (a) - (e) above and have a comparable impact on the warrant holder.

The subscription price can only be adjusted in the above-mentioned situations and thus not in the case of a demerger, the issuing of employee shares at a discount to the market price and issues without a pre-emptive right.

In the case of a solvent liquidation of the Company, the warrants shall lapse; but the warrant holder shall be given access to exercise such warrants prior to liquidation.

5. The situations referred to in paragraph 4 above and any adjustment of the subscription price due to payment taking place earlier or later than the payment dates stipulated in paragraph 3 shall be administered by the Company's Supervisory Board, which shall make a final and binding decision on the implementation and calculation of any adjustment of the warrants, including in relation to subscription price and share ratio.
6. If, prior to the warrants having been exercised for the subscription of shares,
 - (a) an offer for compulsory redemption of shares is made pursuant to the provisions of the Danish Public Limited Companies Act (section 20 b);
 - (b) a public takeover bid is made for shares in the Company;

(c) a statutory takeover bid is made on the basis of an acquisition of equity interests or voting rights in the Company that results in an order being issued to make a redemption offer;

or

(d) a situation arises in which the warrant holder otherwise finds that the Company's shareholder structure has been changed in such a way that the new ownership involves a substantial risk of revision of the Company's previous business policy, the warrant holder shall be entitled to make a request to subscribe for shares under the warrants. The right to make a request for the subscription of shares shall apply from the occurrence of the relevant event and until (1) the expiry of the time limit pursuant to section 20 b of the Danish Public Limited Companies Act, (2) the expiry of the time limit stipulated for acceptance of the relevant public or statutory takeover bid and (3) three months after the warrant holder has become aware of the situation referred to in paragraph (d) above. If a request is made to exercise the warrants pursuant to the above provisions, the subscription price used shall be DKK 66.9 per share of nominally DKK 20.00, plus an amount equal to 8 % p.a. of DKK 66.9 as from 20 June 2008 until the date of subscription (date of payment) and less an amount corresponding to the accumulated dividend per share paid in the period as from 20 June 2008 and until the date of subscription (date of payment). The said subscription price shall be subject to adjustment in keeping with the above-mentioned adjustment rules, except the provisions concerning dividend.

In the situations referred to in paragraphs (a), (b) and (c), the shares subscribed for by the warrant holder on the basis of warrants shall thus be comprised by the above-mentioned redemption offer or takeover bid.

If in the situation referred to in paragraph (b) above, the Company finds that the subscription for shares would seriously inconvenience the Company's shareholders, or, in the situation referred to in paragraph (d) above, the warrant holder and the Company fail to agree whether the conditions mentioned in paragraph (d) have been met, the question shall be decided with final and binding effect for the parties by arbitration according to the "Rules of Procedure of the Danish Institute of Arbitration (Copenhagen Arbitration)".

7. Upon the merger with companies that are not wholly-owned subsidiaries of the Company at 20 June 2008, the warrant holder may demand, subject to 14 days' notice, to subscribe for shares under the warrants for a period of 30

days after the final adoption of the merger plan. If the warrant holder does not make such demand to subscribe for shares, and if the Company is not the continuing company, the warrant shall be changed to a right to subscribe for shares in the continuing company, and the subscription price shall be adjusted based on the rate of conversion between the shares of the merging companies.

In the case of scission of the Company, the scission plan shall specifically state what steps shall be taken regarding the warrants. Warrant holders shall be entitled to exercise the right to subscribe for shares prior to completion of the scission.

In the cases referred to in this present subclause 7, the subscription price shall be fixed on the basis of the principles set out in subclause 6.

8. If the Company should cease to be listed on NASDAQ OMX Copenhagen A/S, the warrant holder shall be entitled at any time to make a request to subscribe for shares under the warrants, but no earlier than three years after the allocation of the warrants. The subscription price shall be fixed in accordance with the principles set out in paragraph 6.

To implement the capital increases following from the exercise of warrants, the Supervisory Board is authorized, in the period ending on 30 June 2012, to increase the Company's share capital by one or more issues by up to a total of nominally DKK 13,960,000.00 by a cash contribution, without any pre-emptive rights for the Company's existing shareholders. Any new shares that might be subscribed for under the warrants shall have the same rights pursuant to the Articles of Association as existing shares, and the shares shall be freely transferable negotiable instruments. The new shares shall be issued to named holders and shall be recorded as such in the Company's Register of Shareholders. No restrictions shall apply to the transferability of the new shares, and they shall not be subject to any redemption obligation. No share shall confer special rights upon any shareholder. The shares shall be registered with VP Securities A/S, Weidekampsgade 14, P.O. Box 4040, DK-2300 Copenhagen S.

2 D.

On 4 June 2010, based on the authorization granted to the Supervisory Board according to the resolution passed by the shareholders at the Company's General Meeting on 25 May 2010, the Supervisory Board resolved to issue warrants to the Company's Executive Board, executive staff and the executive staff of subsidiaries, entitling them to subscribe for shares in

the Company for up to nominally DKK 8,000,000. No separate consideration shall be paid for the warrants.

The warrants may be exercised, in whole or in part, to subscribe for shares in three six-week window periods ("exercise periods"). The three exercise periods are (1) the period starting upon the publication of the preliminary announcement of financial statements for the 2011/12 financial year and ending six weeks later, (2) the period starting upon the publication of the interim report for the first six months of 2012/13 and ending six weeks later, and (3) the period starting upon the publication of the preliminary announcement of financial statements for the 2012/13 financial year and ending six weeks later.

The subscription price per share of nominally DKK 20.00 has been fixed at:

28.007 upon subscription in the first exercise period (calculated on the basis of payment of the subscription amount on 1 May 2012)

28.947 upon subscription in the second exercise period (calculated on the basis of payment of the subscription amount on 1 October 2012)

30.292 upon subscription in the third exercise period (calculated on the basis of payment of the subscription amount on 1 May 2013)

The subscription prices set out above were fixed on the basis of a rate of return of 8 % p.a. If subscription amounts are paid on dates other than those stipulated above, the price will be adjusted based on an 8 % rate of return p.a. for the period between the payment dates stipulated and the actual payment dates. In case of payment before the dates stipulated, the subscription price will thus be reduced, and in case of payment after the dates stipulated, the subscription price will be increased to reflect the rate of return in the intermediate period.

Any new shares subscribed for under the warrants shall have the same rights pursuant to the Articles of Association as existing shares, and the shares shall be freely transferable negotiable instruments. The new shares shall be issued to named holders and shall be recorded as such in the Company's Register of Shareholders. No restrictions shall apply to the transferability of the new shares, and they shall not be subject to any redemption obligation. The shares shall rank for dividend from the time when the newly subscribed shares are registered with the Danish Commerce and Companies Agency, assuming that they are registered before the holding of the Annual General Meeting as concerns the exercise period related to the publication of the preliminary announcement of financial

statements. If such new shares are not registered prior to the Annual General Meeting, and thus do not rank for dividend, the subscriber shall be compensated herefor, as the subscription prices are subject to the condition that shares subscribed for during such exercise period shall rank for the dividend declared at the relevant Annual General Meeting.

No share shall confer special rights upon any shareholder. The shares shall be registered with VP Securities A/S, Weidekampsgade 14, P.O. Box 4040, DK-2300 Copenhagen S.

The warrants shall also be subject to the following conditions:

1. The warrant holder can exercise the warrants by submitting a written notice to the Company's head office in Aalborg within one of the exercise periods. The Company will acknowledge to the warrant holder the receipt of such notice. Payment to the Company shall be effected in cash at the same time as the warrant holder's name is entered in the subscription list and no later than 14 days after the Company has sent its acknowledgement of receipt to the warrant holder.
2. Warrants are personal and cannot be transferred or transmitted, which shall also be the case in the event of division of property on divorce or legal separation; nor can they be pledged or otherwise used for the purpose of satisfying the claims of the warrant holder's creditors. But in case of the warrant holder's death, any unexercised warrants may be appropriated to the surviving spouse or issue.
3. The subscription price has been fixed at 28.007, 28.947 and 30.292 for the first, second and third exercise periods, respectively, but subject to a rate-of-return adjustment in case of actual payment taking place on dates other than those stipulated, see above, which means that upon exercising a warrant, a warrant holder may subscribe for one new share of nominally DKK 20.00 against payment in cash of DKK 28.007, 28.947 or DKK 30.292 or the amount resulting after a possible rate-of-return adjustment.
4. If the Company resolves to introduce share classes, each share subscribed for by exercising warrants shall belong to the share class enjoying the most privileges.

The subscription price will be adjusted in the event that any steps of the nature referred to below are taken, following the adoption of the appropriate decision, after 22 June 2010:

- (a) A capital increase through the issue of new shares, subject to a pre-emptive right for the existing shareholders.

- (b) The issuing of bonus shares.
- (c) A capital reduction, unless it is made to cover losses, effected by the cancellation of shares of company stock ("treasury shares") or in any other lawful way without distribution of funds to all shareholders.
- (d) The distribution of dividend of more than DKK 0 per share of nominally DKK 20.
- (e) The issuing of additional warrants or the issuing of additional convertible bonds subject to a pre-emptive right for the existing shareholders.
- (f) Any changes that are equivalent to any of the steps listed in items (a) - (e) above and have a comparable impact on the warrant holder.

The subscription price can only be adjusted in the above-mentioned situations and thus not in the case of a demerger, the issuing of employee shares at a discount to the market price and issues without a pre-emptive right.

In the case of a solvent liquidation of the Company, the warrants shall lapse; but the warrant holder shall be given access to exercise such warrants prior to liquidation.

5. The situations referred to in paragraph 4 above and any adjustment of the subscription price due to payment taking place earlier or later than the payment dates stipulated in paragraph 3 shall be administered by the Company's Supervisory Board, which shall make a final and binding decision on the implementation and calculation of any adjustment of the warrants, including in relation to subscription price and share ratio.
6. If, prior to the warrants having been exercised for the subscription of shares,
 - (a) an offer for compulsory redemption of shares is made pursuant to the provisions of the Danish Companies Act;
 - (b) a public takeover bid is made for shares in the Company;
 - (c) a statutory takeover bid is made on the basis of an acquisition of equity interests or voting rights in the Company that results in an order being issued to make a redemption offer;

or

- (d) a situation arises in which the warrant holder otherwise finds that the Company's shareholder structure has been changed in such a way that the new ownership involves a substantial risk of revision of the Company's previous business policy, the warrant holder shall be entitled to make a request to subscribe for shares under the warrants. The right to make a request for the subscription of shares shall apply from the occurrence of the relevant event and until (1) the expiry of the time limit pursuant to section 70 of the Danish Companies Act, (2) the expiry of the time limit stipulated for acceptance of the relevant public or statutory takeover bid and (3) three months after the warrant holder has become aware of the situation referred to in paragraph (d) above. If a request is made to exercise the warrants pursuant to the above provisions, the subscription price used shall be DKK 24.268 per share of nominally DKK 20.00, plus an amount equal to 8 % p.a. of DKK 24.268 as from 22 June 2010 until the date of subscription (date of payment) and less an amount corresponding to the accumulated dividend per share paid in the period as from 22 June 2010 and until the date of subscription (date of payment). The said subscription price shall be subject to adjustment in keeping with the above-mentioned adjustment rules, except the provisions concerning dividend.

In the situations referred to in paragraphs (a), (b) and (c), the shares subscribed for by the warrant holder on the basis of warrants shall thus be comprised by the above-mentioned redemption offer or takeover bid.

If in the situation referred to in paragraph (b) above, the Company finds that the subscription for shares would seriously inconvenience the Company's shareholders, or, in the situation referred to in paragraph (d) above, the warrant holder and the Company fail to agree whether the conditions mentioned in paragraph (d) have been met, the question shall be decided with final and binding effect for the parties by arbitration according to the "Rules of Procedure of the Danish Institute of Arbitration (Copenhagen Arbitration)".

- 7 Upon the merger with companies that are not wholly-owned subsidiaries of the Company at 22 June 2010, the warrant holder may demand, subject to 14 days' notice, to subscribe for shares under the warrants for a period of 30 days after the final adoption of the merger plan. If the warrant holder does not make such demand to subscribe for shares, and if the Company is not the continuing company, the warrant shall be changed to a right to subscribe for shares in the continuing company, and the subscription

price shall be adjusted based on the rate of conversion between the shares of the merging companies.

In the case of scission of the Company, the scission plan shall specifically state what steps shall be taken regarding the warrants. Warrantheolders shall be entitled to exercise the right to subscribe for shares prior to completion of the scission.

In the cases referred to in this present subclause 7, the subscription price shall be fixed on the basis of the principles set out in subclause 6.

8. If the Company should cease to be listed on NASDAQ OMX Copenhagen A/S, the warrantholder shall be entitled at any time to make a request to subscribe for shares under the warrants, but no earlier than two years after the allocation of the warrants. The subscription price shall be fixed in accordance with the principles set out in paragraph 6.

To implement the capital increases following from the exercise of warrants, the Supervisory Board is authorized, in the period ending on 30 June 2013, to increase the Company's share capital by one or more issues by up to a total of nominally DKK 8,000,000.00 by a cash contribution, without any pre-emptive rights for the Company's existing shareholders. Any new shares that might be subscribed for under the warrants shall have the same rights pursuant to the Articles of Association as existing shares, and the shares shall be freely transferable negotiable instruments. The new shares shall be issued to named holders and shall be recorded as such in the Company's Register of Shareholders. No restrictions shall apply to the transferability of the new shares, and they shall not be subject to any redemption obligation. No share shall confer special rights upon any shareholder. The shares shall be registered with VP Securities A/S, Weidekampsgade 14, P.O. Box 4040, DK-2300 Copenhagen S.

3. GENERAL MEETINGS

Annual General Meetings shall be held every year in the municipality where the Company's registered office is located and sufficiently early to ensure observance of the time limits for holding Annual General Meetings and filing Annual Reports.

Requests for the inclusion of a specific proposal in the agenda of the Annual General Meeting shall be submitted in writing by shareholders to the Supervisory Board. If the request is submitted no later than six weeks before the date of the Annual General Meeting, the shareholder is entitled to have the proposal included in the agenda. If the Supervisory Board receives the request later than six weeks before the Annual General Meeting, the Supervisory Board will determine whether

the request has been made sufficiently early to permit its inclusion in the agenda.

No later than eight weeks before the contemplated date of the Annual General Meeting, the Company shall announce such date and the deadline for shareholders' submission of proposals for specific business to be included in the agenda.

Extraordinary General Meetings shall be held following a resolution adopted by the shareholders at a General Meeting or by the Supervisory Board, at the request of the Company's auditor or upon a written request submitted to the Supervisory Board by shareholders holding in the aggregate not less than 5 % of the share capital. This request must contain a specification of the proposal or proposals desired to be considered at the General Meeting. Such an Extraordinary General Meeting shall be convened no later than 14 days after the receipt of the appropriate request.

The shareholders shall be convened to General Meetings subject to not less than three weeks' nor more than five weeks' notice by an advertisement inserted in "Berlingske Tidende", "Dagbladet Børsen" and "Morgenavisen Jyllands-Posten" or any other corresponding daily papers as determined by the Supervisory Board, and by letter/notification to all shareholders who have so requested. In addition, the convening of General Meetings shall be published via the Company's website. In addition to the day and time of the General Meeting, the convening notice shall contain information about the agenda and a statement of any proposals submitted for consideration.

At a General Meeting, resolutions can only be adopted in respect of business included in the agenda and any proposed amendments thereto.

In addition, the convening notice shall contain the following:

- (1) a description of the amount of share capital and voting rights of shareholders
- (2) a clear and accurate description of the procedures to be complied with by the shareholders in order to be able to attend and vote at General Meetings, see section 97(2) of the Danish Companies Act
- (3) the cut-off date, see section 84(1) of the Danish Companies Act with a specification that only individuals who are shareholders as of that date are entitled to attend and vote at General Meetings
- (4) a specification as to where and how to obtain the complete, unabridged text of the documents to be submitted at the

General Meeting, the agenda and the complete proposals;
and

- (5) a specification of the Internet address where the information referred to in section 99 of the Danish Companies Act will be made available.

If proposals to alter the Articles of Association are to be considered at a General Meeting, the essentials of such proposals shall be stated in the convening notice.

No later than two weeks prior to a General Meeting, the agenda and the complete wording of the proposals to be considered at the General Meeting, and - with respect to the Annual General Meeting - moreover the Annual Report, duly provided with the auditors' report and signed by the members of the Executive Board and of the Supervisory Board, shall be available for inspection by the shareholders at the Company's office.

The company shall make at least the following information available to its shareholders on its website for a continuous period of three weeks commencing no later than three weeks before the General Meeting, including the day on which it is held:

- (1) The convening notice
- (2) The total number of shares and voting rights as of the date when the convening notice is issued
- (3) The documents to be submitted at the General Meeting
- (4) The agenda and the complete proposals
- (5) If required, the forms to be used when voting by proxy and by letter, unless such forms are sent directly to the shareholders. If these forms cannot be made available on the Internet for technical reasons, the Company will state on its website how shareholders can obtain the forms as hardcopies. In such case, the Company will send the forms to any shareholder who so requests. The Company will pay the expenses in this connection.

4.

A shareholder who holds shares in the Company as of the cut-off date is entitled to attend a General Meeting, provided that he has given notice to the Company at least three days in advance of his intention to attend such meeting. The cut-off date is one week prior to the General Meeting.

Each share amount of DKK 1.00 shall confer one vote on the holder. The voting right may be exercised pursuant to a written and dated instrument of proxy. Such instrument of proxy may not be issued for a period of more than one year.

Accordingly, voting rights will be determined based on the shares held by each shareholder on the cut-off date, as appe-

aring from the entry in the Register of Shareholders regarding the shareholder's ownership. Any notifications received by the Company regarding the shareholder's ownership for entry in, but not yet recorded in the Register of Shareholders, will also be taken into account for this purpose.

5.

The agenda of the Annual General Meeting shall include the following business:

1. The Supervisory Board's report on the Company's activities in the past financial year.
2. The presentation of the Annual Report, duly provided with the auditors' report, together with a motion for its adoption.
3. A resolution proposing the application of profits or the covering of losses.
4. Consideration of any proposals from the Supervisory Board and any proposals from shareholders.
5. Election of members to the Supervisory Board.
6. Election of auditors.
7. Any other business.

6.

Unless otherwise prescribed by Danish legislation, resolutions put to the vote of the shareholders at a General Meeting shall be decided by a simple majority of votes among the persons in attendance. But the adoption of any resolution to alter the Articles of Association or to wind up the Company is subject to the affirmative votes of not less than two-thirds of the votes cast as well as of the voting stock represented at the General Meeting.

7.

General Meetings shall be presided over by a Chairman appointed by the Supervisory Board. The Chairman thus appointed shall settle all matters relating to the transaction of business and the voting and shall ensure that the General Meeting is held in an appropriate and expedient manner in compliance with legislation.

8.

An account of the proceedings at the General Meeting and the resolutions made shall be recorded in a minute book authorized by the Supervisory Board for such purpose. The Chairman of the Meeting and all members of the Supervisory Board attending the relevant General Meeting shall sign the minutes. All decisions shall be entered in the minute book.

No later than two weeks after the General Meeting, the minute book or a certified copy thereof shall be made available to the shareholders.

SUPERVISORY BOARD AND EXECUTIVE BOARD

9.

The Company shall be managed by a Supervisory Board composed of not less than four nor more than seven members, elected by the shareholders at the General Meeting. The Supervisory Board members shall be elected for a term of one year at a time, but are eligible for re-election. The Supervisory Board shall elect a Chairman and a Deputy Chairman from among their number. The Supervisory Board shall lay down its own rules of procedure. In the event of a tie, the Chairman shall have a second or casting vote. An account of the proceedings at Supervisory Board Meetings and the resolutions made shall be recorded in a minute book authorized by the Supervisory Board for such purpose. All members of the Supervisory Board attending the relevant Board Meeting shall sign the minutes.

10.

The Supervisory Board shall appoint an Executive Board, to be composed of one or more members, to be in charge of the day-to-day management of the Company.

10 A.

The Company has prepared general guidelines for the remuneration of members of the Supervisory and Executive Boards, including an incentive pay scheme for the Executive Board. These guidelines were submitted and adopted at the Company's Annual General Meeting on 25 May 2010.

BINDING SIGNATURES

11.

The Company shall be bound in legal transactions by the joint signatures of the Chairman and the Deputy Chairman, by the joint signatures of the Chairman or the Deputy Chairman and any member of the Supervisory Board or of the Executive Board, by the joint signatures of any three members of the Supervisory Board, by the joint signatures of any two members of the Executive Board, or by the joint signatures of all members of the Supervisory Board.

FINANCIAL STATEMENTS AND AUDIT

12.

The Company's financial year shall run from 1 February to 31 January, with a period of conversion from 1 May 2001 to 31 January 2002.

13.

The Company's Annual Reports shall be audited by one or more state-authorized public accountants elected by the sha-

reholders at the General Meeting to serve for one year at a time.

14.

The Annual Report shall be presented in compliance with the International Financial Reporting Standards (IFRS), as approved by the EU, and in accordance with Danish disclosure requirements for annual reports prepared by listed companies. If a loss relating to any preceding year has remained unbalanced, then any profit shall first be applied to balance off such loss.

Any profit available for distribution shall be distributed as resolved by the shareholders at the General Meeting at the recommendation of the Supervisory Board.

The foregoing Articles of Association were adopted at the Company's Annual General Meeting on 25 May 2010, as subsequently amended in respect of Article 2 D by a Supervisory Board resolution of 4 June 2010, including the Supervisory Board's endorsement of 23 June 2010.

Morten Jensen Attorney-at-law

III. FINANCIAL INFORMATION

1	Introduction to financial information	F2
2	Information incorporated by reference	F3
3	Unaudited interim consolidated financial statements as at and for the three months ended 30 April 2010 with comparative figures as at and for the three months ended 30 April 2009	F4
3.1	Statement by the Management	F4
3.2	Income statement and statement of comprehensive income	F5
3.3	Balance sheet	F6
3.4	Statement of changes in equity	F8
3.5	Cash flow statement	F9
3.6	Notes to the financial statements	F10
4	Consolidated financial statements as at and for the financial years ended 31 January 2008 (FY 2007/08), 31 January 2009 (FY 2008/09) and 31 January 2010 (FY 2009/10)	F12
4.1	Statement by the Management	F12
4.2	Report by the independent auditors on the consolidated financial statements for the financial years ended 31 January 2010 (FY 2009/10), 31 January 2009 (FY 2008/09) and 31 January 2008 (FY 2007/08)	F13
4.3	Income statement and statement of comprehensive income	F15
4.4	Balance sheet	F16
4.5	Statement of changes in equity	F18
4.6	Cash flow statement	F19
4.7	Notes to the financial statements	F20

III. 1 INTRODUCTION TO FINANCIAL INFORMATION

The following consolidated interim financial statements as at and for the three months ended 30 April 2010 are an extract from the Company's official interim report as at and for the three months ended 30 April 2010 with comparative figures as at and for the three months ended 30 April 2009, prepared in accordance with IAS 34 as adopted by the EU and additional Danish disclosure requirements for interim reports of listed companies.

The official interim report as at and for the three months ended 30 April 2010 comprises a management's review, interim financial statements for the parent company, TK Development A/S, consolidated financial statements for the Company and notes thereto. The interim financial statements included in this Prospectus comprise consolidated interim financial statements for the Company and notes thereto. The consolidated interim financial statements included in this Prospectus do not comprise a management's review, as this is included in the Prospectus by reference to the official interim report. See "Information incorporated by reference".

The official interim report as at and for the three months ended 30 April 2010 for the Company presented by the Board of Directors has been neither audited nor reviewed.

The following consolidated financial statements as at and for the financial years ended 31 January 2010 (FY 2009/10) and 31 January 2009 (FY 2008/09), respectively, are an extract from the Company's official annual report as at and for the financial year ended 31 January 2010 with comparative figures as at and for the financial year ended 31 January 2009, prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the EU and additional Danish disclosure requirements for annual reports of listed companies.

The consolidated financial statements as at and for the financial year ended 31 January 2008 (FY 2007/08) are an extract from the Company's official annual report for FY 2008/09 with comparative figures for FY 2007/08, prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the EU and additional Danish disclosure requirements for annual reports of listed companies, except for the statement of financial position for FY 2007/08, which is an extract from the Company's official annual report for FY 2009/10 with comparative figures for the statement of financial position for FY 2007/08, prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the EU and additional Danish disclosure requirements for annual reports of listed companies.

The consolidated financial statements have been restated retrospectively for changes to accounting policies and reclassifications made in FY 2009/10 and FY 2008/09.

The official annual reports for FY 2009/2010 and FY 2008/09 comprise a management's review, financial statements for the parent company, TK Development A/S, consolidated financial statements for the Company and notes thereto. The consolidated financial statements included in this Prospectus comprise consolidated financial statements for the Company and notes thereto. The consolidated financial statements included in this Prospectus do not comprise a management's review, as this is included in the Prospectus by reference to the official annual reports. See "Information incorporated by reference".

The official annual reports of the Company for FY 2007/08 and FY 2008/09 and consolidated and parent company financial statements for FY 2009/10 prepared by Management are audited. The auditors' reports in respect of the annual report for FY 2007/08 dated 24 April 2008, in respect of the annual report for FY 2008/09 dated 24 April 2009 and in respect of the consolidated and parent company financial statements for FY 2009/10 dated 22 April 2010 are unqualified and without emphasis of matter.

The Prospectus contains no other information that has been audited.

III. 2 INFORMATION INCORPORATED BY REFERENCE

The additional information explicitly listed in the table below has been incorporated by reference in the Prospectus pursuant to section 18 of the Prospectus Order. Direct and indirect references in the reports to other documents or websites are not incorporated by reference and do not form part of the Prospectus. The reports speak only as of the date of their respective publications and have not been updated and in some cases they have been made superfluous by the information in this Prospectus. Prospective investors in the Preemptive Rights, the New Shares or the Existing Shares should assume that the information in this Prospectus as well as the information TK Development incorporates by reference, is accurate as of the dates on the front cover of those documents only.

The Group's business, financial condition, cash flows and results of operations may have changed since those dates.

Prospective investors in the Preemptive Rights, the New Shares or the Existing Shares are encouraged to read the information incorporated by reference in conjunction with the cautionary statements in "Forward-looking statements" and in conjunction with "Risk factors".

The official annual reports for FY 2007/08, FY 2008/09, and FY 2009/10, respectively, comprise management's reviews and financial statements for the parent company, TK Development A/S.

The official interim report for the three months ended 30 April 2010 with comparative figures for the three months ended 30 April 2009 contains a management's review.

The information herein is incorporated in this Prospectus by reference as set out in the cross reference table below, and is available for inspection at TK Development's address, Vestre Havnepromenade 7, DK-9000 Aalborg, Denmark and at the Company's website www.tk-development.dk.

Disclosure element	Reference	Page(s)
Management's review for the three months ended 30 April 2010	TK Development A/S' unaudited interim report for the three months ended 30 April 2010	5-15
TK Development A/S' management's review for FY 2007/08	TK Development A/S' annual report for FY 2007/08	7-28
TK Development A/S' consolidated and parent company financial statements for FY 2007/08	TK Development A/S' annual report for FY 2007/08	62-119
TK Development A/S' management's statement for FY 2007/08	TK Development A/S' annual report for FY 2007/08	60
TK Development A/S' auditors' report for FY 2007/08	TK Development A/S' annual report for FY 2007/08	61
TK Development A/S' management's review for FY 2008/09	TK Development A/S' annual report for FY 2008/09	7-28
TK Development A/S' consolidated and parent company financial statements for FY 2008/09	TK Development A/S' annual report for FY 2008/09	58-115
TK Development A/S' management's statement for FY 2008/09	TK Development A/S' annual report for FY 2008/09	56
TK Development A/S' auditors' report for FY 2008/09	TK Development A/S' annual report for FY 2008/09	57
TK Development A/S' management's review for FY 2009/10	TK Development A/S' annual report for FY 2009/10	8-33
TK Development A/S' consolidated and parent company financial statements for FY 2009/10	TK Development A/S' annual report for FY 2009/10	62-122
TK Development A/S' management's statement for FY 2009/10	TK Development A/S' annual report for FY 2009/10	60

III. 3 UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE THREE MONTHS ENDED 30 APRIL 2010 WITH COMPARATIVE FIGURES AS AT AND FOR THE THREE MONTHS ENDED 30 APRIL 2009

3.1 STATEMENT BY THE MANAGEMENT

The Board of Directors and the Executive Board have today considered and adopted the interim report of TK Development A/S for the three months ended 30 April 2010.

The interim report, which is unaudited, is presented in accordance with IAS 34, Interim Financial Reporting as adopted by the EU and additional Danish disclosure requirements for interim reports of listed companies.

We consider the accounting policies applied to be appropriate, and, in our opinion, the interim report gives a true and fair view of the Group's financial position at 30 April 2010 and of the results of the Group's operations and cash flows for the three months ended 30 April 2010.

We consider the management's review to include a fair review of the development and performance of the Group's business and financial affairs, the results for the period and the Group's overall financial position, together with a description of the principal risks and uncertainties that it faces.

Aalborg, 30 June 2010

Executive Board

Frede Clausen
(President and CEO)

Robert Andersen
(Executive Vice President)

Board of Directors

Niels Roth
(Chairman)

Torsten Erik Rasmussen
(Deputy Chairman)

Kurt Daell

Per Søndergaard Pedersen

Jesper Jarlbæk

Jens Erik Christensen

3.2 INCOME STATEMENT AND STATEMENT OF COMPREHENSIVE INCOME

(DKKm)	Note	Q1 2010/11	Q1 2009/10
Revenue		159.7	49.6
External direct project costs	2	-94.0	-27.5
Value adjustment of investment properties, net		1.5	3.5
Gross profit/loss		67.2	25.6
Other external expenses		9.3	9.6
Staff costs		22.5	26.6
Total		31.8	36.2
Operating profit/loss before financing, depreciation and amortisation (EBITDA)		35.4	-10.6
Depreciation, amortisation and impairment of non-current assets		0.9	1.1
Operating profit/loss before financing (EBIT)		34.5	-11.7
Income from investments in associates		0.7	0.1
Financial income		8.1	7.6
Financial expenses		-16.9	-11.4
Total		-8.1	-3.7
Profit/loss before tax		26.4	-15.4
Tax on profit/loss for the period		6.9	3.4
Profit/loss for the period		19.5	-12.0
Statement of comprehensive income			
Profit/loss for the period		19.5	-12.0
Foreign exchange adjustment, foreign operations		12.5	16.3
Tax on foreign exchange adjustment		-0.1	0.4
Value adjustment of hedging instruments		0.0	0.0
Comprehensive income for the period		31.9	4.7
Earnings per share, DKK			
Earnings per share (EPS) of nom. DKK 20		0.7	-0.4
Diluted earnings per share (EPS-D) of nom. DKK 20		0.7	-0.4

3.3 BALANCE SHEET

ASSETS

(DKKm)	30.04.2010	31.01.2010	30.04.2009
Non-current assets			
Goodwill	33.3	33.3	33.3
Intangible assets	33.3	33.3	33.3
Investment properties	356.6	355.1	369.8
Other fixtures and fittings, tools and equipment	8.9	9.2	13.5
Property, plant and equipment	365.5	364.3	383.3
Investments in associates	25.4	24.7	24.2
Other securities and investments	1.2	1.3	1.3
Deferred tax assets	286.0	284.9	269.0
Other non-current assets	312.6	310.9	294.5
Total non-current assets	711.4	708.5	711.1
Current assets			
Projects in progress or completed	3,380.5	3,253.5	2,776.5
Trade receivables	116.6	106.5	122.1
Amounts owed by associates	2.9	2.9	8.0
Contract work in progress	18.0	17.8	0.0
Other receivables	120.4	125.7	162.6
Prepayments	16.1	17.4	22.5
Total receivables	274.0	270.3	315.2
Securities	4.0	4.0	4.0
Deposits in blocked and escrow accounts	105.9	63.5	86.6
Cash and cash equivalents	107.3	77.5	63.0
Total current assets	3,871.7	3,668.8	3,245.3
ASSETS	4,583.1	4,377.3	3,956.4

LIABILITIES AND EQUITY

(DKKm)	30.04.2010	31.01.2010	30.04.2009
Equity			
Share capital	560.9	560.9	560.9
Other reserves	34.2	21.8	-19.6
Retained earnings	1,031.1	1,010.7	970.8
Total equity	1,626.2	1,593.4	1,512.1
Liabilities			
Credit institutions	121.3	26.0	107.1
Provisions	12.2	14.7	10.3
Deferred tax liabilities	61.8	59.2	42.4
Other debt	3.9	3.9	2.4
Total non-current liabilities	199.2	103.8	162.2
Credit institutions	2,366.0	2,298.0	1,757.2
Trade payables	130.8	144.1	284.4
Prepayments received from customers	0.0	4.0	2.6
Provisions	22.2	24.9	10.5
Provisions	19.1	14.2	6.4
Other debt	205.8	185.8	212.0
Deferred income	13.8	9.1	9.0
Total current liabilities	2,757.7	2,680.1	2,282.1
Total liabilities	2,956.9	2,783.9	2,444.3
LIABILITIES AND EQUITY	4,583.1	4,377.3	3,956.4

3.4 STATEMENT OF CHANGES IN EQUITY

The share capital of TK Development A/S is not divided into classes and consists of 28,043,810 shares of DKK 20 each (nominal value DKK 560,876,200).

(DKKm)	Share capital	Other reserves	Retained earnings	Total equity
Equity at 1 February 2009	560.9	-36.3	981.4	1,506.0
Comprehensive income for the period	0.0	16.7	-12.0	4.7
Dividend	0.0	0.0	0.0	0.0
Share-based payment	0.0	0.0	1.4	1.4
Equity at 30 April 2009	560.9	-19.6	970.8	1,512.1
Equity at 1 February 2010	560.9	21.8	1,010.7	1,593.4
Comprehensive income for the period	0.0	12.4	19.5	31.9
Dividend	0.0	0.0	0.0	0.0
Share-based payment	0.0	0.0	0.9	0.9
Equity at 30 April 2010	560.9	34.2	1,031.1	1,626.2

3.5 CASH FLOW STATEMENT

(DKKm)	Q1 2010/11	Q1 2009/10
Profit/loss before financing	34.5	-11.7
Adjustment for non-cash items:		
Value adjustment, investment properties, net	-1.5	-3.5
Depreciation and amortisation	0.8	1.1
Warrants	0.9	1.4
Provisions	2.3	-2.1
Market value adjustments	5.7	-4.1
Increase/decrease in investments in projects, etc.	-85.8	-184.9
Increase/decrease in receivables	-0.9	21.2
Changes in deposits in blocked and escrow accounts	-42.6	29.6
Increase/decrease in payables and other debt	2.3	38.7
Cash flows from operating activities before net financials and tax	-84.3	-114.3
Interest paid, etc.	-31.7	-30.6
Interest received, etc.	0.8	1.8
Income tax paid	-10.9	-15.1
Cash flows from operating activities	-126.1	-158.2
Purchase of property, plant and equipment	-0.3	-0.6
Sale of property, plant and equipment	0.0	0.5
Investment in investment properties	-0.1	0.0
Purchase of securities and investments	0.0	0.0
Cash flows from investing activities	-0.4	-0.1
Repayment, long-term financing	-0.3	-0.1
Raising of long-term financing	95.6	0.0
Raising of project financing	193.9	145.6
Reduction of project financing/repayments, credit institutions	-135.7	-35.2
Cash flows from financing activities	153.5	110.3
Cash flows for the period	27.0	-48.0
Cash and cash equivalents, beginning of period	77.5	111.0
Market value adjustment of cash and cash equivalents	2.8	0.0
Cash and cash equivalents, end of period	107.3	63.0

The figures in the cash flow statement cannot be inferred from the consolidated financial statements alone.

3.6 NOTES TO THE FINANCIAL STATEMENTS

Note 1. Segment information

TK Development's internal reporting is divided into the two business units, TKD Nordeuropa and Euro Mall Holding, as well as the remaining activities in TK Development, the parent company. Segment information is disclosed accordingly.

(DKKm)	TKD Nordeuropa	Euro Mall Holding	TKD	Elimination	Total
30.04.2010					
Revenue	127.9	29.2	2.6	0.0	159.7
Profit/loss after tax	11.4	5.3	2.5	0.0	19.5
Segment assets	1,756.4	2,001.8	2,191.8	-1,366.9	4,583.1
Segment liabilities	1,377.4	1,170.3	565.5	-156.4	2,956.8
30.04.2009					
Revenue	26.9	20.2	2.5	0.0	49.6
Profit/loss after tax	-8.9	7.2	-10.3	0.0	-12.0
Segment assets	1,494.7	1,668.6	2,082.9	-1,289.8	3,956.4
Segment liabilities	1,102.2	829.9	570.8	-58.6	2,444.3

Note 2. External direct project costs

(DKKm)	Q1 2010/11	Q1 2009/10
Project costs	94.0	27.5
Impairment losses on projects in progress or completed	0.0	0.0
Reversal of impairment losses on projects in progress or completed	0.0	0.0
Total external direct project costs	94.0	27.5

Note 3. Share-based payment

The Group has two incentive schemes. For a more detailed description, see the Group's annual report for FY 2009/10.

The development in outstanding warrants is shown below:

Number of warrants	30.04.2010	31.01.2010	30.04.2009
Outstanding warrants, beginning of period	1,350,000	1,376,000	1,376,000
Granted during the financial year	0	0	0
Lapsed due to termination of employment	0	-26,000	0
Exercised during the financial year	0	0	0
Outstanding warrants, end of period	1,350,000	1,350,000	1,376,000
Number of warrants exercisable at the balance sheet date	676,000	676,000	0
Share-based payment recognised in the income statement	0.9	3.9	1.4

Note 4. Changes to contingent assets and contingent liabilities

Since the latest published annual report, no significant changes have occurred to the Group's contingent assets or contingent liabilities.

Note 5. Related party transactions

The Company has no related parties exercising control.

Related parties exercising significant influence on the Company and the Group are:

- Board of Directors and Executive Board (and their related parties)
- Joint ventures and associates

(DKKm)	30.04.2010	31.01.2010	30.04.2009
Board of Directors and Executive Board (and their related parties)			
Number of shares owned	2,382,628	2,382,628	2,382,934
Obligation towards Executive Board, employee bonds	1.5	1.5	1.5
Joint ventures and associates			
Fees from joint ventures	0.0	0.3	0.1
Interest income from joint ventures	1.7	5.0	0.2
Interest expenses, joint ventures	-0.9	-9.7	-1.1
Interest income from associates	0.0	0.3	0.1
Amounts owed by associates	25.8	2.9	8.0
Amounts owed by joint ventures	88.9	87.1	104.6
Amounts owed to joint ventures	111.4	110.1	115.4

III. 4 CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE FINANCIAL YEARS ENDED 31 JANUARY 2008 (FY 2007/08), 31 JANUARY 2009 (FY 2008/09) AND 31 JANUARY 2010 (FY 2009/10)

4.1 STATEMENT BY THE MANAGEMENT

The Board of Directors and the Executive Board have considered and adopted the official annual reports of TK Development A/S as at and for the financial years ended 31 January 2008 (FY 2007/08), 31 January 2009 (FY 2008/09), and 31 January 2010 (FY 2009/10) on 24 April 2008, 24 April 2009 and 22 April 2010, respectively. The consolidated financial statements included in this Prospectus have been prepared for the Offering and as at and for the financial years ended 31 January 2009 (FY 2008/09) and 31 January 2010 (FY 2009/10), respectively, have been extracted from the Company's official annual report as at and for the financial year ended 31 January 2010 with comparative figures as at and for the financial year ended 31 January 2009, prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the EU and additional Danish disclosure requirements for annual reports of listed companies. The financial statements as at and for the financial year ended 31 January 2008 (FY 2007/08) herein have been extracted from the Company's official annual report as at and for the financial year ended 31 January 2009 (FY 2008/09) with comparative figures for FY 2007/08, prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the EU and additional Danish disclosure requirements for annual reports of listed companies, except for the statement of financial position for FY 2007/08 which is an extract from the Company's official annual report for FY 2009/10 with comparative figures for the statement of financial position for FY 2007/08, prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the EU and additional Danish disclosure requirements for annual reports of listed companies.

The consolidated financial statements have been restated retrospectively for changes to accounting policies and reclassifications made in FY 2009/10 and FY 2008/09.

We consider the accounting policies applied to be appropriate, and, in our opinion, the consolidated financial information gives a true and fair view of the results of the Group's operations and cash flows for FY 2007/08, FY 2008/09 and FY 2009/10.

Copenhagen, 5 August 2010

Executive Board

Frede Clausen
(President and CEO)

Robert Andersen
(Executive Vice President)

Board of Directors

Niels Roth
(Chairman)

Torsten Erik Rasmussen
(Deputy Chairman)

Kurt Daell

Per Søndergaard Pedersen

Jesper Jarlbæk

Jens Erik Christensen

4.2 REPORT BY THE INDEPENDENT AUDITORS ON THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED 31 JANUARY 2010 (FY 2009/10), 31 JANUARY 2009 (FY 2008/09) AND 31 JANUARY 2008 (FY 2007/08)

To the readers of this Prospectus

We have audited the official annual reports for the financial years ended 31 January 2008 (FY 2007/08) and 31 January 2009 (FY 2008/09) and the consolidated financial statements and parent financial statements for the financial year ended 31 January 2010 (FY 2009/10) presented and published by the Management of TK Development A/S, from which the consolidated financial statements on pages F15 – F67 have been extracted. We conducted our audit of the annual reports for FY 2007/08 and FY 2008/09 and the consolidated financial statements and parent financial statements for FY 2009/10 in accordance with Danish and International Standards on auditing. In our auditors' reports on the annual report for FY 2007/08 dated 24 April 2008, on the annual report for FY 2008/09 dated 24 April 2009 and on the consolidated financial statements and parent financial statements for FY 2009/10 dated 22 April 2010 we expressed an unmodified opinion.

Our auditors' report on the consolidated financial statements and parent financial statements for FY 2009/10 dated 22 April 2010 is represented below:

"To the shareholders of TK Development A/S

Auditors' report on the consolidated and parent company financial statements

We have audited the consolidated financial statements and the financial statements of TK Development A/S for the financial year 1 February 2009 – 31 January 2010, which comprise income statement, statement of comprehensive income, 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 consolidated and parent company financial statements are presented in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and additional Danish disclosure requirements for listed companies.

The Supervisory and Executive Boards' responsibility for the consolidated and parent company financial statements

The Supervisory and Executive Boards are responsible for the preparation and fair presentation of consolidated and parent company financial statements in accordance with International Financial Reporting Standards, as adopted by the EU, and additional Danish disclosure requirements for listed companies. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of consolidated and parent company financial statements that are 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 the consolidated and parent company financial statements 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 consolidated and parent company financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated and parent company financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated and parent company financial statements, 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 consolidated and parent company financial statements 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 consolidated and parent company financial statements.

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 consolidated and parent company financial statements give a true and fair view of the Group's and Parent Company's financial position at 31 January 2010 and of the results of the Group's and Parent Company's operations and cash flows for the financial year 1 February 2009 – 31 January 2010 in accordance with International Financial Reporting Standards, as adopted by the EU, and additional Danish disclosure requirements for listed companies.

Statement on the management's review

In addition, the Supervisory and Executive Boards are responsible for preparing a Management's review, which contains a fair presentation in compliance with the Danish Financial Statements Act.

Our audit did not include the Management's review, but as required by the Danish Financial Statements Act, we have read the Management's review. We have not performed any other procedures in addition to our audit of the consolidated and parent company financial statements.

On this basis, it is our opinion that the information given in the Management's review is consistent with the consolidated and parent company financial statements.”

We did not carry out any additional audit procedures after 22 April 2010.

Management is responsible for the correct extraction of the consolidated financial statements on pages F15 – F67 from the annual reports for FY 2007/08 and FY 2008/09 and the consolidated financial statements and parent financial statements for FY 2009/10. Our responsibility is based on our work to express an opinion on the extraction of the consolidated financial statements from the published annual reports for FY 2007/08 and FY 2008/09 and the consolidated financial statements and parent financial statements for FY 2009/10.

Basis of opinion

We have planned and conducted our procedures in accordance with Danish Standard on Auditing RS 800 “The Independent Auditor's Report on Special Purpose Audit Engagements” to obtain reasonable assurance that the consolidated financial statements of pages F15 – F67 in all material respects are in accordance with the published annual reports for FY 2007/08 and 2008/09 and the consolidated financial statements and parent financial statements for FY 2009/10, from which they have been extracted.

Opinion

In our opinion, the consolidated financial statements on pages F15 – F67 are, in all material respects, in accordance with the published annual reports for FY 2007/08 and FY 2008/09 and the consolidated financial statements and parent financial statements for FY 2009/10, from which they have been extracted.

Copenhagen, 5 August 2010

DELOITTE

Statsautoriseret Revisionsaktieselskab

Lars Andersen
State Authorised
Public Accountant

Jesper Jørgensen
State Authorised
Public Accountant

Aalborg, 5 August 2010

NIELSEN & CHRISTENSEN

Statsautoriseret Revisionspartnerselskab

Marian Fruergaard
State Authorised
Public Accountant

Per Laursen
State Authorised
Public Accountant

4.3 INCOME STATEMENT AND STATEMENT OF COMPREHENSIVE INCOME

(DKKm)	Note	2009/10	2008/09	2007/08
Revenue	4	1,369.9	1,052.4	2,586.8
External direct project costs	5	-1,158.5	-735.1	-2,077.5
Value adjustment, investment properties, net	18	-10.9	57.7	44.5
Gross profit/loss		200.5	375.0	553.8
Other external expenses	6	38.6	46.7	47.8
Staff costs	7	99.9	120.6	110.6
Total		138.5	167.3	158.4
Profit/loss before financing, depreciation and amortisation (EBITDA)		62.0	207.7	395.4
Depreciation, amortisation and impairment of non-current assets		4.5	6.0	8.6
Profit/loss before financing		57.5	201.7	386.8
Income from investments in associates	10	-0.2	-0.3	0.3
Financial income	12	10.6	61.5	60.4
Financial expenses	13	-28.5	-94.9	-102.1
Total		-18.1	-33.7	-41.4
Profit/loss before tax		39.4	168.0	345.4
Tax on profit/loss for the year	14	14.0	12.8	73.5
Profit/loss for the year		25.4	155.2	271.9
Distributed as follows:				
Shareholders of TK Development A/S		25.4	155.2	249.5
Minority interests		0.0	0.0	22.4
Profit/loss for the year		25.4	155.2	271.9
Statement of comprehensive income				
Profit/loss for the year		25.4	155.2	271.9
Foreign exchange adjustment, foreign operations		32.5	-62.6	36.9
Tax on foreign exchange adjustment		-5.8	0.7	0.8
Value adjustment of hedging instruments		31.4	-31.4	0.0
Tax on value adjustment of hedging instruments		0.0	0.0	0.0
Value adjustment of available-for-sale financial assets		-0.1	0.0	0.0
Comprehensive income for the year		83.5	61.8	309.6
Distributed as follows:				
Shareholders of TK Development A/S		83.5	61.8	284.3
Minority interests		0.0	0.0	25.3
Comprehensive income for the year		83.5	61.8	309.6
Earnings per share, DKK				
Earnings per share (EPS) of nom. DKK 20	15	0.9	5.5	8.9
Diluted earnings per share (EPS-D) of nom. DKK 20	15	0.9	5.5	8.8

4.4 BALANCE SHEET

ASSETS

(DKKm)	Note	31.1.2010	31.1.2009	31.1.2008
Non-current assets				
Goodwill	17	33.3	33.3	31.3
Intangible assets		33.3	33.3	31.3
Investment properties	18	355.1	366.5	584.6
Other fixtures and fittings, tools and equipment	19	9.2	14.3	14.2
Property, plant and equipment		364.3	380.8	598.8
Investments in associates	10	24.7	24.1	23.9
Other securities and investments	20	1.3	1.3	8.9
Deferred tax assets	21	284.9	265.7	266.0
Other non-current assets		310.9	291.1	298.8
Total non-current assets		708.5	705.2	928.9
Current assets				
Projects in progress or completed	22	3,253.5	2,541.3	1,998.3
Trade receivables	23	106.5	154.2	220.1
Amounts owed by associates		2.9	8.4	8.4
Contract work in progress	24	17.8	3.7	0.0
Other receivables		125.7	160.3	256.5
Prepayments		17.4	10.8	10.3
Total receivables		270.3	337.4	495.3
Securities	25	4.0	5.0	4.0
Deposits in blocked and escrow accounts	26	63.5	116.2	322.4
Cash and cash equivalents		77.5	111.0	322.0
Total current assets		3,668.8	3,110.9	3,142.0
ASSETS		4,377.3	3,816.1	4,070.9

LIABILITIES AND EQUITY

(DKKm)	Note	31.1.2010	31.1.2009	31.1.2008
Equity				
Share capital	27	560.9	560.9	560.9
Other reserves	28	21.8	-36.3	57.1
Retained earnings		1,010.7	981.4	821.9
Shareholders' share of equity		1,593.4	1,506.0	1,439.9
Minority interests		0.0	0.0	93.9
Total equity		1,593.4	1,506.0	1,533.8
Liabilities				
Credit institutions	29	26.0	107.2	408.3
Provisions	30	14.7	10.9	21.9
Deferred tax liabilities	32	59.2	43.3	52.3
Other debt	33	3.9	2.5	0.0
Total non-current liabilities		103.8	163.9	482.5
Credit institutions	29	2,298.0	1,639.2	1,348.3
Trade payables		144.1	224.0	381.7
Prepayments received from customers		4.0	0.0	52.8
Income tax		24.9	26.8	67.0
Provisions	30	14.2	7.6	11.1
Other debt	33	185.8	234.7	187.9
Deferred income		9.1	13.9	5.8
Total current liabilities		2,680.1	2,146.2	2,054.6
Total liabilities		2,783.9	2,310.1	2,537.1
LIABILITIES AND EQUITY		4,377.3	3,816.1	4,070.9

4.5 STATEMENT OF CHANGES IN EQUITY

(DKKm)	Share capital	Other reserves	Retained earnings	TK Development's shareholders' share of equity	Minority interests	Total equity
Equity at 1 February 2007	560.9	157.1	435.7	1,153.7	137.2	1,290.9
Comprehensive income for the year	0.0	79.3	205.0	284.3	25.3	309.6
Transferred to free 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 payment	0.0	0.0	1.9	1.9	0.0	1.9
Disposal in connection with increased share in subsidiary	0.0	0.0	0.0	0.0	-68.6	-68.6
Equity at 31 January 2008	560.9	57.1	821.9	1,439.9	93.9	1,533.8
Comprehensive income for the year	0.0	-93.4	155.2	61.8	0.0	61.8
Dividend	0.0	0.0	0.0	0.0	-20.0	-20.0
Share-based payment	0.0	0.0	4.3	4.3	0.0	4.3
Disposal in connection with increased share in subsidiary	0.0	0.0	0.0	0.0	-73.9	-73.9
Equity at 31 January 2009	560.9	-36.3	981.4	1,506.0	0.0	1,506.0
Comprehensive income for the year	0.0	58.1	25.4	83.5	0.0	83.5
Dividend	0.0	0.0	0.0	0.0	0.0	0.0
Share-based payment	0.0	0.0	3.9	3.9	0.0	3.9
Equity at 31 January 2010	560.9	21.8	1,010.7	1,593.4	0.0	1,593.4

4.6 CASH FLOW STATEMENT

(DKKm)	2009/10	2008/09	2007/08
Profit/loss before financing	57.5	201.7	386.8
Adjustment for non-cash items:			
Value adjustment, investment properties, net	10.9	-57.7	-44.5
Depreciation and amortisation	4.2	5.6	8.4
Provisions	9.9	-14.5	-35.1
Market value adjustments	-6.5	-9.4	6.0
Increase/decrease in investments in projects, etc.	-521.8	-577.2	-385.4
Increase/decrease in receivables	71.9	118.2	174.8
Change in deposits in blocked and escrow accounts	52.8	206.2	88.6
Increase/decrease in payables and other debt	-108.5	-136.6	186.5
Cash flows from operating activities before net financials and tax	-429.6	-263.7	386.1
Interest paid, etc.	-128.8	-139.9	-168.5
Interest received, etc.	5.3	23.4	37.7
Income tax paid	-29.7	-51.2	-24.1
Cash flows from operating activities	-582.8	-431.4	231.2
Purchase of property, plant and equipment	-1.0	-8.3	-6.3
Sale of property, plant and equipment	2.1	1.1	2.3
Investments in investment properties	0.0	0.0	-6.6
Sale of investment properties	0.0	276.0	0.0
Increased ownership in Euro Mall Holding A/S	0.0	-96.8	-70.8
Purchase of securities and investments	-0.7	-0.5	-0.4
Sale of securities and investments	0.0	7.6	25.3
Cash flows from investing activities	0.4	179.1	-56.5
Repayment, long-term financing	-1.2	-56.9	-59.9
Raising of long-term financing	0.0	0.0	188.5
Raising of project financing	704.1	229.1	950.7
Reduction of project financing/repayments, credit institutions	-160.2	-114.5	-1,122.8
Cash flows from financing activities	542.7	57.7	-43.5
Cash flows for the year	-39.7	-194.6	131.2
Cash and cash equivalents, beginning of year	111.0	322.0	190.1
Market value adjustment of cash and cash equivalents	6.2	-16.4	0.7
Cash and cash equivalents, end of year	77.5	111.0	322.0

The figures in the cash flow statement cannot be inferred from the consolidated financial statements alone.

4.7 NOTES TO THE FINANCIAL STATEMENTS

Note 1. Accounting policies

The consolidated and parent company financial statements for FY2009/10 for the Group and TK Development A/S, respectively, are presented in compliance with International Financial Reporting Standards (“IFRS”), as adopted by the EU and additional Danish disclosure requirements for annual reports of listed companies; see the Executive Order on IFRS issued in pursuance of the Danish Financial Statements Act.

The annual report also complies with International Financial Reporting Standards (“IFRS”) issued by IASB.

All figures in the annual report are presented in DKK millions, unless otherwise stated. DKK is the presentation currency for the Group’s activities and the functional currency of the parent company.

The annual report is presented on the basis of historical cost, with the exception of investment properties, derivative financial instruments and financial assets classified as available for sale, which are measured at fair value.

Implementation of new and amended financial reporting standards and IFRIC interpretations

The annual report for FY 2009/10 has been presented in accordance with the financial reporting standards (IFRS/IAS) and IFRIC interpretations applicable for financial years beginning on or after 1 February 2009.

The implementation of new and amended financial reporting standards and interpretations in the annual report for FY 2009/10 has not impacted recognition and measurement in the consolidated financial statements. Thus, the new standards and interpretations have no effect on earnings per share or diluted earnings per share.

The implementation of IFRS 8, Operating Segments, has resulted in changes to the segment disclosures in the notes. The definition of segments has been changed: previously it was based on geographical areas, comprising Central and Northern Europe, whereas it is now based on the internal reporting, which is divided into two business units, TKD Nordeuropa and Euro Mall Holding, and the remaining business activities in TK Development, the parent company.

The implementation of the revised IAS 1, Presentation of Financial Statements, has resulted in changes to the presentation of primary statements, which now include a statement of comprehensive income. The statement of changes in equity has been adjusted accordingly. The comparative figures have been restated to reflect these changes.

The accounting policies applied to the parent company financial statements have been changed following the implementation of the revised IAS 27, Consolidated and Separate Financial Statements, in that dividends received from subsidiaries, associates and/or jointly controlled enterprises must always be recognised in the income statement. The change has effect from FY 2009/10. The standard has been implemented in accordance with the implementation provisions with effect for FY 2009/10 and future financial years, and therefore does not involve any restatement of the comparative figures.

Compared to the consolidated and parent company financial statements for 2008/09, deposits in blocked and escrow accounts have been reclassified. Such deposits were previously included in cash and cash equivalents, but are now presented in a separate line in the balance sheet. Comparative figures have been restated to reflect this reclassification. Therefore, the consolidated and parent company financial statements also present a statement of financial position (balance sheet) as at the beginning of the comparative year in accordance with the requirements of IAS 1. Notes are shown for the balance sheet items changed as at 1 February 2008, while the remaining notes are unchanged compared to the previously published annual reports.

Note 1. Accounting policies, continued

Apart from the changes referred to above, the accounting policies have been consistently applied compared to last year and are set out below.

Financial reporting standards and IFRIC interpretations not yet in force

At the date of publication of this annual report, a number of new or amended financial reporting standards and IFRIC interpretations had not yet entered into force or been approved by the EU. Thus, they have not been incorporated in the annual report. The implementation of the above-mentioned standards and interpretations is not expected to materially affect the annual reports for the coming financial years, except from the impact that the revised IFRS 3 will have from FY 2010/11 on the accounting treatment of any future business acquisitions. Reference is also made to note 39 in the consolidated financial statements.

Consolidated financial statements

The consolidated financial statements comprise the parent company, TK Development A/S, and the enterprises controlled by the parent company. The parent company is considered to exercise control when it holds more than 50% of the voting rights, whether directly or indirectly, or otherwise has a controlling interest.

Enterprises in which the Group holds between 20% and 50% of the voting rights, whether directly or indirectly, and thus has significant influence, but not control, are considered associates. Enterprises jointly controlled with other investors are considered joint ventures.

Consolidated financial statements are prepared on the basis of the financial statements of the parent company and its subsidiaries by adding together items of a uniform nature. The financial statements on which the consolidated financial statements are based are prepared in accordance with the accounting policies applied by the Group. The items in the subsidiaries' financial statements are fully recognised in the consolidated financial statements.

The minority interests' proportionate share of the profit or loss for the year is included as part of the consolidated profit or loss for the year, and the proportionate share of equity is shown as a separate item under consolidated equity.

On consolidation, intercompany income and expenses, shareholdings, balances and dividends as well as gains on transactions between consolidated enterprises are eliminated. Losses are eliminated to the extent that no impairment has occurred.

The consolidated financial statements include subsidiaries and associates throughout the period of ownership.

Business combinations

Newly acquired or newly established enterprises are recognised in the consolidated financial statements as from the date of acquisition or establishment. Sold or wound-up enterprises are recognised in the consolidated income statement until the date of sale or winding up. Comparative figures are not adjusted for newly acquired, sold or wound-up enterprises.

Upon the acquisition of new enterprises in connection with which the Group gains control of the acquired enterprise, the purchase method is used, which means that the difference between the cost of the enterprise and the fair value of identifiable assets, liabilities and contingent liabilities in the acquired enterprise is calculated at the acquisition date. Restructuring provisions regarding the acquired enterprise are only recognised in the transfer balance sheet if they constitute a liability for the enterprise acquired. The tax effect of revaluations made is taken into account.

Note 1. Accounting policies, continued

The cost of an enterprise consists of the fair value of the consideration paid plus the costs directly attributable to the acquisition. If the final determination of the consideration depends on one or more future events, adjustments are only made to cost if the relevant event is probable and the effect on cost can be determined reliably.

Positive balances are recognised as goodwill in the balance sheet under intangible assets, and the goodwill amount is subjected to impairment tests on a continuing basis. If the carrying amount of the asset exceeds the recoverable amount, it is written down to the recoverable amount.

For business combinations effected before 1 February 2004, the accounting classification according to the previous accounting policies has been retained. Thus, goodwill deriving from such business combinations is recognised on the basis of the cost recognised according to the previous accounting policies (the Danish Financial Statements Act and Danish accounting standards), net of amortisation and impairment until 31 January 2004. Goodwill recognised in the opening balance sheet was tested for impairment at 1 February 2004 and continues to be subjected to impairment tests on an ongoing basis. At 31 January 2010, the carrying amount of goodwill relating to business combinations effected before 1 February 2004 totalled DKK 29.1 million.

Gains or losses on the sale or winding up of subsidiaries and associates are determined as the difference between the selling price or the disposal sum and the carrying amount of the net assets at the date of sale or winding up, including goodwill, accumulated foreign exchange adjustments recognised in other comprehensive income and the expected costs of the sale or winding up. The selling price is measured at the fair value of the consideration received. The gain or loss calculated is recognised in profit or loss.

Associates/joint ventures in the consolidated financial statements

In the consolidated financial statements, investments in associates are recognised and measured according to the equity method, which means that investments are measured at the proportionate share of the associates' carrying amount, determined according to the Group's accounting policies, with the addition of goodwill and plus or less any proportionate intercompany profits or losses.

The proportionate share of the associate's results after tax and the proportionate elimination of unrealised intercompany profits and losses are recognised in profit or loss. The proportionate share of all transactions and events recognised in the associate's other comprehensive income is recognised in consolidated comprehensive income. Investments in associates with a negative equity value are measured at DKK 0. Receivables and other non-current financial assets considered to be part of the overall investment in the associate are written down by any remaining negative equity value. Trade receivables and other receivables are written down to the extent that they are considered uncollectible. A provision for the remaining negative equity value is only recognised if the Group has a legal or constructive obligation to meet the relevant associate's liabilities.

Associates whose activities comprise projects within the Group's primary sphere of activity (development and contract work), and which are managed together with other investors in accordance with shareholders' or similar agreements (joint ventures), are included in the consolidated financial statements by pro rata consolidation of the associates' financial statement items, so that a proportionate share, equal to the participation in the associates, is included in the corresponding items in the consolidated financial statements.

Note 1. Accounting policies, continued

Translation of foreign exchange items

A functional currency is determined for each of the reporting enterprises in the Group. The functional currency is the currency used in the primary economic environment in which the individual reporting enterprise operates. Transactions in currencies other than the functional currency are considered foreign exchange transactions. On initial recognition, transactions in foreign currencies are translated into the functional currency at the exchange rates ruling at the dates of the transactions. Exchange differences arising between the exchange rate at the transaction date and the exchange rate at the payment date are recognised in profit or loss under financial items.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated into the functional currency according to the exchange rates ruling at the balance sheet date. Realised and unrealised exchange gains and losses are recognised in profit or loss as financial items. Property, plant and equipment, intangible assets, projects in progress or completed and other non-monetary assets that have been bought in foreign currencies and are measured on the basis of historical cost are translated at the exchange rate ruling at the transaction date. Non-monetary items that are revalued at fair value are translated at the exchange rate ruling at the date of revaluation.

When enterprises that present financial statements in a functional currency other than Danish kroner (DKK) are recognised in the consolidated financial statements, profit or loss items are translated on the basis of the average exchange rates for the period under review, and balance sheet items (including goodwill) are translated on the basis of the exchange rates ruling at the balance sheet date. If the average exchange rates for the period under review deviate significantly from the actual exchange rates at the transaction dates, the actual exchange rates are used instead. Exchange differences arising on translating foreign enterprises' beginning-of-year equity at the exchange rate ruling at the balance sheet date and on translating the income statement items from the average exchange rate for the period under review to the exchange rate at the balance sheet date are recognised in other comprehensive income. Exchange differences arising as a result of changes recognised directly in the equity of the foreign reporting enterprise are also recognised in other comprehensive income. Foreign exchange adjustments of intercompany accounts with foreign subsidiaries that are considered additions to/deductions from the net investment are recognised in other comprehensive income in the consolidated financial statements, while they are recognised in profit or loss in the parent company financial statements.

When associates/joint ventures that present financial statements in a functional currency other than DKK are recognised in the consolidated financial statements, income statement items are translated on the basis of the average exchange rates for the period under review, and balance sheet items are translated on the basis of the exchange rates ruling at the balance sheet date. Exchange differences arising on translating foreign enterprises' beginning-of-year equity at the exchange rate ruling at the balance sheet date and on translating the income statement items from the average exchange rate for the period under review to the exchange rate at the balance sheet date are recognised in other comprehensive income. Exchange differences arising as a result of changes recognised directly in the equity of the foreign reporting enterprise are also recognised in other comprehensive income.

In connection with the Group's transition to the presentation of financial statements according to IFRS, accumulated foreign exchange differences on the translation of foreign subsidiaries posted to equity were reset to zero in the opening balance sheet at 1 February 2004, such that only exchange differences arising after 1 February 2004 appear from the item "Reserve for foreign exchange adjustments" under equity

Derivative financial instruments

On initial recognition, derivative financial instruments are measured at fair value at the settlement date. Costs that are directly attributable to the purchase or issuance of the individual financial instrument (transaction costs) are added to the fair value on initial recognition, unless the financial asset or liability is measured at fair value with fair value adjustments recognised in profit or loss.

Note 1. Accounting policies, continued

After initial recognition, the derivative financial instruments are measured at fair value at the balance sheet date. Positive and negative fair values of derivative financial instruments are recognised under other receivables and other debt, respectively.

Changes in the fair value of derivative financial instruments that are classified as and meet the conditions for fair value hedging of a recognised asset or liability are recognised in profit or loss together with changes in the value of the hedged asset or liability.

Changes in the fair value of derivative financial instruments that are classified as and meet the conditions for effective hedging of future transactions are recognised in other comprehensive income. Any ineffective portion is recognised immediately in profit or loss. When the hedged transactions are realised, the accumulated changes are recognised as part of the cost of the relevant transactions.

Changes in the fair value of derivative financial instruments that are used to hedge net investments in foreign subsidiaries are recognised in other comprehensive income to the extent that the hedge is effective. Any ineffective portion is recognised immediately in profit or loss. When the relevant foreign enterprise is sold, the accumulated changes in value are transferred to profit or loss.

Derivative financial instruments that do not qualify for hedge accounting are considered trading portfolios and are measured at fair value, with fair value adjustments being recognised in profit or loss under financial items on a continuing basis.

Share-based incentive schemes

The Group's incentive schemes are equity-based warrant schemes. The equity-based incentive schemes are measured at the fair value of the options at the time of allocation and are recognised in profit or loss under staff costs over the vesting period. A corresponding amount is recorded directly in equity.

In connection with initial recognition of the share options, an estimate is made of the number of options expected to vest. Subsequently, adjustments are made to reflect changes in the estimated number of vested options, such that the overall recognition is based on the actual number of vested options.

The fair value of the options allocated is estimated by using the Black-Scholes formula, based on the parameters indicated in note 8.

No intercompany settlement takes place between the parent company and subsidiaries in respect of the parent company's share-based payments to employees in subsidiaries. In the parent company's financial statements, the value of incentive schemes allocated to subsidiaries' employees is recognised under "investments in subsidiaries", with a corresponding amount recorded directly in equity.

Income statement

Revenue

The sales method is used to recognise income on projects sold; see IAS 18, Revenue. Thus, profits are recognised once the project has been sold, construction completed and all essential elements of the sales agreement fulfilled.

Note 1. Accounting policies, continued

The percentage of completion method is used for projects meeting the definition of a construction contract; see IAS 11. Thus, the revenue for the year on these projects corresponds to the selling price of the work performed during the year. The recognised profit is the estimated profit on the project, calculated on the basis of its stage of completion.

Where the Group is in charge of development, letting and construction management, etc. on behalf of investors and receives fee income for such services, the fee income is recognised as income on a continuous basis in step with the provision of services.

Where a sold project consists of several instalment deliveries that can be segregated and the financial effect can be assessed separately and measured reliably for each delivery, the profit on the individual instalment delivery is recognised when all essential elements of the agreement have been fulfilled.

Rental income on completed projects and investment properties is accrued and recognised in accordance with the lease agreements concluded.

For other income, the sales method is used.

Revenue is measured at the fair value of the consideration received or receivable. If a sale is based on interest-free credit with a term extending beyond the usual credit period, the fair value of the consideration receivable is calculated by discounting future payments. The difference between the fair value and nominal value of the consideration is recognised in profit or loss as financial income over the extended credit period by using the effective interest method.

External direct project costs

This item consists of all costs relating to projects incurred to generate the year's revenue and includes direct project costs, as well as interest during the construction period, plus a share of the relevant indirect project costs, determined as a percentage of staff costs, project materials, cost of premises and maintenance and depreciation resulting from the project development activity and proportionately attributable to the project development capacity utilised.

Moreover, this item includes any impairment losses on projects in progress or completed and the expensing of project development costs to the extent that the relevant projects are not expected to be realised.

Value adjustment of investment properties, etc.

Changes in the fair values of investment properties and associated derivative financial instruments are recognised in profit or loss under the item "Value adjustment of investment properties, net".

Realised gains and losses on the sale of investment properties are determined as the difference between the carrying amount and the selling price and are also recognised in profit or loss under the item "Value adjustment of investment properties, net".

Other external expenses

The item "Other external expenses" includes administrative expenses, cost of premises and operating expenses for cars.

Income from investments in associates in the consolidated financial statements

The proportionate share of the associates' results after tax and the proportionate elimination of unrealised intercompany profits and losses are recognised in consolidated profit or loss.

Note 1. Accounting policies, continued

Dividends on investments in subsidiaries and associates in the parent company financial statements

Dividends on investments in subsidiaries and associates are recognised in the parent company's profit or loss under financial income in the financial year in which the right to dividend vests. Usually, this will be date on which the General Meeting of shareholders adopts the distribution of dividend from the relevant company.

Financial income and expenses

Financial income and expenses include interest income and expenses, gains and losses on foreign exchange transactions, debt and securities as well as the amortisation of financial liabilities, except the fair value adjustment of derivative financial instruments relating to investment properties. In addition, any dividends on investments in subsidiaries and associates, see above, are included in the parent company's profit or loss under financial income.

Interest income and interest expenses are accrued, based on the principal and the effective interest rate. The effective interest rate is the discount rate used to discount the expected payments associated with the financial asset or financial liability to ensure that the present value of such asset or liability is equal to its carrying amount.

Borrowing costs that are directly associated with the acquisition, construction or production of assets are capitalised as part of the cost of the relevant asset.

Tax on profit/loss for the year

The tax for the year, which consists of the year's current tax and changes in deferred tax, is recognised in profit or loss as follows: the portion attributable to the profit or loss for the year is recognised in profit or loss, and the portion attributable to items under equity or other comprehensive income is posted directly to equity or other comprehensive income.

Current tax payable and receivable is recognised in the balance sheet as tax computed on the taxable income for the year, adjusted for tax paid on account. The calculation of the year's current tax is based on the tax rates and tax rules applicable at the balance sheet date.

Deferred tax is calculated on the basis of all temporary differences between the carrying amount and the tax base, except temporary differences arising on the initial recognition of either goodwill or a transaction that is not a business combination and that does not affect the profit or loss or taxable income upon initial recognition. Deferred tax is calculated on the basis of the planned use of the individual assets and liabilities. Deferred tax assets, including the tax base of tax losses allowed for carryforward, are recognised in the balance sheet at the value at which the asset is expected to be realised, either by setoff against deferred tax liabilities or as net tax assets for setoff against future positive taxable income within the same entity subject to joint taxation. At each balance sheet date, it is reconsidered whether it is likely that sufficient future taxable income will be generated to utilise the deferred tax asset, based on an individual and specific assessment. If it is considered that an individual tax asset cannot be utilised, it is written down against profit or loss.

Deferred tax on temporary differences related to equity investments in subsidiaries and associates is recognised, unless the parent company is able to control when the deferred tax will crystallise and the deferred tax is not likely to crystallise as current tax in the foreseeable future.

Note 1. Accounting policies, continued

Deferred tax is measured according to the tax rules and rates that will be applicable in the respective countries at the time when the deferred tax is expected to crystallise as current tax, based on the legislation in force at the balance sheet date. Any changes in deferred tax resulting from changed tax rates and tax rules are recognised in profit or loss, unless the deferred tax is attributable to items previously recognised directly in equity or in other comprehensive income. In such cases, the change in deferred tax is also recognised directly in equity or in other comprehensive income.

The parent company is jointly taxed with all Danish subsidiaries. The parent company administers the joint taxation. The total income taxes payable by the jointly taxed companies are distributed between the jointly taxed Danish companies taxed in proportion to their taxable income.

Balance sheet

Goodwill

On initial recognition, goodwill is recognised and measured as the difference between the cost of the enterprise acquired and the fair value of the assets, liabilities and contingent liabilities acquired; see the description under “Consolidated financial statements”.

The carrying amount of goodwill is allocated to the Group’s cash-generating units at the date of acquisition. Cash-generating units are defined on the basis of the management structure and internal financial control and reporting in the Group.

Goodwill is not amortised. The amount of goodwill is subjected to regular impairment tests to ensure that the asset is written down to the extent that the carrying amount exceeds the recoverable amount. The recoverable amount is determined as the higher of the fair value less selling costs and the present value of estimated future net cash flows from the cash-generating unit to which the goodwill relates. Impairment of goodwill is recognised in a separate line under profit or loss. Impairment of goodwill is not reversed.

Investment properties

Properties are classified as investment properties when they are held to obtain rental income and/or capital gains. On initial recognition, investment properties are measured at cost, consisting of the acquisition cost of the property and directly associated costs. Subsequently, investment properties are measured at fair value. The valuation 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 rate of return is fixed for each individual property.

Changes in the fair value are recognised in profit or loss under “Value adjustment of investment properties, net” in the financial year in which the change occurs.

Other fixtures and fittings, tools and equipment

Other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment. The cost consists of the acquisition cost and costs directly associated with the acquisition until the date when the asset is ready for use. The carrying amounts of other fixtures and fittings, tools and equipment are reviewed at the balance sheet date to identify any indications of impairment. If such indications are identified, the recoverable amount of the asset is calculated to assess the need for any impairment write-down and the extent of such write-down.

These assets are depreciated according to the straight-line method over their expected useful lives, viz. a period of 5-10 years. Leasehold improvements are depreciated according to the straight-line method over the term of the lease.

Note 1. Accounting policies, continued

Investments in subsidiaries and associates in the parent company financial statements

The parent company's investments in subsidiaries and associates are measured at cost. The carrying amounts of investments in subsidiaries and associates are reviewed at the balance sheet date to identify any indications of impairment. If such indications are identified, the recoverable amount of the asset is calculated to assess the need for any impairment write-down and the extent of such write-down. If the cost exceeds the recoverable amount, it is written down to the recoverable amount. If the dividend distributed exceeds total earnings from the subsidiary or associate since its acquisition, this is considered an indication of impairment.

Impairment losses are recognised in profit or loss. In case of any subsequent reversal of impairment losses resulting from changed assumptions for calculating the recoverable amount, the carrying amount of the asset or the cash-generating unit is increased to a value not exceeding the value that the asset or cash-generating unit would have had if no impairment losses had been recognised.

Other non-current assets

Other securities and investments consist of mortgage deeds and instruments of indebtedness created in connection with project sales and are measured at amortised cost.

Non-current securities and investments are classified as financial assets held to maturity.

Projects in progress or completed

Projects in progress or completed consist of real property projects.

The project portfolio is recognised on the basis of the direct costs attributable to the projects, including interest during the project period, plus a share of the relevant indirect project costs. Where considered necessary, the projects have been written down to a lower value, and the capitalised amounts are subjected to regular impairment tests to ensure that the assets are written down to the extent that the carrying amount exceeds the recoverable amount.

Additions for indirect project costs are calculated as a percentage of staff costs, project materials, the cost and maintenance of premises and depreciation resulting from project development and proportionately attributable to the project development capacity utilised.

Prepayments from customers on sold projects in progress (forward funding) are deducted from the carrying amount of the project portfolio, and any negative net amount, determined for each individual project, is included in the item "Prepayments received from customers".

Receivables

Receivables consist of trade receivables, receivables from contract work in progress, amounts owed by associates and other receivables. Receivables are classified as loans and receivables, which are financial assets with fixed or determinable payments that are not quoted in an active market and are not derivative financial instruments.

Receivables are measured at amortised cost, usually equal to the nominal value, or at the net realisable value where this is lower. Impairment losses on receivables are calculated on the basis of an assessment of the individual receivables.

Note 1. Accounting policies, continued

Financial assets and liabilities are set off against the balance sheet if the Company has a right of setoff and intends or is under a contractual obligation to realise assets and liabilities simultaneously.

Prepayments consist of paid expenses relating to subsequent financial years. Prepayments are measured at cost in the balance sheet.

Construction contracts

When the outcome of a construction contract can be estimated reliably, the construction contract is measured at the selling price of the work performed at the balance sheet date (the percentage of completion method) less any amounts invoiced on account and any provisions for bad debt. The selling price is measured on the basis of the stage of completion at the balance sheet date and the total revenue expected from the individual construction contract.

The stage of completion of each individual project is normally calculated as the proportion between the resources used by the Group and the total budgeted use of resources.

When the outcome of the construction contract cannot be measured reliably, the construction contract is measured at the construction costs incurred if it is probable that they will be recoverable. If it is probable that the total construction costs will exceed total contract revenue, the estimated loss is recognised as an expense immediately.

The individual construction contract in progress is recognised in the balance sheet under receivables or liabilities, depending on whether its net value is a receivable or a liability.

Securities

Securities under current assets consist of listed and unlisted shares.

Securities are classified as “Financial assets available for sale”, viz. financial assets that are not derivative financial instruments and that are either classified as available for sale or that cannot be classified as loans and advances or receivables, financial assets measured at fair value through profit or loss, or held-to-maturity financial assets.

Available-for-sale securities are measured at cost on initial recognition and subsequently at fair value. Fair value adjustments are recognised in other comprehensive income and are recognised in profit or loss on the sale or settlement of the securities.

Listed securities are measured at their official listed price, and unlisted securities are measured at their fair value, based on the calculated value in use.

Equity interests that are not traded in an active market, and where the fair value cannot be determined with a sufficient degree of reliability, are measured at cost. Mortgage deeds are measured at amortised cost.

Equity

Dividend is recognised as a liability at the time of its adoption at the Annual General Meeting.

Note 1. Accounting policies, continued

Acquired treasury shares are recognised at cost and included in retained earnings under equity. If treasury shares are sold, the consideration received is recognised directly in equity. A capital reduction effected by the cancellation of treasury shares will reduce the share capital and increase retained earnings. Dividend on treasury shares is recognised directly in equity under retained earnings.

Pension obligations and the like

In case of defined contribution plans, fixed contributions are paid regularly to independent pension companies and the like. The contributions are recognised in profit or loss over the period during which the employees have performed the work entitling them to the pension contribution. Contributions payable are recognised as a liability in the balance sheet.

Provisions

Provisions are recognised when a legal or constructive obligation is incurred due to events before or at the balance sheet date, and meeting the obligation is likely to result in an outflow of economic benefits.

This item includes provisions for rent guarantees, with the provision being based on experience with rent guarantees and on an individual assessment of the individual leases, as well as provisions for the negative equity of associates, etc. to the extent that the Group has a legal or constructive obligation to meet the relevant associate's liabilities.

Provisions are measured as the best estimate of the costs required to settle the relevant liabilities at the balance sheet date. Provisions for liabilities with an expected maturity of more than one year are classified as non-current liabilities.

Liabilities other than provisions

Non-current financial liabilities are measured at cost at the time the relevant loans are raised, equivalent to the proceeds received after transaction costs. Subsequently, financial liabilities are measured at amortised cost, such that the difference between the proceeds and nominal value is recognised in profit or loss as an interest expense over the term of the loan.

Other financial liabilities are recognised at amortised cost, which usually corresponds to the nominal value.

Lease payments relating to operating leases are recognised in profit or loss according to the straight-line method over the term of the lease.

Financial liabilities, which comprise payables to credit institutions, trade payables and other debt, are classified as "Financial liabilities measured at amortised cost".

Deferred income, recognised under liabilities, consists of income received that relates to subsequent financial years. Deferred income is measured at cost in the balance sheet.

Cash flow statement

The cash flow statement for the parent company and for the Group is presented according to the indirect method, based on the operating profit or loss before financing, and shows cash flows generated from operating, investing and financing activities, as well as cash and cash equivalents at the beginning and end of the financial year.

Note 1. Accounting policies, continued

Cash flows from operating activities are calculated as the operating profit or loss, adjusted for non-cash operating items, changes in working capital and paid financial income, financial expenses and income tax.

Cash flows for investing activities comprise payments made in connection with the purchase and sale of enterprises, property, plant and equipment and other non-current assets. In addition, cash flows relating to assets under finance leases are recognised in the form of lease payments made.

Cash flows from financing activities consist of changes in the parent company's share capital and associated costs, the raising and repayment of loans, other repayments on interest-bearing debt as well as the distribution of dividend.

Cash flows in currencies other than the functional currency are recognised in the cash flow statement by using average exchange rates for the period under review, unless they deviate significantly from the actual exchange rates at the transaction dates.

In preparing the consolidated cash flow statement, opening balance sheets and cash flows in foreign currencies are translated on the basis of the exchange rates prevailing at the balance sheet date. This eliminates the effect of exchange differences on the period's movements and cash flows. Interest paid is shown separately. Consequently, project interest for the period is not included in liquidity movements resulting from the project portfolio. Thus, the figures in the cash flow statement cannot be inferred directly from the financial statements.

Cash and cash equivalents comprise free cash resources.

Segment information

The segment information is prepared in accordance with the Group's accounting policies, based on the Group's internal management reporting.

Segment income and expenses and segment assets and liabilities comprise the items directly attributable to the individual segment, as well as the items that can be allocated to the individual segments on a reliable basis. The unallocated items relate mainly to assets, liabilities, income and expenses, associated with the Group's administrative functions, income tax, and the like.

Non-current assets in the segments comprise the assets used directly in the operation of the segments, including intangible assets, property, plant and equipment and investments in associates. Current assets in the segments comprise the assets directly attributable to the operating activities in the segment, including projects in progress or completed, trade receivables, other receivables, prepayments and cash and cash equivalents.

Liabilities in the segments comprise the liabilities attributable to the operating activities in the segment, including trade payables, payables to credit institutions, provisions, other debt and the like.

Note 1. Accounting policies, continued

Definition of ratios

Return on equity	$\frac{\text{Parent company's share of profit/loss for the year} \times 100}{\text{Parent company's average share of consolidated equity}}$
EBITA margin	$\frac{\text{Operating profit/loss} \times 100}{\text{Revenue}}$
Equity ratio (based on equity)	$\frac{\text{Equity including minority interests} \times 100}{\text{Total equity and liabilities}}$
Equity ratio (based on total capital resources)	$\frac{\text{Equity including minority interests plus subordinated loans} \times 100}{\text{Total equity and liabilities}}$
Equity value	$\frac{\text{Equity excluding minority interests} \times 100}{\text{Number of shares}}$
Earnings per share	$\frac{\text{Earnings attributable to the parent company's shareholders}}{\text{Average number of shares in circulation}}$
Diluted earnings per share	$\frac{\text{Earnings attributable to the parent company's shareholders, diluted}}{\text{Average number of shares, diluted}}$
Dividend per share	Parent company dividend per share

Note 2. Accounting estimates and judgments

Many financial statement items cannot be measured with certainty, but only estimated. Such estimates consist of judgments based on the most recent information available at the time of presenting the financial statements. It may be necessary to change previous estimates based on changes in the assumptions underlying the estimate or based on supplementary information, additional experience or subsequent events.

In connection with the practical application of the accounting policies described, Management has made a number of significant accounting estimates and judgments that have materially affected this annual report:

Revenue recognition

Revenue on projects that can be classified as construction contracts is recognised according to IAS 11. On sold projects consisting of several instalment deliveries where these can be segregated and where the financial effect of each instalment delivery can be assessed separately, the profit on the individual instalment delivery is recognised when all essential elements of the agreement have been fulfilled, thus meeting the recognition criteria of IAS 18. Thus, Management specifically assesses each individual project for the purpose of determining recognition principle and method.

Investment properties

The Group's investment properties are measured at fair value in the balance sheet. The valuation is made on the basis of a discounted cash-flow model, under which expected future cash flows are discounted to net present value on the basis of a given rate of return. If any changes occur in the assumptions used, the value may deviate from the value determined at 31 January 2010. In FY 2009/10 a negative value adjustment of the Group's investment properties was made, amounting to DKK 10.9 million. The carrying amount of investment properties amounted to DKK 355.1 million at 31 January 2010.

Projects in progress or completed

Assessment of the need to write down projects in progress and completed projects for impairment is based on a specific assessment of each individual project, including existing project budgets and the expected future development potential. If the actual course of a project deviates from the expected development, this may necessitate adjustments to the impairment loss recognised. The changed estimate of the impairment of projects in progress or completed has had a negative impact on the profit for the year of DKK 3.5 million. The carrying amount of projects in progress or completed totalled DKK 3,253.5 million at 31 January 2010.

Receivables

Assessment of any need to write down receivables is based on a specific assessment of each individual receivable. If any changes occur in the assumptions used, the value may deviate from the value determined at 31 January 2010. The carrying amount of receivables totalled DKK 270.3 million at 31 January 2010.

Deferred tax assets

The valuation has been based on the existing possibilities for carrying forward losses and for joint taxation or group contributions. A change in the conditions for carrying forward losses and joint taxation/group contributions could result in the value of the tax assets being either higher or lower than the carrying amount determined at 31 January 2010. The valuation of the tax asset is based on existing budgets and profit forecasts for a five-year period. The valuation for the first three years has been based on an assessment of specific projects in the Group's project portfolio. The valuation for the next two years has been based on specific projects in the project portfolio with a longer time horizon than three years as well as various project opportunities. The carrying amount of deferred tax assets totalled DKK 284.9 million at 31 January 2010.

Goodwill

To assess any need for impairment write-down of the goodwill amounts recognised, the values in use of the cash-generating units to which the goodwill amount is attributable must be calculated. Calculating the value in use requires an estimate of future expected cash flows in the individual cash-generating unit and the determination of a reasonable discount rate. The goodwill amount recognised in the balance sheet has not been written down for impairment. The carrying amount of goodwill totalled DKK 33.3 million at 31 January 2010.

Note 3. Segment information

The Group has applied IFRS 8, Operating segments, for the first time for FY 2009/10.

Due to differences in the basis of segmentation compared to previous accounting policies, the use of IFRS 8 has resulted in a change to the identification of the Group's segments.

In previous years the Group presented segment information on the basis of a geographical segmentation, supplemented by additional information about business segments. However, the Group's internal reporting to the parent company's Board of Directors has greater focus on the Group's business units, TKD Nordeuropa and Euro Mall Holding, as well as the remaining activities in TK Development, the parent company.

Therefore, the segment information has been restated for this reporting. The comparative figures have been restated to reflect the changed presentation of segment information.

The accounting policies used in compiling the segment information are the same as those used by the Group; see the description above.

31.1.2010	TKD Nordeuropa	Euro Mall Holding	TKD	Elimination	Total
Revenue, external customers	1,223.1	118.9	27.9	0.0	1,369.9
Value adjustment, investment properties, net	0.0	5.9	-16.8	0.0	-10.9
Financing, net	-4.5	6.4	-19.8	0.0	-17.9
Depreciation, amortisation and impairment	1.4	1.2	1.9	0.0	4.5
Investments in associates	0.0	0.7	-0.9	0.0	-0.2
Tax on profit/loss for the year	12.4	13.1	-11.5	0.0	14.0
Profit/loss after tax	23.9	42.0	-40.5	0.0	25.4
Segment assets	1,756.4	2,001.8	1,986.0	-1,366.9	4,377.3
Investments in associates	0.0	1.5	23.2	0.0	24.7
Capital expenditure *)	0.1	0.5	0.5	0.0	1.1
Segment liabilities	1,377.4	1,170.3	392.6	-156.4	2,783.9

31.1.2009	TKD Nordeuropa	Euro Mall Holding	TKD	Elimination	Total
Revenue, external customers	471.3	557.3	23.8	0.0	1,052.4
Value adjustment, investment properties, net	0.0	73.0	-15.3	0.0	57.7
Financing, net	-1.3	-13.1	-19.0	0.0	-33.4
Depreciation, amortisation and impairment	2.4	1.0	2.6	0.0	6.0
Investments in associates	0.0	0.5	-0.8	0.0	-0.3
Tax on profit/loss for the year	25.2	-5.7	-6.7	0.0	12.8
Profit/loss after tax	-6.6	172.0	-10.2	0.0	155.2
Segment assets	1,494.7	1,668.6	1,942.5	-1,289.7	3,816.1
Investments in associates	0.0	0.8	23.3	0.0	24.1
Capital expenditure *)	1.4	2.3	6.6	0.0	10.3
Segment liabilities	1,102.2	829.9	436.6	-58.6	2,310.1

Note 3. Segment information, continued

31.1.2008	TKD Nordeuropa	Euro Mall Holding	TKD	Elimination	Total
Revenue, external customers	1,648.1	928.0	10.7	0.0	2,586.8
Value adjustment, investment properties, net	0.0	45.6	-1.1	0.0	44.5
Financing, net	-4.3	-3.4	-34.0	0.0	-41.7
Depreciation, amortisation and impairment	2.5	1.2	4.9	0.0	8.6
Investments in associates	0.0	0.2	0.1	0.0	0.3
Tax on profit/loss for the year	23.2	27.0	23.3	0.0	73.5
Profit/loss after tax	53.7	224.2	-6.0	0.0	271.9
Segment assets	1,677.1	1,931.6	2,123.6	-1,661.4	4,070.9
Investments in associates	0.0	0.3	23.6	0.0	23.9
Capital expenditure *)	1.8	8.1	3.0	0.0	12.9
Segment liabilities	1,280.2	992.1	684.5	-419.7	2,537.1

Geographical information

TK Development operates primarily in the markets of Denmark, Sweden, Finland, Poland and the Czech Republic. Because of the Group's accounting policies for recognising sold projects, revenue in the individual countries may vary substantially from one year to the next.

For the purpose of presenting information about geographical areas, the information about the distribution of revenue on geographical segments was prepared on the basis of project location.

	2009/10		2008/09		2007/08	
	Revenue, external customers	Non-current assets**)	Revenue, external customers	Non-current assets**)	Revenue, external customers	Non-current assets**)
Denmark	45.6	38.6	225.8	41.0	1,111.0	38.2
Sweden	1,175.9	-	-	-	-	-
Finland	-	-	-	-	422.4	0.0
Germany	-	196.0	-	213.1	-	228.3
Poland	-	-	-	-	754.0	0.0
Czech Republic	-	159.1	333.9	153.4	-	356.3
Other countries***)	148.4	3.9	492.7	6.6	299.4	7.3
Total	1,369.9	397.6	1,052.4	414.1	2,586.8	630.1

*) Capital expenditure comprises additions to intangible assets and property, plant and equipment.

**) Non-current assets comprise intangible assets and property, plant and equipment.

***) Revenue for other countries indicates revenue generated in countries not specified in the table.

Non-current assets relate primarily to the Group's investment properties in the Czech Republic and Germany; see note 18.

Revenue from individual customers exceeding 10% of total revenue

Of the Group's total revenue, the revenue deriving from the handover of projects to one individual customer amounted to DKK 1,085.7 million in TKD Nordeuropa in FY 2009/10. In FY 2008/09, the revenue deriving from one individual customer of Euro Mall Holding amounted to DKK 294.1 million. In FY 2007/08, the revenue deriving from one individual customer of TKD Nordeuropa amounted to DKK 913.0 million and from one individual customer of Euro Mall Holding amounted to DKK 509.1 million.

Note 4. Revenue

	2009/10	2008/09	2007/08
Sale of projects and properties	1,224.1	927.2	2,497.1
Income from construction contracts	47.8	35.4	0.0
Rental income	66.6	45.0	57.4
Sale of services	31.4	44.8	32.3
Total revenue	1,369.9	1,052.4	2,586.8

Note 5. External direct project costs

	2009/10	2008/09	2007/08
Project costs	1,155.0	746.7	2,178.5
Impairment losses on projects in progress or completed	3.5	11.2	0.4
Reversal of impairment losses on projects in progress or completed	0.0	-22.8	-101.4
Total external direct project costs	1,158.5	735.1	2,077.5

A specific review of each individual project in the portfolio identified a need for impairment write-down of DKK 3.5 million, which was recognised in FY 2009/10.

In FY 2008/09, projects were written down by DKK 11.2 million. At the same time, previous write-downs in the amount of DKK 22.8 million were reversed as a result of satisfactory progress of the projects in progress.

In FY 2007/08, DKK 101.4 million was reversed, of which DKK 85.0 million related to Fashion Arena Outlet Center. The sites of the projects were acquired in previous years. Construction of the first phase of the factory outlet centre was completed in the autumn of 2007, and the centre opened on 15 November 2007. Management assessed that the risks concerning the project were significantly reduced relative to previous years and therefore partially reversed the impairment write-downs recognised in previous financial years.

Note 6. Other external expenses

	2009/10	2008/09	2007/08
Administrative expenses	21.9	28.8	31.2
Cost of premises	11.7	12.5	11.7
Cars, operating expenses	5.0	5.4	4.9
Total other external expenses	38.6	46.7	47.8

Note 7. Staff costs

	2009/10	2008/09	2007/08
Board of Directors' fees	2.3	2.3	2.3
Salaries, etc. for parent company Executive Board, see below	8.2	10.2	11.4
Retention bonus, other employees	0	0	0.7
Defined contribution pension plans	0.5	0.5	0.0
Social security costs	10.1	11.2	9.2
Costs of incentive scheme, other employees	2.9	2.7	1.2
Other salaries	71.9	88.9	81.3
Other staff costs	4	4.8	4.5
Total staff costs	99.9	120.6	110.6
Average number of employees	146	166	151
Number of employees, year end	136	164	161

2009/10	Salary	Pension	Bonus	Retention bonus	Incentive scheme	Total
Frede Clausen	4.0	0.1	0.0	0.0	0.5	4.6
Robert Andersen	3.0	0.1	0.0	0.0	0.5	3.6
Total salaries, etc.	7.0	0.2	0.0	0.0	1.0	8.2

2008/09

Frede Clausen	4.0	0.0	0.8	0.0	0.8	5.6
Robert Andersen	3.0	0.0	0.8	0.0	0.8	4.6
Total salaries, etc.	7.0	0.0	1.6	0.0	1.6	10.2

2007/08

Frede Clausen	3.2	0.0	1.3	1.4	0.3	6.2
Robert Andersen	2.5	0.0	1.3	1.0	0.4	5.2
Total salaries, etc.	5.7	0.0	2.6	2.4	0.7	11.4

In addition, members of the Executive Board have usual benefits at their disposal, including a company car. The value of these for each Executive Board member is DKK 0.1 million for FY 2009/10.

The Board of Directors is composed of the Chairman, Deputy Chairman and four other members. Board members are paid a basic fee of DKK 250,000. The Chairman is paid three times the basic fee and the Deputy Chairman twice the basic fee, while the remaining members are paid the basic fee.

Note 7. Staff costs, continued

Defined contribution pension plans

In the spring of 2008, the Group entered into defined contribution pension plans with the majority of the employees of its Danish group companies. According to these plans, the group companies pay a monthly contribution of 2% of the relevant employees' basic salaries to independent pension companies.

An amount of DKK 0.7 million for defined contribution pension plans was expensed in FY 2009/10 (FY 2008/09: DKK 0.5 million; FY 2007/08: DKK 0.0 million).

Note 8. Share-based payment

The Group has two incentive schemes.

December 2005 scheme:

On 30 December 2005, the Board of Directors issued warrants to the Executive Board and other executive staff members for the subscription of 826,000 shares, each with a nominal value of DKK 20. Subsequently, 150,000 warrants have lapsed, leaving a total of 676,000 active warrants at the balance sheet date. The allocation of warrants is subject to the relevant employees still being employed with the company at the time of exercising the warrants.

This is a four-and-a-half-year warrant scheme with the first exercise window after three and a half years and 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. 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 cannot be disposed of 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 676,000 warrants correspond to approx. 2.4% of the share capital.

The above-mentioned warrants can be exercised in three six-week periods (windows) placed as follows:

- following publication of the preliminary announcement of financial statements for FY 2008/09 (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 preliminary announcement of financial statements for FY 2009/10 (from around 30 April 2010).

The subscription price has been fixed on the basis of the average listed market price during the period 9–20 January 2006, with an annual 8% adjustment to reflect an advance return to existing shareholders. The subscription price per share with a nominal value of DKK 20, before any deduction for dividend, has been fixed at DKK 74.54 in the first exercise window, at DKK 77.05 in the second window and at DKK 80.63 in the third window.

Based on a share price of DKK 57.81 and a dividend of DKK 0 per share per year, the value of the warrants has been calculated at DKK 6.6 million, using the Black-Scholes formula. The amount was expensed periodically during the period until May 2009. The calculation has been based on an expected future volatility of 30% and an interest level of 3%. Volatility has been determined on the basis of historical volatility and the expected future volatility of the price of the parent company's shares. In addition, it has been assumed that the warrants will be exercised in the intermediate exercise period.

Active warrants break down as follows: 240,000 to the Executive Board and 436,000 to other executive staff members.

Note 8. Share-based payment, continued

May 2008 scheme:

At the Annual General Meeting on 27 May 2008, the Board of Directors of TK Development was authorised to issue warrants for a total of up to a nominal value of DKK 14,000,000 (700,000 shares of DKK 20 each) to the Executive Board and other executive staff members of the Group. On 5 June 2008, the Board of Directors decided to exercise this authorisation and issued 170,000 warrants to the Executive Board and 528,000 warrants to other executive staff members, for a total of 698,000 warrants. Subsequently, 24,000 warrants have lapsed, leaving a total of 674,000 active warrants at the balance sheet date.

Under this four-year warrant scheme, warrants can be exercised three years after the grant date at the earliest, and any shares subscribed for are subject to an additional lock-up period of up to three years. This means that shares up to a market value equal to the subscription amount, plus tax liability, can be disposed of without limitation, while shares in excess of such amount can be disposed of, at the earliest, during six trading windows in the three-year lock-up period, such that up to 1/6 of such shares can be disposed of during each window. The 674,000 warrants correspond to approx. 2.4% of the share capital.

The above-mentioned warrants can be exercised in three six-week periods (windows) placed as follows:

- following publication of the preliminary announcement of financial statements for FY 2010/11 (from around 30 April 2011).
- following publication of the interim report for the six months ending 31 July 2011 (from around 30 September 2011); and
- following publication of the preliminary announcement of financial statements for FY 2011/12 (from around 30 April 2012).

The subscription price has been fixed on the basis of the average listed market price during the period 9–20 June 2008, with an annual 8% adjustment to reflect an advance return to existing shareholders. Thus, based on a price of DKK 66.9 per share with a nominal value of DKK 20, the subscription price, before a deduction for any dividend, can be calculated at DKK 83.4, DKK 86.2 and DKK 90.2 for the exercise of warrants in the three respective six-week periods.

Based on a share price of DKK 66.9 and a dividend of DKK 0 per share per year, the value of the warrants has been calculated at DKK 11.9 million, using the Black-Scholes formula. The amount is expensed periodically over the term of the incentive scheme. The calculation has been based on a volatility of 40% and an interest level of 5% p.a. Volatility has been determined on the basis of historical volatility and the expected future volatility of the price of the parent company's shares. In addition, it has been assumed that the warrants will be exercised in the intermediate exercise period.

Active warrants break down as follows: 170,000 to the Executive Board and 504,000 to other executive staff members.

Note 8. Share-based payment, continued

The development in outstanding warrants is shown below:

	Number of warrants			Weighted average exercise price		
	31.1.2010	31.1.2009	31.1.2008	31.1.2010	31.1.2009	31.1.2008
Outstanding warrants, beginning of year	1,376,000	690,000	704,000	81.61	77.05	77.05
Granted during the financial year	0	698,000	0	-	86.2	
Lapsed due to termination of employment	-26,000	-12,000	-14,000	81.27	86.2	77.05
Exercised during the financial year	0	0	0	-	-	
Outstanding warrants, end of year	1,350,000	1,376,000	690,000	83.41	81.61	77.05
Number of warrants exercisable at the balance sheet date	676,000	0	0			
Share-based payment recognised in the income statement	3.9	4.3	1.9			

The average term to expiry has been calculated at 11 months (FY 2008/09: 20 months; FY 2007/08: 21 months).

Note 9. Fees to the auditors appointed at the general meeting

	2009/10	2008/09	2007/08
Total fee. Deloitte	1.9	2.2	2.0
Total fee. Nielsen & Christensen	1.0	1.6	1.2
Total fees	2.9	3.8	3.2
The fees break down as follows:			
Deloitte:			
Statutory audit	1.9	2.1	2.0
Other assurance engagements	0.0		
Tax consultancy	0.0	0.1	0
Other services	0.0		
Total	1.9	2.2	2.0
Nielsen & Christensen:			
Statutory audit	0.9	1.0	1.0
Other assurance engagements	0.0		
Tax consultancy	0.1	0.6	0.2
Other services	0.0		
Total	1.0	1.6	1.2

Note 10. Investments in associates

	2009/10	2008/09	2007/08
Cost at 1 February	21.8	21.3	23.4
Additions for the year	0.0	0.0	0.0
Capital injections	0.6	0.5	0.4
Disposals for the year	0.0	0.0	-2.5
Cost at 31 January	22.4	21.8	21.3
Revaluation and impairment at 1 February	-4.3	-4.0	-3.7
Profit/loss for the year after tax	-0.2	-0.3	0.3
Impairment	0.0	0.0	-0.6
Revaluation and impairment at 31 January	-4.5	-4.3	-4.0
Transferred for setoff against receivables/provisions	6.8	6.6	6.6
Carrying amount at 31 January	24.7	24.1	23.9

In the consolidated balance sheet, investments in associates are measured according to the equity method after deduction of any impairment.

Note 10. Investments in associates, continued

Financial disclosures for associates

	2009/10	2008/09	2007/08
Income	52.9	30.6	20.9
Profit/loss for the year	-0.6	-0.7	0.8
Assets	157.5	165.4	126.6
Liabilities	103.5	115.9	63.0
The Group's share of profit/loss for the year	-0.2	-0.3	0.3
The Group's share of equity	17.8	17.5	19.1

Note 11. Investments in joint ventures

In the consolidated balance sheet, investments in joint ventures are measured on a pro rata basis after deduction of any impairment. The figures below represent the Group's share.

	2009/10	2008/09	2007/08
Income	59.2	203.5	127.2
Expenses	33.7	112.2	49.0
Current assets	652.1	792.6	933.3
Non-current assets	159.5	153.4	364.5
Current liabilities	531.6	614.6	728.3
Non-current liabilities	26.0	27.2	156.5

Note 12. Financial income

	2009/10	2008/09	2007/08
Interest, cash and cash equivalents, etc.	1.7	25.2	24.2
Interest income from joint ventures	5.0	8.8	10.1
Interest income from associates	0.3	15.5	0.4
Financial income from loans, advances and receivables	7.0	49.5	34.7
Interest from securities (held to maturity)	0.1	0.7	3.1
Foreign exchange gains	1.2	3.1	11.9
Other financial income	2.3	8.2	10.7
Total financial income	10.6	61.5	60.4
which breaks down as follows:			
Interest income from financial assets not measured at fair value through profit or loss	9.4	58.4	48.5
Other financial income	1.2	3.1	11.9
Total financial income	10.6	61.5	60.4

Note 13. Financial expenses

	2009/10	2008/09	2007/08
Interest expenses, credit institutions	117.8	150.3	102.6
Interest expenses, joint ventures	9.7	8.1	5.4
Foreign exchange losses and capital losses on securities	0.4	0.8	8.0
Other financial expenses	4.7	28.4	25.1
Of which capitalised financial expenses	-104.1	-92.7	-39.0
Total financial expenses	28.5	94.9	102.1
which break down as follows:			
Interest expenses on financial liabilities not measured at fair value through profit or loss	28.1	94.1	94.1
Other financial expenses	0.4	0.8	8.0
Total financial expenses	28.5	94.9	102.1

An interest rate of 2.5-9.25% is used to capitalise interest on projects in progress, depending on the interest rate applicable to individual project loans (FY 2008/09: 6-8%; FY 2007/08: 6-8%).

Note 14. Income tax

	2009/10	2008/09	2007/08
Current income tax	27.8	13.1	50.0
Adjustment regarding tax relating to prior years	0.6	-1.7	-5.9
Change in deferred tax	-14.4	1.4	29.4
Tax on profit/loss for the year	14.0	12.8	73.5
Tax on profit/loss for the year results as follows:			
Tax calculated based on the Danish tax rate	9.9	42.0	86.4
Difference in tax rate, foreign subsidiaries	0.5	-3.5	-14.5
Adjustment relating to prior years	0.6	-1.7	-5.9
Tax effect of:			
Non-taxable income/expenses	3.5	-27.4	-7.2
Change in value adjustment	-20.8	2.9	-10.7
of which, change relating to unavailability of losses written down in prior years	16.1	0.0	0.0
Change in tax rate	0.3	1.5	29.9
Change in non-capitalised tax asset relating to:			
Tax losses in foreign subsidiaries	0.0	0.0	-2.2
Other	3.9	-1.0	-2.3
Tax on profit/loss for the year	14.0	12.8	73.5
Deferred tax asset at 1 February	265.7	266.0	291.0
Deferred tax liabilities at 1 February	-43.3	-52.3	-59.9
Deferred tax asset/tax liability, net at 1 February	222.4	213.7	231.1
Market value adjustment of balance, beginning of year	0.7	3.7	2.9
Deferred tax for the year recognised in profit/loss for the year	14.4	-1.4	-29.4
Adjustment relating to prior years recognised in the income statement	0.0	-0.7	7.8
Deferred tax for the year recognised in other comprehensive income	-5.8	0.7	0.8
Other additions, net	-6.0	6.4	0.5
Deferred tax asset/tax liability, net at 31 January	225.7	222.4	213.7
Deferred tax asset at 31 January, see note 21	284.9	265.7	266.0
Deferred tax liabilities at 31 January, see note 32	-59.2	-43.3	-52.3
Deferred tax asset/tax liability, net at 31 January	225.7	222.4	213.7

Note 15. Earnings per share

	2009/10	2008/09	2007/08
Earnings per share (EPS) of nom. DKK 20	0.9	5.5	8.9
Diluted earnings per share (EPS-D) of nom. DKK 20	0.9	5.5	8.8
Profit/loss for the year	25.4	155.2	271.9
Minority interests' share of consolidated profit/loss	0.0	0.0	22.4
Shareholders' share of profit/loss for the year	25.4	155.2	249.5
Average number of shares of nom. DKK 20	28,043,810	28,043,810	28,043,810
Dilutive effect of number of outstanding warrants of nom. DKK 20	0	0	186,448
Average number of shares in circulation	28,043,810	28,043,810	28,230,258

The outstanding warrants did not have a dilutive effect in FY 2009/10 or FY 2008/09, as the average market price of ordinary shares in both financial years did not exceed the subscription price during the first window. This means that the outstanding warrants are "out-of-the-money" and therefore not included in the diluted average number of shares in circulation. In the longer term, the outstanding warrants may have an effect on earnings per share.

In FY 2007/08, the outstanding warrants did not have a dilutive effect, as the average market price of ordinary shares in the financial year did not exceed the subscription price in the first window. This means that the outstanding warrants are "in-the-money" and therefore included in the diluted average number of shares in circulation.

Note 16. Dividend

In the three financial years, no dividends were distributed or proposed to the company's shareholders.

Note 17. Goodwill

The total goodwill relates to the cash-flow-generating unit, Euro Mall Holding A/S; see note 3.

At each balance sheet date, Management performed an impairment test of the carrying amount of goodwill. The recoverable amount is based on the value in use, which has been determined using the expected cash flows on the basis of budgets for the next three financial years and forecasts for another two financial years approved by the Board of Directors. The calculation of the recoverable amount included a discount rate of 10% before tax. The impairment test did not give rise to any recognition of impairment.

Management assesses that potential changes to the basic assumptions would not result in the carrying amount of goodwill exceeding the recoverable amount.

Note 18. Investment properties

	31.1.2010	31.1.2009	31.1.2008
Cost at 1 February	334.2	406.6	400.2
Foreign exchange adjustments, beginning of year	-0.5	0.1	-0.2
Disposals	0.0	-72.5	-0.2
Transferred from property, plant and equipment under construction	0.0	0.0	6.8
Cost at 31 January	333.7	334.2	406.6
Revaluations at 1 February	114.1	244.5	198.9
Revaluations for the year	5.9	30.7	45.6
Revaluations reversed on disposal	0.0	-161.1	0.0
Revaluations at 31 January	120.0	114.1	244.5
Impairment at 1 February	81.8	66.5	65.4
Impairment for the year	19.2	15.3	1.1
Reversed impairment	-2.4	0.0	
Impairment at 31 January	98.6	81.8	66.5
Revaluation and impairment at 31 January	21.4	32.3	178.0
Carrying amount at 31 January	355.1	366.5	584.6
Distributed as follows:			
Central European investment properties	159.1	153.4	356.3
German investment properties	196.0	213.1	228.3
Total	355.1	366.5	584.6
Rental income, investment properties	26.6	35.3	50.0
Direct operating expenses, premises let	-2.3	-4.1	-5.1
Direct operating expenses, unlet premises	-1.1	-0.7	-1.3
Net income from investment properties	23.2	30.5	43.6

In FY 2008/09, the Group sold its holding in the shopping centres Futurum Ostrava and Haná Shopping Centre, located in Ostrava and Olomouc, respectively, in the Czech Republic. No other sales of investment properties were made in either 2007/08 or 2009/10.

Investment properties at 31 January 2010	Location	Holding in %	Yield requirement	Year acquired	Sqm
Futurm Hradec Kralové	Tjekkiet	20%	7.00%	2000	18,300
Lüdenscheid/Berlin	Tyskland	100%	6.50%	1994-1998	26,000

Note 18. Investment properties, continued

The Czech investment property is owned through a joint venture with GE Capital and Heitman, in which the Group has access to a performance-driven share of the value adjustments of the property, which is recognised in the carrying amount at 31 January 2010. The carrying amount of the Czech investment property totalled DKK 159.1 million at 31 January 2010. (31 January 2009: DKK 153.4 million; 31 January 2008: DKK 356.3 million). For all three years, the valuation is 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 and recognition of the terminal value in year five.

At 31 January 2010 and 31 January 2009, the valuation of the Group's German investment properties was based on a rate of return of 6.5% p.a. calculated on the basis of a discounted cash-flow model over a ten-year period and recognition of the terminal value in year ten. At 31 January 2008, the valuation was based on a rate of return of 6.0%. The carrying amount of the Group's German investment properties totalled DKK 196.0 million at 31 January 2010. (31 January 2009: DKK 213.1 million; 31 January 2008: DKK 228.3 million).

The services of an external valuer have not been used to value the Group's investment properties.

Note 19. Other fixtures and fittings, tools and equipment

	31.1.2010	31.1.2009	31.1.2008
Cost at 1 February	59.7	57.6	61.3
Market value adjustment of purchase price, beginning of year	0.8	-2.5	0.5
Additions	1	8.3	6.3
Disposals	-6.5	-3.7	-10.5
Cost at 31 January	55	59.7	57.6
Depreciation, amortisation and impairment at 1 February	45.4	43.4	43.3
Market value adjustment of depreciation, amortisation and impairment, beginning of year	0.4	-0.8	0.2
Depreciation and amortisation for the year	4	5.6	8.1
Depreciation, amortisation and impairment, assets disposed of	-4	-2.8	-8.2
Depreciation, amortisation and impairment at 31 January	45.8	45.4	43.4
Carrying amount at 31 January	9.2	14.3	14.2

Other fixtures and fittings, tools and equipment are depreciated over a term of five years. Leasehold improvements included in the above amounts are depreciated according to the straight-line method over the term of the lease. The carrying amount of leasehold improvements is considered insignificant, for which reason other fixtures and fittings, tools and equipment are not divided into different classifications.

Note 20. Other securities and investments

	31.1.2010	31.1.2009	31.1.2008
Cost at 1 February	16.3	23.9	46.1
Disposals for the year	0.0	-7.6	-22.2
Cost at 31 January	16.3	16.3	23.9
Revaluation and impairment at 1 February	-15.0	-15.0	-15.0
Revaluation and impairment for the year	0.0	0.0	0.0
Revaluation and impairment at 31 January	-15.0	-15.0	-15.0
Carrying amount at 31 January	1.3	1.3	8.9

Other securities and investments consist mainly of instruments of indebtedness with mortgages on real property.

The carrying amount of other securities and investments is equal to their fair value. The fair value has been determined at the present value of future principal repayments and interest payments by using the effective interest method.

Note 21. Deferred tax assets

	31.1.2010	31.1.2009	31.1.2008
Deferred tax assets at 1 February	322.1	313.5	349.1
Change in tax rate	-0.5	0.5	-30.9
Additions for the year	31.9	55.7	59.4
Disposals for the year	-34.8	-44.1	-68.4
Tax on other comprehensive income	-5.8	0.7	0.8
Foreign exchange adjustment	1.6	-4.2	3.5
Deferred tax assets at 31 January	314.5	322.1	313.5
Value adjustment at 1 February	-56.4	-47.5	-58.1
Value adjustment for the year	26.8	-8.9	10.6
Value adjustment at 31 January	-29.6	-56.4	-47.5
Carrying amount at 31 January	284.9	265.7	266.0
Deferred tax assets relate to:			
Investments	1.5	1.5	0.3
Property, plant and equipment	0.4	0.4	0.4
Other non-current assets	15.6	20.6	0.0
Current assets	-21.6	-11.8	31.4
Provisions	-1.7	3.5	2.7
Value of tax losses	320.3	307.9	278.7
Impairment of tax assets	-29.6	-56.4	-47.5
Total	284.9	265.7	266.0
Deferred tax assets at 31 January, see above	284.9	265.7	266.0
Deferred tax liabilities at 31 January, see note 32	-59.2	-43.3	-52.3
Deferred tax assets/tax liabilities, net at 31 January	225.7	222.4	213.7

Note 21. Deferred tax assets, continued

31.1.2010	Deferred tax asset/tax liability, net at 1 February	Recognised in the income statement	Recognised in other comprehensive income	Other additions/disposals	Company acquisitions	Foreign exchange adjustment, beginning of period	Deferred tax asset/tax liability, net at 31 January
Investments	1.5	0.0	0.0	0.0	0.0	0.0	1.5
Property, plant and equipment	0.4	0.0	0.0	0.0	0.0	0.0	0.4
Other non-current assets	20.6	-5.0	0.0	0.0	0.0	0.0	15.6
Current assets	-48.4	5.5	-11.8	-0.6	-6.0	-1.6	-62.9
Untaxed reserve relating to Sweden	-8.9	-10.2	0.0	0.0	0.0	-0.3	-19.4
Provisions	3.5	-4.9	0.0	0.0	0.0	0.0	-1.4
Value of tax losses	310.1	8.2	0.0	0.0	0.6	2.6	321.5
Impairment of tax assets	-56.4	20.8	6.0	0.0	0.0	0.0	-29.6
Total	222.4	14.4	-5.8	-0.6	-5.4	0.7	225.7

31.1.2009	Deferred tax asset/tax liability, net at 1 February	Recognised in the income statement	Recognised in other comprehensive income	Other additions/disposals	Company acquisitions	Foreign exchange adjustment, beginning of period	Deferred tax asset/tax liability, net at 31 January
Investments	0.3	1.2	0.0	0.0	0.0	0.0	1.5
Property, plant and equipment	0.5	-0.1	0.0	0.0	0.0	0.0	0.4
Other non-current assets	0.0	20.6	0.0	0.0	0.0	0.0	20.6
Current assets	-9.8	-51.3	6.7	2.9	0.7	2.4	-48.4
Untaxed reserve relating to Sweden	-15.3	4.8	0.0	0.0	0.0	1.6	-8.9
Provisions	1.1	2.4	0.0	0.0	0.0	0.0	3.5
Value of tax losses	284.4	26.0	0.0	0.0	0.0	-0.3	310.1
Impairment of tax assets	-47.5	-2.9	-6.0	0.0	0.0	0.0	-56.4
Total	213.7	0.7	0.7	2.9	0.7	3.7	222.4

Note 21. Deferred tax assets, continued

31.1.2008	Deferred tax asset/tax liability, net at 1 February	Recognised in the income statement	Recognised in other comprehensive income	Other additions/disposals	Company acquisitions	Foreign exchange adjustment, beginning of period	Deferred tax asset/tax liability, net at 31 January
Investments	0.0	0.3	0.0	0.0	0.0	0.0	0.3
Property, plant and equipment	-1.2	1.7	0.0	0.0	0.0	0.0	0.5
Current assets	39.0	-49.9	0.8	1.5	-1.0	-0.2	-9.8
Untaxed reserve relating to Sweden	-17.0	0.9	0.0	0.0	0.0	0.8	-15.3
Provisions	22.9	-21.8	0.0	0.0	0.0	0.0	1.1
Value of tax losses	245.5	36.6	0.0	0.0	0.0	2.3	284.4
Impairment of tax assets	-58.1	10.6	0.0	0.0	0.0	0.0	-47.5
Total	231.1	-21.6	0.8	1.5	-1.0	2.9	213.7

A significant share of the total tax asset relates to the Danish share of the pooled tax, as the tax losses can be carried forward perpetually.

The valuation of the tax asset is based on existing budgets and profit forecasts for a five-year period. The valuation for the first three years has been based on an assessment of specific projects in the Group's project portfolio. The valuation for the next two years has been based on specific projects in the project portfolio with a longer time horizon than three years as well as various project opportunities. On this basis, Management assessed the total impairment loss on the tax asset to be DKK 29.6 million at 31 January 2010. At 31 January 2009, total impairment of the tax asset amounted to DKK 56.4 million, and at 31 January 2008 DKK 47.5 million.

In FY 2009/10, several losses became unavailable for setoff. A significant share of these losses had already been impaired at the beginning of the financial year and therefore did not materially affect the results for the year. The total need for impairment write-down of the tax asset was reduced by the value of the unavailable tax losses, and this contributed to the DKK 26.8 million reduction of total impairment loss on the tax asset at 31 January 2010.

The impairment of the tax asset relates mainly to Danish tax losses that can be carried forward perpetually, as well as Polish and Czech tax losses that expire within one to five years. For FY 2007/08 and FY 2008/09, the impairment of the tax asset relates mainly to Danish tax losses that can be carried forward perpetually, as well as Polish and Czech tax losses that expire within four to five years.

Note 22. Projects in progress or completed

	31.1.2010	31.1.2009	31.1.2008
Projects in progress or completed excluding interest, etc.	3,361.5	3,406.0	2,855.6
Capitalised interest, etc.	425.1	270.7	215.3
Payments received on account	-350.7	-942.7	-832.0
Impairment	-182.4	-192.7	-240.6
Total projects in progress or completed	3,253.5	2,541.3	1,998.3

The carrying amount of the portion of the project portfolio on which impairment losses have been recognised is DKK 652.5 million (FY 2008/09: DKK 637.1 million; FY 2007/08: DKK 668.6 million).

Note 23. Trade receivables

	31.1.2010	31.1.2009	31.1.2008
Receivables relating to re-invoiced construction contracts	0.2	8.7	56.5
Receivables from tenants	13.3	6.9	5.4
Other trade receivables	93.0	138.6	237.3
Setoff against financial liabilities	0.0	0.0	-79.1
Total trade receivables	106.5	154.2	220.1
Impairment for the year recognised in the income statement	-1.8	-0.2	2.2

Any impairment write-down is made to net realisable value, equal to the sum of future net cash flows that the receivables are expected to generate. Impairment losses on receivables are calculated on the basis of an assessment of the individual receivables. The carrying amount of receivables written down to net realisable value based on an individual assessment is DKK 4.8 million. The corresponding amount at 31 January 2009 was DKK 4.3 million and at 31 January 2008 DKK 6.1 million.

There were no major overdue receivables for FY 2009/10 or for comparative years that had not been written down for impairment.

The carrying amount of the receivables corresponds to the fair value. Interest income of DKK 0.0 million (2008/09: DKK 0.0 million; 2007/08: DKK 0.0 million) on impaired receivables was recognised as revenue.

Note 24. Contract work in progress

	31.1.2010	31.1.2009	31.1.2008
Selling price of work performed at the balance sheet date, excluding profit on account	8.7	30.0	0.0
Profit on account	9.1	5.3	0.0
Amounts invoiced on account	0.0	-31.6	0.0
Total contract work in progress	17.8	3.7	0.0

There were no withheld payments for work performed for any of the financial years.

Note 25. Securities

	31.1.2010	31.1.2009	31.1.2008
Listed securities	0.1	0.1	0.1
Unlisted securities	3.9	4.9	3.9
Total securities	4.0	5.0	4.0

Securities consisting of listed shares and unlisted equity interests and securities are classified as “financial assets available for sale”. Listed securities consist of listed shares and are measured at fair value. Unlisted equity interests are not traded in an active market. As the fair value of these equity interests cannot be determined with a sufficient degree of reliability, they are measured at cost. Unlisted securities, except unlisted equity interests, are measured at cost on initial recognition and subsequently at fair value.

Note 26. Deposits in blocked and escrow accounts

	31.1.2010	31.1.2009	31.1.2008
Blocked accounts and other accounts that the Group cannot fully dispose of	68.7	156.5	950.6
Setoff of financial liabilities	-5.2	-40.3	-628.2
Total deposits in blocked and escrow accounts	63.5	116.2	322.4

Note 27. Share capital

The share capital consists of 28,043,810 shares of DKK 20 each (nominal value DKK 560,876,200). The share capital has been paid up in full. The shares are not divided into share classes, and no shares are subject to special rights or restrictions, including restrictions with regard to the payment of dividend and repayment of capital. No changes occurred in the either FY 2009/10, FY 2008/09 or 2007/08,

Changes in the share capital over the past five years:

	Number in thousands		Nominal value	
	Changes	Year end	Changes	Year end
2005/06	14,021.9	28,043.8	280.4	560.9
2006/07	0.0	28,043.8	0.0	560.9
2007/08	0.0	28,043.8	0.0	560.9
2008/09	0.0	28,043.8	0.0	560.9
2009/10	0.0	28,043.8	0.0	560.9

The Group held no treasury shares in either FY 2009/10 or the comparative years.

Note 28. Other reserves

	Reserve for fair value adjustment	Reserve for value adjustment of available-for-sale financial assets	Reserve for value adjustment of hedging instruments	Reserve for foreign exchange adjustments	Total
Other reserves at 1 February 2007	133.5	0.0	0.0	23.6	157.1
Profit/loss for the year	44.5	0.0	0.0	0.0	44.5
Foreign exchange adjustment, foreign operations	1.3	0.0	0.0	32.7	34.0
Value adjustment of hedging instruments	0.0	0.0	0.0	0.0	0.0
Value adjustment of available-for-sale financial assets	0.0	0.0	0.0	0.0	0.0
Deferred tax on other comprehensive income	0.0	0.0	0.0	0.8	0.8
Transferred to free reserves	-179.3	0.0	0.0	0.0	-179.3
Other reserves at 31 January 2008	0.0	0.0	0.0	57.1	57.1
Foreign exchange adjustment, foreign operations	0.0	0.0	0.0	-62.6	-62.6
Value adjustment of hedging instruments	0.0	0.0	-31.4	0.0	-31.4
Value adjustment of available-for-sale financial assets	0.0	-0.1	0.0	0.0	-0.1
Deferred tax on other comprehensive income	0.0	0.0	0.0	0.7	0.7
Other reserves at 31 January 2009	0.0	-0.1	-31.4	-4.8	-36.3
Foreign exchange adjustment, foreign operations	0.0	0.0	0.0	32.5	32.5
Value adjustment of hedging instruments	0.0	0.0	31.4	0.0	31.4
Value adjustment of available-for-sale financial assets	0.0	0.0	0.0	0.0	0.0
Deferred tax on other comprehensive income	0.0	0.0	0.0	-5.8	-5.8
Other reserves at 31 January 2010	0.0	-0.1	0.0	21.9	21.8

The reserve for value adjustment of available-for-sale financial assets comprises the accumulated net change in the fair value of financial assets classified as available for sale. The reserve is dissolved as the relevant financial assets are sold or expire.

The reserve for value adjustment of hedging instruments comprises unrealised losses on forward-exchange transactions concluded to hedge future transactions.

The reserve for foreign exchange adjustments comprises all foreign exchange adjustments arising on translation of the financial statements of enterprises with a functional currency other than Danish kroner; foreign exchange adjustments relating to assets and liabilities that are part of the Group's net investment in such enterprises; and foreign exchange adjustments relating to any hedging transactions that hedge the Group's net investment in such enterprises. On the sale or winding up of subsidiaries, the accumulated foreign exchange adjustments recognised in other comprehensive income in respect of the relevant subsidiary are transferred to the income statement.

Note 29. Payables to credit institutions

	31.1.2010	31.1.2009	31.1.2008
Payables to credit institutions are recognised as follows in the balance sheet:			
Non-current liabilities	26.0	107.2	408.3
Current liabilities before setoff	2,303.2	1,679.5	2,055.6
Total payables to credit institutions	2,329.2	1,786.7	2,463.9
Assets set off against current liabilities			
Receivables	0.0	0.0	-79.1
Cash and cash equivalents	-5.2	-40.3	-628.2
Payables to credit institutions after setoff against assets	2,324.0	1,746.4	1,756.6

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 realise assets and liabilities at the same time.

Fair value	2,329.9	1,786.7	2,463.9
Carrying amount	2,329.2	1,786.7	2,463.9

The fair value has been determined at the present value of future principal repayments and interest payments using the effective interest method.

Note 29. Payables to credit institutions, continued

At 31 January, the Group had the following loans and credits:

Loans	Maturity	Fixed/ floating	Effective interest rate			Carrying amount			Fair value		
			2009/10	2008/09	2007/08	2009/10	2008/09	2007/08	2009/10	2008/09	2007/08
Mortgage loans DKK	2027	fixed	4.10%	4.10%	n/a	25.3	25.3	0.0	26.0	25.3	0.0
Bank DKK	2010- 2011	floating	4.5-6%	6-8%	4-8%	1,175.6	830.2	1,464.1	1,175.6	830.2	1,464.1
Bank SEK	2010- 2023	floating	2.5-3.5%	4-7%	4-8%	42.2	43.5	57.9	42.2	43.5	57.9
Bank PLN	2011	floating	7-9.25%	5-8%	4-8%	180.4	251.0	358.1	180.4	251.0	358.1
Bank CZK	2010- 2012	floating	3.5-4%	4.7-5.2%	4-8%	50.8	31.7	0.0	50.8	31.7	0.0
Bank EUR	2010- 2032	floating	2.5-5%	3-5%	4-8%	854.9	605.0	583.8	854.9	605.0	583.8
Total						2,329.2	1,786.7	2,463.9	2,329.9	1,786.7	2,463.9

Note 30. Provisions

	31.1.2010	31.1.2009	31.1.2008
Interest guarantees for properties sold at 1 February	11.9	17.3	48.0
Applied during the year	-5.4	-8.4	-11.3
Reversed rent guarantees	-2.7	0.2	-23.0
Provisions for the year	18.3	2.8	3.6
Interest guarantees for properties sold at 31 January	22.1	11.9	17.3
Other provisions at 1 February	6.6	15.7	20.7
Reversed provisions	0.0	-9.1	-5.0
Provisions for the year	0.2	0.0	0.0
Other provisions at 31 January	6.8	6.6	15.7
Provisions at 31 January	28.9	18.5	33.0
Expected maturity dates of the liabilities provided for:			
0-1 year	14.7	7.6	11.1
1-5 years	14.2	10.9	21.9
> 5 years	0.0	0.0	0.0
Provisions at 31 January	28.9	18.5	33.0

Rent guarantee liabilities for sold properties have been calculated based on experience with rent guarantees and on an individual assessment of the individual leases.

Other provisions relate to provisions for negative equity in an associate. At 31 January 2008 other provisions also comprise uncertainties relating to completed projects.

Note 31. Operating leases

For the years 2010-2014 (FY 2008/09: FY 2009-2013, FY 2007/08: FY 2008-2012), operating leases for the rental of office premises, office machines and operating equipment have been concluded. The leases were concluded for three- to five-year periods with pre-determined lease payments that are index-adjusted annually. The leases are non-terminable for the period mentioned, after which they can be renewed for three- to five-year periods.

The annual lease payments are recognised in the income statement.

Future minimum lease payments according to non-terminable lease contracts break down as follows:

	2009/10	2008/09	2007/08
Within 1 year	9.0	8.1	10.4
Within 1 - 5 year	11.0	6.0	6.4
After 5 years	0.0	0.0	0.0
Total	20.0	14.1	16.8

Note 32. Deferred tax liabilities

	31.1.2010	31.1.2009	31.1.2008
Deferred tax liability at 1 February	43.3	52.3	59.9
Change in tax rate	0.0	-1.0	-1.0
Additions for the year	30.6	16.2	29.2
Disposals for the year	-15.7	-16.3	-36.4
Foreign exchange adjustment	1.0	-7.9	0.6
Deferred tax liabilities at 31 January	59.2	43.3	52.3
Deferred tax liabilities relate to:			
Property, plant and equipment	0.0	0.0	-0.1
Current assets	41.3	36.6	41.2
Untaxed reserve relating to Sweden	19.4	8.9	15.3
Provisions	-0.3	0.0	1.6
Value of tax losses	-1.2	-2.2	-5.7
Total	59.2	43.3	52.3

The Group has no deferred tax liabilities relating to investments in subsidiaries, associates or joint ventures that have not been recognised in the balance sheet. The contingent retaxation liability attaching to German subsidiaries regarding which no provisions for deferred tax have been made amounted to DKK 97.9 million (FY 2008/09: DKK 97.9 million; FY 2007/08: DKK 97.9 million). The Company controls whether such tax liability will be triggered, which is considered unlikely.

Note 33. Other debt

	31.1.2010	31.1.2009	31.1.2008
Employee-related payables	13.7	15.3	16.7
Derivative financial instruments	0.0	31.4	0.0
Other debt	176.0	190.5	171.2
Total other debt	189.7	237.2	187.9
Broken down as follows under liabilities:			
Non-current liabilities (employee bonds)	3.9	2.5	0.0
Current liabilities	185.8	234.7	187.9
Total other debt	189.7	237.2	187.9

The carrying amount of employee-related payables consisting of salaries, personal income tax, social security contributions, holiday pay, etc., project-related costs and other costs is equal to the fair value of these payables.

Holiday pay obligations represent the Group's liability to pay salaries during holiday periods to which the employees had earned entitlement by the balance sheet date and which are to be taken in the following financial year(s).

Note 34. Contingent assets and liabilities and security

Contingent assets

A contingent asset in the form of unrecognised deferred tax assets is disclosed in note 21.

	31.1.2010	31.1.2009	31.1.2008
Contingent liabilities and security			
Surety and guarantee commitment on behalf of associates	5.1	5.1	5.1
Surety and guarantee commitment on behalf of joint ventures	1.1	28.5	33.1
Surety and guarantee commitment in joint ventures	5.8	8.5	11.0
Other surety and guarantee commitments	34.1	23.4	38.1
Carrying amount of project portfolio provided as security to credit institutions	2,938.6	2,147.8	1,556.6
Carrying amount of escrow account deposits, etc. investments, receivables and property, plant and equipment provided as security to credit institutions	387.9	429.2	673.6

The amounts stated for surety and guarantee commitments on behalf of associates and joint ventures are the upper limits.

The Group's other surety and guarantee commitments consist primarily of the Group's total rent guarantee commitments for which no provisions have been made in the financial statements. The provisions made in the financial statements relate to the rent guarantees that are likely to be called up.

Note 34. Contingent assets and liabilities and security, continued

The Group's project portfolio amounts to DKK 3,253.5 million (FY 2008/09: DKK 2,541.3 million; FY 2007/08: DKK 1,998.3 million), of which DKK 2,938.6 million (FY 2008/09: DKK 2,147.8 million; FY 2007/08: DKK 1,556.6 million) has been provided as security to the credit institutions that have granted building credits or mortgage credit loans.

The carrying amount of escrow account deposits, etc., and non-current assets totalling DKK 387.9 million (FY 2008/09: DKK 429.2 million; FY 2007/08: DKK 673.6 million), consists of security provided in the form of escrow accounts, securities, etc., DKK 32.8 million (FY 2008/09: DKK 62.7 million; FY 2007/08: DKK 89.0 million), and investment properties, DKK 355.1 million (FY 2008/09: DKK 366.5 million; FY 2007/08: DKK 584.6 million).

Usual performance bonds have been provided for construction work performed. The performance bonds have been issued via a credit insurance company. To a large extent, any work to be carried out under performance bonds will be attributable to subcontractors.

At 31 January the Group had an obligation to take over an underground parking facility on completion of construction at DKK 14.4 million. At 31 January 2009 and 31 January 2010 the Group no longer had such obligations.

TK Development is currently party to the following case that is of relevance due to its 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 2010. Neither the owner of the centre nor any company of 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. Management believes the risk of this case to be negligible.

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

The contingent retaxation liability attaching to German subsidiaries regarding which no provisions for deferred tax have been made amounted to DKK 97.9 million (FY 2008/09: DKK 97.9 million; FY 2007/08: DKK 97.9 million). The Company controls whether such tax liability will be triggered, which is considered unlikely.

Note 35. Financial risks and financial instruments

Classes of financial instruments		31.1.2009	31.1.2008
Other securities and investments	1.3	1.3	8.9
Financial assets held to maturity	1.3	1.3	8.9
Trade receivables	106.5	154.2	220.1
Amounts owed by associates	2.9	8.4	8.4
Contract work in progress	17.8	3.7	0.0
Other receivables	125.7	160.3	256.5
Cash, cash equivalents, including blocked and escrow accounts	141.0	227.2	644.4
Loans, advances and receivables	393.9	553.8	1,129.4
Securities	4.0	5.0	4.0
Available-for-sale financial assets	4.0	5.0	4.0
Derivative financial instruments entered into to hedge future cash flows	0.0	31.4	0.0
Financial liabilities used as hedging instruments	0.0	31.4	0.0
Credit institutions	2,324.0	1,746.4	1,756.6
Trade payables	144.1	224.0	381.7
Other debt	185.8	205.8	187.9
Financial liabilities measured at amortised cost	2,653.9	2,176.2	2,326.2

The Group's risk management policy

As a consequence of its activities, TK Development is exposed to fluctuations in foreign exchange and interest rates. The overall objective of the Group's risk policy is to manage risks and exposures in order to minimise their negative effects on earnings and cash flows. To the extent possible, the parent company manages the Group's financial risks centrally and coordinates the Group's liquidity management, including the raising of funds and the investment of surplus funds. No changes were made to the Group's risk management policy in the either FY 2009/10, FY 2008/09 or 2007/08.

Foreign exchange risks

The Group primarily hedges its foreign exchange risks by matching the currency of payments received with the currency of payments made. As a general rule, the financing of individual projects, whether raised with credit institutions or by forward funding, is raised in the same currency as the currency agreed or expected to be used for the project sale. Similarly, the general rule is for construction contracts to be concluded in the project invoicing currency. When the Company concludes a construction contract in a currency other 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 or other financial instruments. In FY 2009/10, a forward contract was concluded to hedge the contract currency of a project which differed from the invoicing currency. In the year of comparison, a forward contract was concluded to hedge the contract currency of a project which differed from the expected invoicing currency. These forward contracts were finally settled in FY 2009/10. No forward exchange contracts were concluded in FY 2007/08.

Note 35. Financial risks and financial instruments, continued

Interest rate risks

As a general rule, the TK Development Group finances its projects in progress by way of short-term, floating-rate bank loans or by forward funding, generally based on a fixed interest rate. Other interest-bearing debt is largely subject to variable interest (floating-rate debt).

Based on the Group's risk policy, Management regularly assesses whether a portion of its loans and advances should be hedged by financial instruments. No financial instruments were used in the 2009/10 financial year or the previous year to hedge interest rate risks.

Liquidity risks

The Group manages its liquidity risks by using revolving short-term cash budgets and long-term cash budgets that cover several years. The Group aims to continuously secure an optimum liquidity buffer to make efficient use of its cash resources in case of unforeseen fluctuations in cash requirements. The Group aims to optimise its liquidity buffer by raising loans or forward funding for its projects in progress.

To provide for sufficient future financial resources, Management has adopted a liquidity target for the whole Group. In addition, Management has adopted a solvency target for the whole Group corresponding to an equity ratio of a minimum of 30%, calculated as the ratio of equity to total assets. The Group has undertaken a commitment towards its main banker to meet a liquidity target and a solvency target. Both targets were met during the three financial years under review.

Credit risks

In connection with the sale of the Group's projects, the title to a project does not pass to the investor until payment has been effected. Thus, the Group's sale of projects does not generally generate credit risks as such. Each receivable is assessed individually, after which any necessary impairment losses are recognised.

The maximum credit risks associated with securities, equity investments, trade receivables, other receivables, cash and cash equivalents and deposits in blocked and escrow accounts correspond to their carrying amounts. The impairment losses for the year relating to trade receivables appear from note 21.

Other financial assets have been written down by DKK 0.8 million (FY 2008/09: DKK 0.0 million; FY 2007/08: DKK 0.0 million). The carrying amount of other receivables has been written down to net realisable value and amounts to DKK 0.9 million (2008/09: DKK 0.0 million; 2007/08: DKK 0.0 million).

Note 35. Financial risks and financial instruments, continued

Foreign exchange risks relating to recognised assets and liabilities:

2009/10	Cash, cash equivalents, blocked accounts and securities	Receivables	Credit institutions	Liabilities	Unhedged net position
EUR	15.0	52.0	-848.9	-56.1	-838.0
SEK	27.6	25.8	-42.1	-17.2	-5.9
PLN	32.1	27.1	-180.4	-29.4	-150.6
CZK	15.1	3.7	-50.8	-15.0	-47.0
31.1.2010	89.8	108.6	-1,122.2	-117.7	-1,041.5
2008/09					
EUR	7.1	102.6	-605.0	-65.2	-560.5
SEK	65.7	10.4	-43.5	-63.6	-31.0
PLN	23.6	36.6	-251.1	-27.4	-218.3
CZK	15.7	14.8	-31.7	-31.7	-32.9
31.1.2009	112.1	164.4	-931.3	-187.9	-842.7
2007/08					
EUR	113.4	30.1	-583.9	-86.6	-527.0
SEK	85.8	11.8	-57.9	-25.4	14.3
PLN	73.9	171.0	-358.1	-83.9	-197.1
CZK	49.2	28.3	0.0	-56.0	21.5
31.1.2008	322.3	241.2	-999.9	-251.9	-688.3
Sensitivity of profit/loss and equity to foreign exchange fluctuations					
		2009/10	2008/09	2007/08	
Effect if the EUR rate were 10% lower than the actual rate		62.9	42.0	39.5	
Effect if the SEK rate were 10% lower than the actual rate		0.4	2.3	-1.1	
Effect if the PLN rate were 10% lower than the actual rate		11.3	16.4	14.8	
Effect if the CZK rate were 10% lower than the actual rate		3.5	2.5	-1.6	

The Group's major foreign exchange exposures relate to EUR, SEK, PLN and CZK. The above calculations show the effect on equity and profit or loss if the rate of the relevant currency had been 10% lower than the actual rate. A corresponding increase in exchange rates would have a corresponding negative impact on profit or loss and equity.

As all foreign exchange adjustments relating to the above-mentioned financial instruments are recognised in the income statement, any foreign exchange fluctuations will have the same effect on profit or loss and equity.

Note 35. Financial risks and financial instruments, continued

In FY 2009/10, a forward contract was concluded to hedge the contract currency of a project which differed from the invoicing currency. In the year of comparison, a forward contract was concluded to hedge the contract currency of a project which differed from the expected invoicing currency. This forward contract was finally settled in the FY 2009/10. No forward exchange contracts were concluded in FY 2007/08.

Interest rate risks and dates of revaluation or maturity regarding financial assets and liabilities:

2009/10	Date of revaluation/maturity				Effective interest rate, %
	0-1 year	1-5 years	> 5 years	Total	
Other securities and investments	1.3	0.0	0.0	1.3	7.75 %
Securities	4.0	0.0	0.0	4.0	0 - 7 %
Trade receivables	106.5	0.0	0.0	106.5	0 %
Other receivables	125.7	0.0	0.0	125.7	0 %
Deposits with credit institutions (cash, cash equivalents, blocked and escrow accounts)	141.0	0.0	0.0	141.0	1 - 3 %
Amounts owed by associates	2.9	0.0	0.0	2.9	6 - 8 %
Trade payables	-144.1	0.0	0.0	-144.1	0 %
Other debt	-185.8	-3.9	0.0	-189.7	0 - 5 %
Payables to credit institutions	-2,298.0	-26.0	0.0	-2,324.0	2.5 - 9.25 %
Total at 31 January 2010	-2,246.5	-29.9	0.0	-2,276.4	

2008/09

Other securities and investments	1.3	0.0	0.0	1.3	7.75 %
Securities	5.0	0.0	0.0	5.0	0 - 7 %
Trade receivables	154.2	0.0	0.0	154.2	0 %
Other receivables	160.3	0.0	0.0	160.3	0 %
Deposits with credit institutions (cash, cash equivalents, blocked and escrow accounts)	227.2	0.0	0.0	227.2	2 - 5 %
Amounts owed by associates	8.4	0.0	0.0	8.4	6 - 8 %
Trade payables	-224.0	0.0	0.0	-224.0	0 %
Other debt	-234.7	-2.5	0.0	-237.2	0 - 5 %
Payables to credit institutions	-1,639.2	-84.7	-22.5	-1,746.4	3 - 8 %
Total at 31 January 2009	-1,541.5	-87.2	-22.5	-1,651.2	

Note 35. Financial risks and financial instruments, continued

2007/08	Date of revaluation/maturity				Effective interest rate, %
	0-1 year	1-5 years	> 5 years	Total	
Other securities and investments	3.8	5.1	0.0	8.9	3-8%
Securities	4.0	0.0	0.0	4.0	0 - 7%
Trade receivables	220.1	0.0	0.0	220.1	0%
Other receivables	256.5	0.0	0.0	256.5	0%
Deposits with credit institutions					
(cash, cash equivalents, blocked and escrow accounts)	644.4	0.0	0.0	644.4	2 - 5%
Amounts owed by associates	8.4	0.0	0.0	8.4	6 - 8%
Trade payables	-381.7	0.0	0.0	-381.7	0%
Other debt	-187.9	0.0	0.0	-187.9	0%
Payables to credit institutions	-1,348.3	-216.9	-191.4	-1,756.6	5-9%
Total at 31 January 2009	-780.7	-211.8	-191.4	-1,183.9	

With regard to interest-rate sensitivity, an increase in the interest rate level of 1% p.a. relative to that at the balance sheet date in respect of the Group's floating-rate deposits with and payables to credit institutions would have a negative full-year impact on the profit or loss for the year, and thus on equity, of DKK 16.3 million. A fall in the interest rate level of 1% p.a. would result in a corresponding positive impact on the profit or loss for the year and equity. For FY 2008/09 the interest rate sensitivity to a change in the interest rate level of 1% p.a. would be a full-year impact of DKK 11.4 million, and for FY 2007/08 a full-year impact of DKK 8.2 million.

Liquidity risks

The maturity dates of financial liabilities are specified for the individual classes of liabilities in the notes, with the exception of trade payables and other debt, which largely fall due within one year. The Group's liquidity reserve consists of cash and cash equivalents as well as undrawn credit facilities.

	2009/10	2008/09	2007/08
The liquidity reserve breaks down as follows:			
Cash and cash equivalents	77.5	111.0	322.0
Undrawn credit facilities	20.3	55.2	84.4
Total	97.8	166.2	406.4
Blocked funds for future release	63.5	116.2	322.4
Total liquidity reserve	161.3	282.4	728.8

Note 35. Financial risks and financial instruments, continued

Capital management

The Company's Management reviews the Group's capital structure on a regular basis, as well as the need for any adjustments. Management's overall aim is to provide a capital structure that supports the Group's long-term growth, while at the same time ensuring the best possible ratio between equity and loan capital and thus maximising the return for the Company's shareholders.

The Group has adopted a solvency target corresponding to an equity ratio of 30%, and compliance with this target also represents a covenant that commits the Group vis-à-vis its main bankers. This target was met for all three financial years under review. The equity ratio was 36.4% at 31 January 2010; 39.5% at 31 January 2009 and 37.7% at 31 January 2008.

The Group has maintained its business model, and Management would like to make proactive use of the earnings potential offered by existing projects and new project opportunities. The Group's present cash resources and capital base are sufficient to execute the portfolio of development projects in progress. In order to also exploit the potential of expected additional projects, Management assesses that a capital injection of about DKK 200 million may increase the shareholders' returns. No adjustments were made to the Group's share capital in either FY 2008/09 or FY 2007/08.

The payment of any dividends will be considered from year to year. The Board of Directors' current policy is not to distribute dividends. The Board of Directors intends to maintain the Group's liquidity, particularly in light of the present market situation. Moreover, the Board of Directors wishes to channel any earnings into the continued expansion of the Group's activities.

Breach of loan agreements

During the financial year and the previous year, the TK Development Group was not in breach of any loan agreements.

Note 36. Related party transactions

The Group has no related parties exercising control.

The Group's related parties are:

- Board of Directors and Executive Board (and their related parties)
- Joint ventures and associates,

	2009/10	2008/09	2007/08
Board of Directors and Executive Board (and their related parties)			
Number of shares owned	2,382,628	2,382,934	1,971,234
Obligation towards Executive Board, retention bonus	0	0	6
Obligation towards Executive Board, employee bonds	1.5	1.5	0.1
For remuneration, etc. to the Board of Directors and Executive Board, see note 7.			
Joint ventures and associates			
Fees from joint ventures	0.3	0.9	9.0
Interest income from joint ventures	5.0	4.0	10.1
Interest expenses, joint ventures	-9.7	-8.1	-5.4
Interest income from associates	0.3	0.4	0.4
Amounts owed by associates	2.9	8.4	8.4
Amounts owed by joint ventures	87.1	102.3	122.7
Amounts owed to joint ventures	110.1	106.5	126.9

Other than as set out above, there were no related party transactions in the financial year under review.

Surety and guarantees have been issued on behalf of joint ventures and associates; see note 34.

No security or guarantees have been provided for balances owing to or by related parties at the balance sheet date for any of the financial years under review. Receivables and payables are settled by payment in cash. No losses were realised in any of the financial years under review on receivables from related parties, nor were any provisions made for any probable losses.

Note 37. Events after the balance sheet date

In connection with the annual reports for the financial years FY 2009/10, FY 2008/09 and FY 2007/08 no events occurred from the balance sheet dates until the date of publication that changed the assessment of the individual annual reports.

Note 38. Adoption of annual report for publication

On 22 April 2010, the Board of Directors adopted the annual report for FY 2009/10 for publication. The annual report will be submitted to the company's shareholders for approval at the Annual General Meeting on 25 May 2010.

On 24 April 2009, the Board of Directors adopted the annual report for FY 2008/09 for publication. The annual report will be submitted to the company's shareholders for approval at the Annual General Meeting on 25 May 2009.

On 24 April 2008, the Board of Directors adopted the annual report for FY 2007/08 for publication. The annual report will be submitted to the company's shareholders for approval at the Annual General Meeting on 27 May 2008.

Note 39. New IFRS and IFRIC interpretations

At the date of publication of the annual report for FY 2009/10, a number of new or amended financial reporting standards and IFRIC interpretations had not yet entered into force or been approved by the EU. Thus, they were not implemented in the annual report. The implementation of such standards and interpretations is not expected to materially affect the annual reports for the coming financial years, except from the impact that the revised IFRS 3 will have from FY 2010/11 on the accounting treatment of any future business acquisitions.

The financial statements for FY 2007/08 have been restated retrospectively for changes to accounting policies and reclassifications made in FY 2008/09, and the financial statements for FY 2008/09 and FY 2007/08 have been restated retrospectively for changes to accounting policies and reclassifications made in FY 2009/10.