financial statements 2010

tcn urop se

TCN transforms existing buildings and areas into comfortable, functional and safe living environments.

With our flexible approach we are, even in the current market, able to invent, create and manage surprising places.

what's in here?

contents

The Atoomclub, Utrecht

Bought in 2010, the Atoomclub is TCN's new clubhouse: an inspiring office of over 6.000 SQM that we share with lots of other members.

company profile

tcn urop se

TCN UROP SE

TCN UROP SE is an international asset developer with an European footprint. We specialize in the integral development of complex real estate projects, the redevelopment of existing real estate and the introduction of new products. We focus on market demands, long-term involvement in management and ownership.

The company was established in 1994 by Rudy Stroink in partnership with Crow Holdings, the investment group of the Crow family in Dallas, Texas. In 2004, TCN UROP SE repurchased Crow Holdings' shares in order to develop independently, while staying close to its original American link.

TCN UROP SE headquarters in Utrecht (the Netherlands) and has local offices in Groningen (the Netherlands), Neuss / Hannover (Germany), Salzburg (Austria), London (United Kingdom) and Spain. TCN has a workforce of approximately 166 motivated employees who project the company's image and atmosphere.

TCN philosophy

At TCN, we create value through the repositioning and redevelopment of assets. We create new products that fit the demands of a changed society. Our aim is to create surprising places that people feel comfortable in. We strive for long term involvement in all our projects, and act as investor, developer and manager. TCN's biggest segment in business is in the privatization and redevelopment of existing real estate in cooperation with governments or semi-governments.TCN has proven to be a reliable partner in such processes, whereby formerly owned state or private assets are outsourced.

Core values

TCN's core values are embraced within the company. Our core values are:

- Reliable
- Considerate
- Creative

TCN's performance is constantly measured against these three values. The strength of the company is based upon the quality of the organization. Our innovations stem from curiosity in market developments and sensitivity to new and challenging opportunities.

Retail Park Almere Poort

An inspiring environment where people meet to shop and recreate. Almere Poort is a retail park of app. 38.500 SQM retail and leisure. It's located along the A6 highway, with 1,5 mln visitors expected yearly.

Start construction:
Q3 2011

Retail Park Hengelo Plein Westermaat phase III

Purchase date land Phase III:
2010

This project is the extension of the existing retail park developed by TCN, which is visited by 3,5 million visitors a year. After delivery it will consist of 70.000 SQM retail and 2.500 SQM restaurants.

Phase III: 21.000 SQM retail and 1.000 SQM restaurant.

Start Construction: Q4 2011

how we work

tcn urop se

How we work: think – make – care

In the utilization of real estate, TCN focuses on the following question: in what type of environment do organizations and people function optimally and feel happy? Thousands of people in Europe visit TCN projects every day to shop, live, relax, work, exchange knowledge or do business.

TCN operates in clearly defined segments of the real estate market, i.e.:

- Real estate in transition, either in function, financing or ownership
- Real estate in which new value can be added through creative asset management, remarketing or redevelopment
- Themed real estate that has a well-defined target group and for which specific products can be developed

TCN has a proven track record, which demonstrates substantial value is created by applying the right combination of creativity, experience, funding, management and vision to the real estate markets listed above.

TCN organizes their company around the property's life cycle. TCN has departments that are able to conceptualize the property, develop it and own and operate it efficiently so it can grow and mature.

TCN products

TCN operates in various markets with different target groups. TCN has developed and tested products that can be adapted to local circumstances.

TCN focuses on the following products:

- Themed business parks (e.g. Arnhems Buiten, Media Park Hilversum)
- Trade marts (e.g. Home Trade Center Nieuwegein)
- Retail parks (e.g. Retail Park Almere Poort , Retail Park Hengelo Plein Westermaat phase III)
- Data hotels (e.g. Groningen, Media Park Hilversum, Spaanse Kubus Rotterdam)
- Themed offices (e.g. Atoomclub Utrecht, Ugli London United Kingdom)
- Educational campus

We constantly look at trends in these area's to make sure we are always ahead of the market.

TCN portfolio

The value of investment property and developments within TCN´s portfolio at the end of 2010 is € 523.9 million. The net sales are € 88.8 million. Our goal is to create a steady cash flow and a stable growth in value of our real estate assets.

Media Park Hilversum

Media Park Hilversum is a themed business park offering a wealth of synergy due to the clustering of media related companies.

In 2011 TCN will realize the new UBF headquarters. It is a redevelopment (10.500 SQM) of the audiocentre (a monument, the oldest building on the Media Park).

ROC of Amsterdam

TCN develops the new ROCVA building. This regional community college building includes approx. 22.000 SQM college, 9.000 SQM facilities and a parking basement with 180 parking spaces.

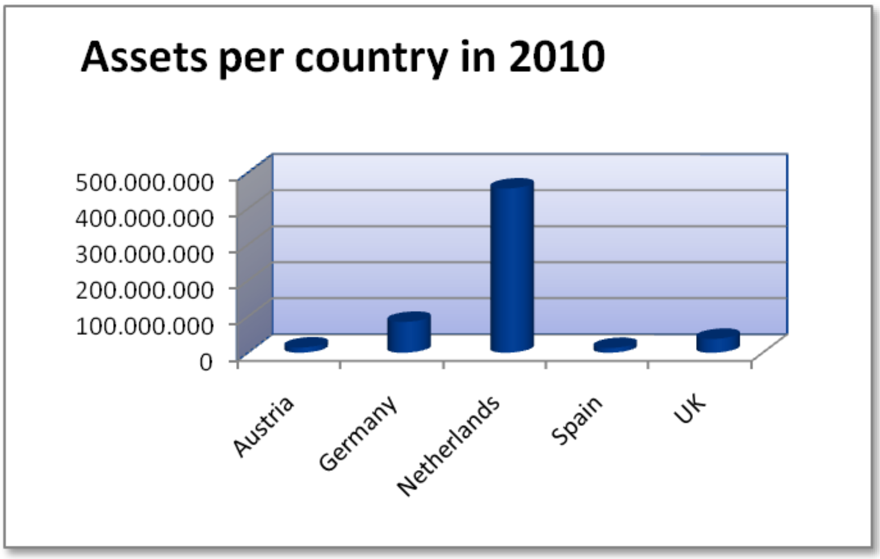
Start construction:
Q1 2010

TCN creates surprising places

General

TCN UROP SE is a real estate developer and asset manager. The company operates through subsidiaries in the Netherlands, the United Kingdom, Germany, Austria and Spain.

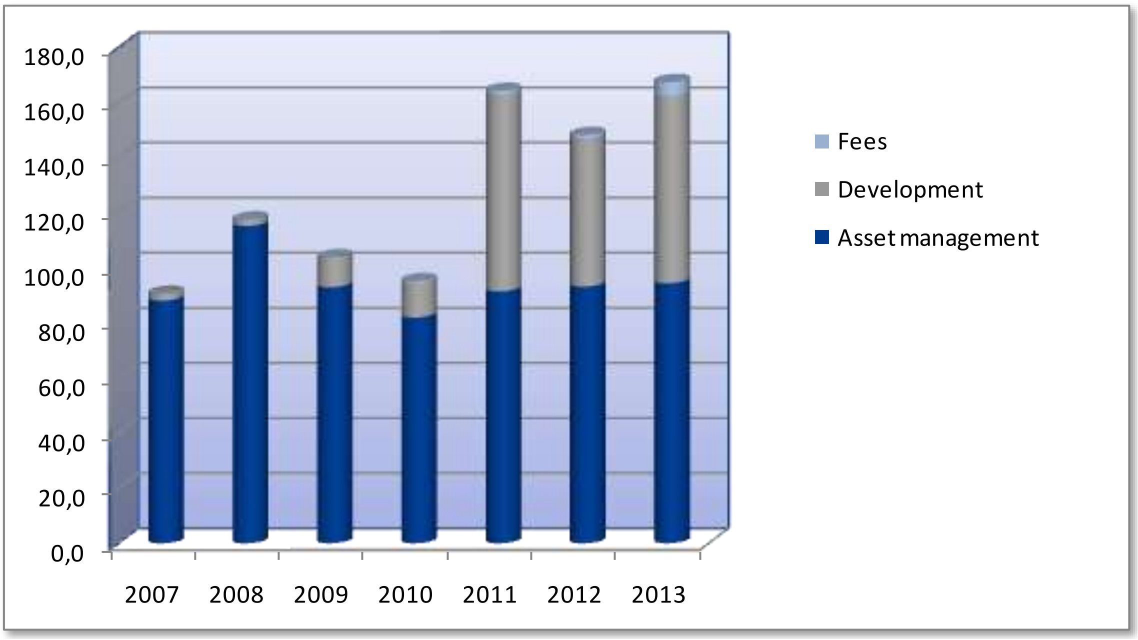
The main activities, both in asset value and revenues, are concentrated in the Netherlands (approximately 80%). In the Netherlands the real estate activities are held by TCN Assets B.V., an asset holding company. The operational activities are organized through TCN Property Projects B.V., another 100% daughter of TCN UROP SE.



The activities in other European Countries are operated through partnerships with local project developers. In general TCN UROP SE holds a majority stake in these activities.
We refer to the consolidated financial statements of TCN UROP SE for the overview of the company activities and financial results.

Market development in 2010

2010 did not leave any doubt about the seriousness of the market situation for the real estate industry in Europe. A surplus of product, specifically office, retail and other commercial real estate and a seriously disturbed financial market demand a strong response of any real estate company. Values have declined overall due to the uncertainties of the market and the economic downturn results in lower demand for real estate. The effects will be felt for a long time and a restructuring of business activities has to be based on a long-term view of the industry and demand.



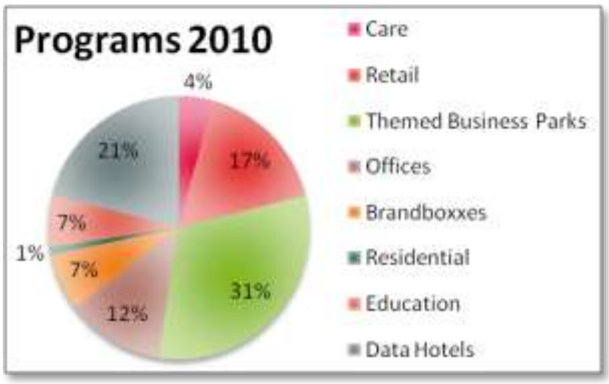
However, this doesn't mean there are no opportunities for new business. At the same time the crisis unfolded, we have seen profound changes in the way society functions. Transformations are taking place in the way people work, live, play, learn and collaborate and TCN has been very successful in defining new real estate products for this new world. We have also defined activities that will not deliver added value in the future and we have terminated many of the projects that we were active with before the downturn of the market. The new market is about affordable, flexible and custom made solutions for a new and demanding society. Clients know much better what they want and where they want it. It's vital to understand this new reality. Due to the adaptation of our business model in 2008 and 2009 we have seen an improvement in the commercial result in 2010 and expect further growth in the coming years.

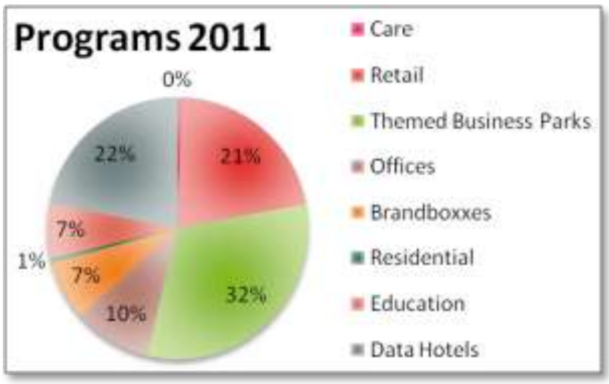
Business

In 2010 we were able to show considerable result in both our pyramid as well as our platform projects. In total we sold real estate investments for an amount of € 26.5 million, mainly pyramid projects, in line with our agreement with banks to achieve further debt reduction. For our platforms ((re-)development projects with a value increase potential) we were able to bring some to the next phase according to our ACIM-strategy (Acquire, Control, Improve, Mature). In 2009 the idea was launched of working in platforms to create partnerships with the main stakeholders on project and program level. All progress on all platform projects was linked to this way of working. This approach enabled us to start construction of a number of projects in 2011, amongst which Retail Park Almere Poort (38.500 sqm), Retail Park HengeloPlein Westermaat phase III (21.000 sqm), the office of TenneT and Kema at Arnhems Buiten and our current head office Atoomclub Utrecht.

In 2011 TCN will continue to focus on transformation of existing business parks and (re-)development of data centers. New business in retail and education centers is still possible, though in a reactive way. Our aim is to use our expertise in transforming existing buildings and areas more intensively. We have already shown our ability to identify hidden possibilities of demand in the current limited market as well as to identify hidden potential for re-growth of existing stock of some real estate. We will communicate this strength as 'TCN creates surprising places'. TCN can act as an investor, asset manager, (fee)developer.

To facilitate the strong demand on the Dutch market for additional data center capacity the TCN Data Hotel team will be increased significantly in 2011. Moreover, we are confident that we will select a joint venture partner in the second half of 2011 with whom we can start the ambitious business plan to invest € 200.0 million in a period of 5-7 years in Data Hotels.





Organization

In 2010 we have focused on operational excellence and increased focus on the products for the identified “new demands”. After the 2008 theme “gardening your assets” and the 2009 theme of “restructuring our portfolio” the board decided in 2010 to give additional attention to operational excellence. Two projects were set in motion. The first project was the re-engineering of our F&C department by introducing clever and documented procedures. In the second project tools and systems were developed to work with at TCN. We also restructured the TCN Concepts department to meet the challenges of the new market and to focus on the strategy of the company.

The TCN organization moved from the Keulsekade to a new working place, “the Atoomclub” in Utrecht, in 2010. On October 1st 2010 we were fully functional at our new location, which is highly appreciated by our staff.

The staffing structure did not change significantly. We reduced our total staffing with more than 10% due to more efficient work methods and sale of managed real estate. However, the increase of new developments in 2011 will most likely lead to an increase of our managerial staffing structure.

Rudy Stroink changed his role within TCN from CEO to C.O.A.C.H. He focuses now on the conceptual departments, acquisition of new projects and representing TCN in public debates. TCN is now represented by a daily board that consists of Arnoud van Raak (Chairman), Arjan Kuilman (Partner) and Eugen Kool (CFO).

Result 2010

The result 2010 amounts to € 11.6 million positive (2009: € 4.3 million negative). This result was achieved through improved gross margin of 45% (2009: 40%), further reduction of our general and administrative costs and a positive revaluation of our projects. We have also taken € 22.0 million in downward valuations as part of our focus on new products and termination of pre-crisis positions.

Within a difficult market we still were able to rent out well over 85.000 sqm and sell out of our portfolio approx. € 26.5 million.

A positive surprise in 2010 were the low interest rates. We anticipated an increase in occupancy over the next years and will implement new financial engineering to downsize our financial risks, specifically the increase in interest rates expected in 2011.

We expect the costs of the organization to continue to decrease due to more efficient work methods, sale of intensively managed real estate, new collaboration with partners and a more direct project approach of the organization.

Cash flow and financing

Our stakeholders have supported TCN during 2009 / 2010. We hope for a similar structural cooperation in 2011. With our financial stakeholders, especially our project financers, we have reached an agreement regarding the reduction of redemption payments. TCN had no redemptions on these projects in 2010 and we have agreed with our financial partners to continue this agreement for 2011-2012.

We expect that TCN will be able to restart redemptions.

TCN will have to monitor its cash flow very carefully in 2011, we have adjusted our financial reporting starting 2011.

Outlook

We have a positive outlook towards 2011 due to the increase in development activities. We will start at least three new development projects in Almere, Hengelo and Arnhems Buiten. TCN has a positive view of starting even more potential developments. The volume of real estate developments is estimated to grow in 2011-2012. Our target is to let approximately 50.000 sqm in our B2B centers, business parks like Media Park and Arnhems Buiten.

All the changes over the last three years have created a new TCN while maintaining our core values: reliable, creative and considerate.

Utrecht, 15 July 2011

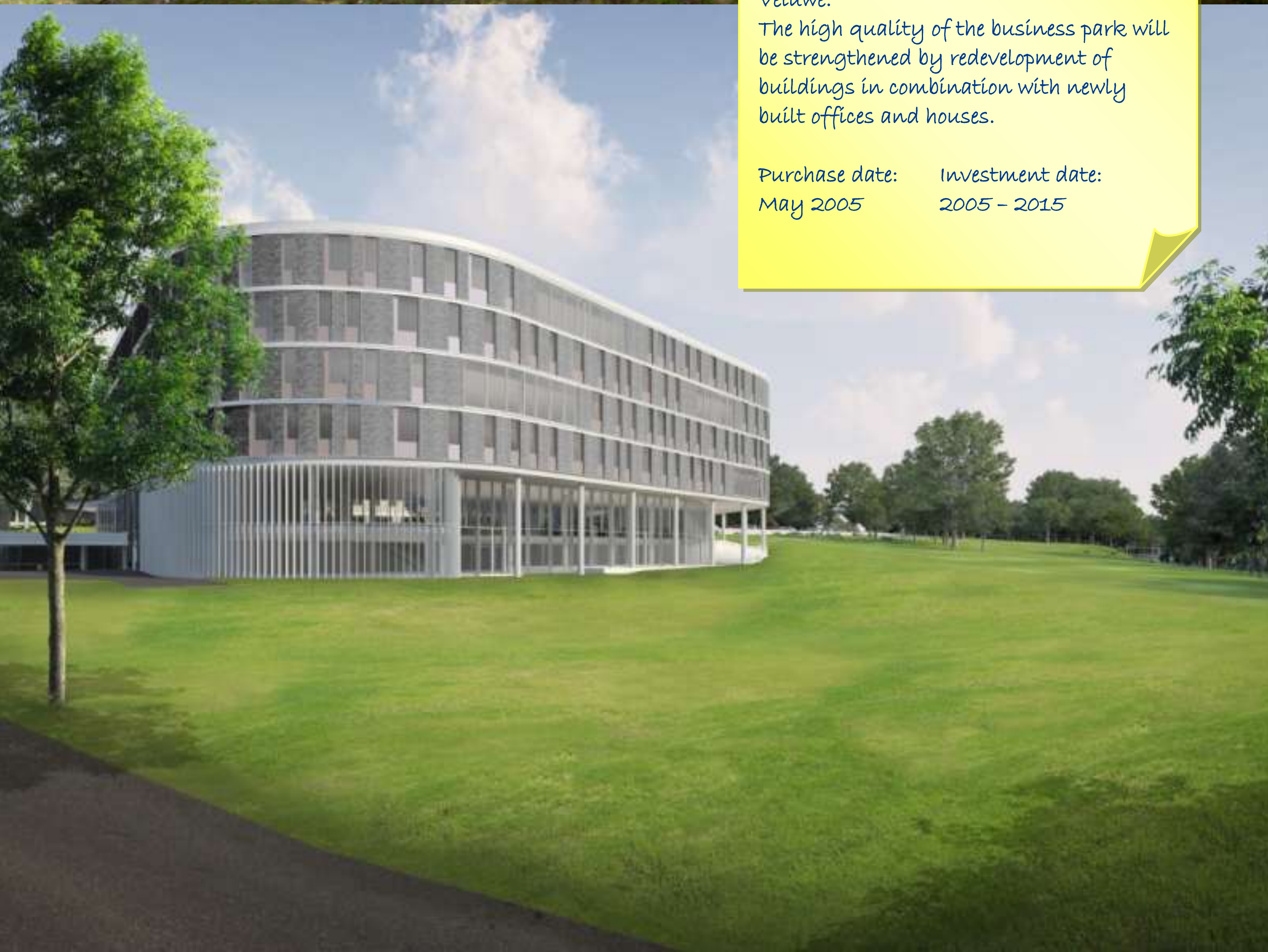
Board of TCN UROP SE:

Arnoud van Raak, Chairman / Partner	Arjan Kuilman, Partner
Rudy Stroink, Non-executive	Peter Zwart, Non-executive

Arnhems Buiten

Arnhems Buiten is a green business park beautifully situated in Arnhem between the river Rhine and national Park Hoge Veluwe.
The high quality of the business park will be strengthened by redevelopment of buildings in combination with newly built offices and houses.

Purchase date:	Investment date:
May 2005	2005 – 2015



Data Hotels

With over 20.000 SQM colocation space and many international clients TCN has proven to be a serious market player. TCN Data Hotel clients include many Dutch and international companies and governments. TCN deploys both multi-tenant and single-tenant, custom made Data Hotels.

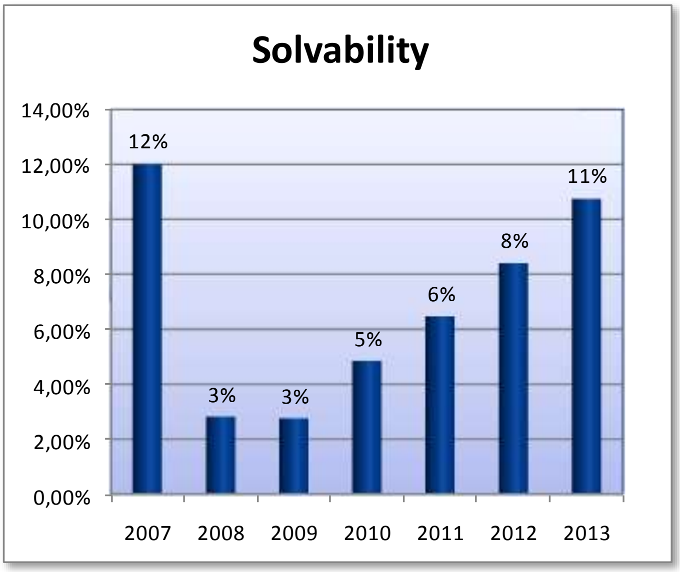
TCN currently has Data Hotels in Groningen and Eemshaven. In the near future we aim to open Data Hotels in Rotterdam and Hilversum.

key figures

tcn urop se

Amounts x €1 million	2007	2008	2009	2010	2011	2012	2013
Net sales	90,5	117,5	103,8	**88,8**	164,2	148,2	167,4
Direct and indirect costs	84,1	120,5	83,7	**67,3**	130,9	115,5	133,7
EBITDA	**6,4**	**(3,0)**	**20,1**	**21,5**	**33,3**	**32,7**	**33,7**
Financing charges	25,6	35,6	16,4	**7,7**	24,6	22,5	22,3
Operating result after financing charges	**(19,2)**	**(38,6)**	**3,7**	**13,8**	**8,7**	**10,2**	**11,4**
Amortization, depreciation and downward valuation of projects	(3,5)	(19,7)	(8,7)	**(21,3)**	(1,0)	(0,7)	(0,4)
Revaluation real estate investments / sales	47,1	(24,9)	10,2	**10,9**	6,1	5,5	6,8
Taxation	(5,8)	11,7	(0,1)	**4,9**	(1,6)	(2,0)	(2,2)
Result of non-consolidated participating interests / result third party interest	(5,3)	1,9	(9,4)	**4,8**	-	-	-
Extraordinary results	-	-	-	**(1,5)**	-	-	-
Net result	**13,3**	**(69,6)**	**(4,3)**	**11,6**	**12,2**	**13,0**	**15,6**

- Figures 2011-2013 are based on our business plan dated November 2010.



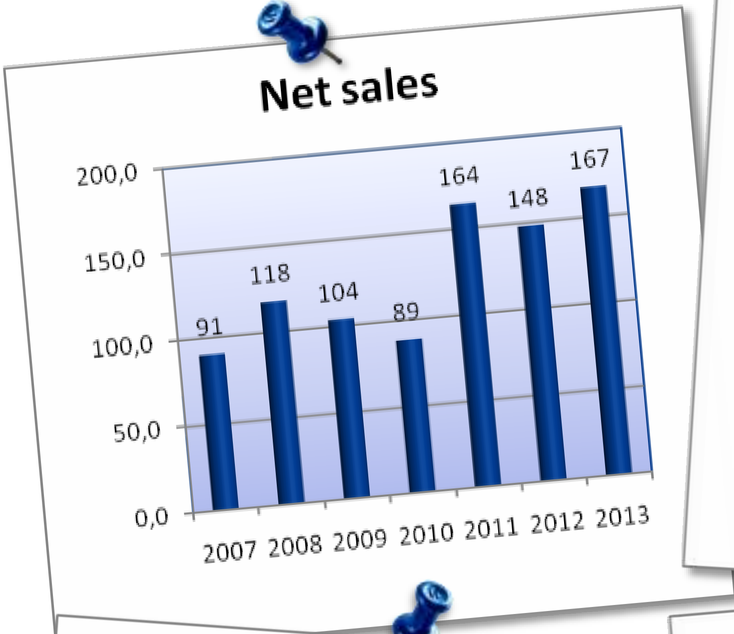
- Solvability is the amount of equity invested compared to the total invested capital. Total capital is a sum of equity and short/long term liabilities.

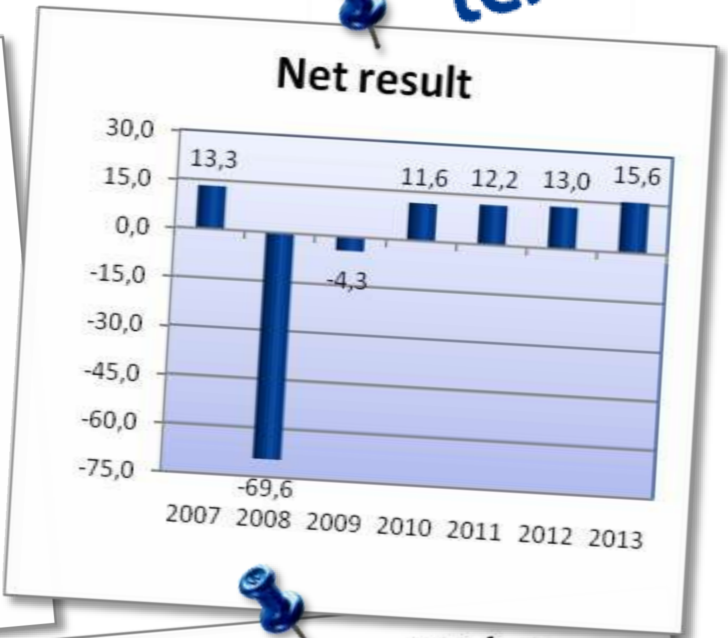
Keulsekade Utrecht

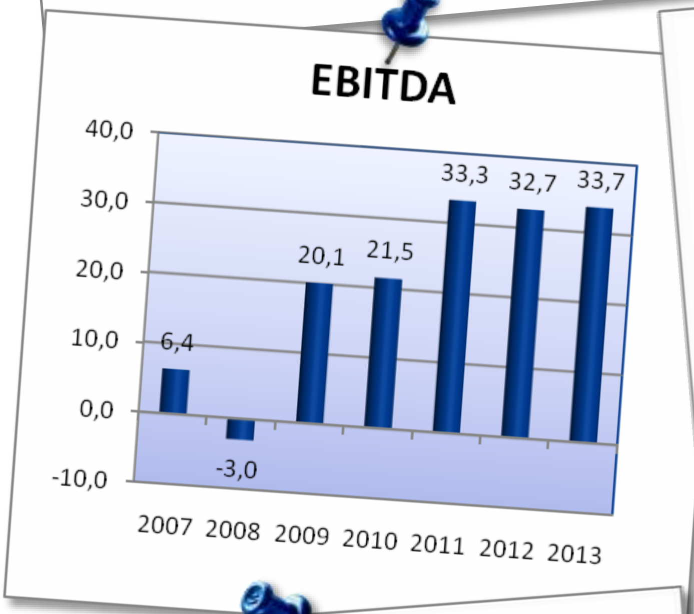
The former headquarters of Remu (Utrecht's energy company) has been renovated under architecture of the famous Dutch designer Bart Vos.
After being used by TCN itself it has been fully let to Bol.com, Hollands biggest online webshop. This lease also is the start of the future development of the surrounding grounds by TCN for the Bol.com campus.

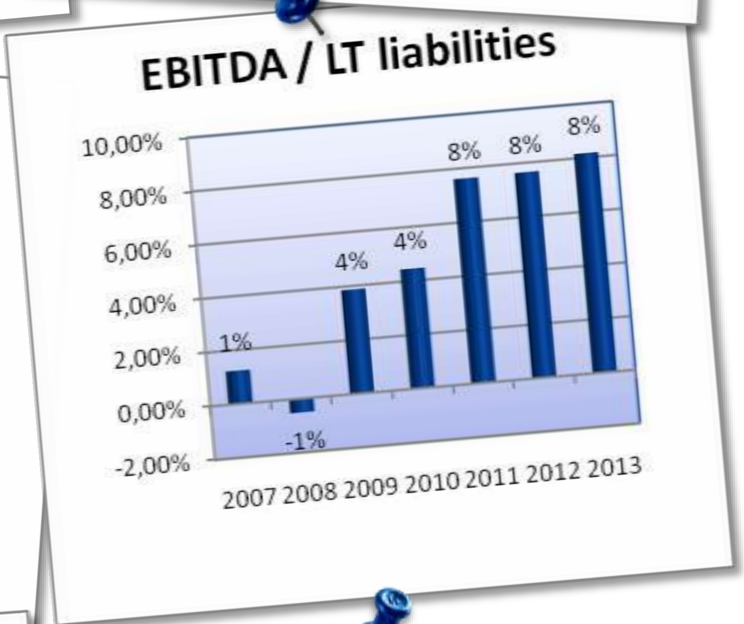
Mediacentrale Groningen

The Mediacentrale is a spectacular transformation of a former powerplant into a multi tenant mediarelated office. In the third quarter of 2010 TCN sold the Mediacentrale to Waarborg, a group of local investors.

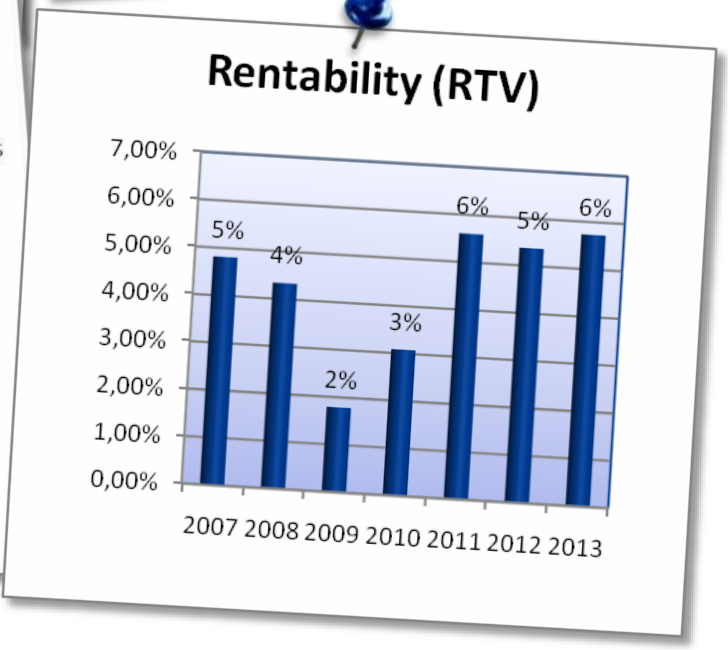

Net sales
200,0
150,0
100,0
50,0
0,0
91
118
104
89
164
148
167
2007 2008 2009 2010 2011 2012 2013


Net result
30,0
15,0
0,0
-15,0
-30,0
-45,0
-60,0
-75,0
13,3
-69,6
-4,3
11,6
12,2
13,0
15,6
2007 2008 2009 2010 2011 2012 2013


EBITDA
40,0
30,0
20,0
10,0
0,0
-10,0
6,4
-3,0
20,1
21,5
33,3
32,7
33,7
2007 2008 2009 2010 2011 2012 2013


EBITDA / LT liabilities
10,00%
8,00%
6,00%
4,00%
2,00%
0,00%
-2,00%
1%
-1%
4%
4%
8%
8%
8%
2007 2008 2009 2010 2011 2012 2013


Employees 2009-2010 (FTE)
150 140 130 120 110 100 90 80 70 60 50 40 30 20 10 0
125,3
27
9
5,2
146,4
27
12
4,6
2010
2009
Netherlands
Austria
UK
Germany


Rentability (RTV)
7,00%
6,00%
5,00%
4,00%
3,00%
2,00%
1,00%
0,00%
5%
4%
2%
3%
6%
5%
6%
2007 2008 2009 2010 2011 2012 2013

financial statements

tcn urop se

Consolidated balance sheet as at 31 December 2010

(Before proposed profit appropriation)

ASSETS x € thousand		2010		2009	
FIXED ASSETS					
Intangible fixed assets	1	**419**		536	
Tangible fixed assets	2	**525,661**		574,335	
Financial fixed assets	3	**57,661**		52,410	
			583,741		627,281
CURRENT ASSETS					
Development projects	4	**2,447**		8,445	
Receivables	5	**24,468**		28,599	
Cash and cash equivalents	6	**8,481**		12,430	
			35,396		49,474
TOTAL			**619,137**		676,755

EQUITY AND LIABILITIES x € thousand		2010		2009	
SHAREHOLDERS' EQUITY	7		**30,292**		18,669
MINORITY INTEREST	8		**10,839**		14,798
PROVISIONS	9		**24,109**		30,128
LONG TERM LIABILITIES	10				
Subordinated loans		**17,648**		35,788	
Long term loans		**94,412**		87,141	
Mortgages		**361,674**		396,542	
			473,734		519,471
SHORT TERM LIABILITIES					
Short term borrowings	11	**39,816**		46,396	
Current liabilities	12	**40,347**		47,293	
			80,163		93,689
TOTAL			**619,137**		676,755

Consolidated profit and loss account for the year 2010

x € thousand		2010		2009	
NET SALES	14	**88,761**		103,833	
Cost of sales		**(48,719)**		(61,805)	
GROSS MARGIN	15		**40,042**		42,028
REVALUATION REAL ESTATE INVESTMENTS	16		**7,326**		6,374
SALE OF REAL ESTATE INVESTMENTS		**35,699**		48,375	
Stated value sold real estate investments		**(32,146)**		(44,544)	
			3,553		3,831
			50,921		52,233
Amortization, depreciation and downward valuation of projects	17	**(21,281)**		(8,670)	
General and administrative expenses	18	**(18,558)**		(21,971)	
			(39,839)		(30,641)
OPERATING RESULT			**11,082**		21,592
Financing charges	20		**(7,701)**		(16,357)
RESULT ON ORDINARY ACTIVITIES BEFORE TAXATION			**3,381**		5,235
Taxation	21		**4,929**		(167)
			8,310		5,068
Result of non-consolidated participating interests	22		**5,506**		(8,737)
RESULT AFTER TAXATION			**13,816**		(3,669)
Result third party interest			**(693)**		(648)
			13,123		(4,317)
Extraordinary results			**(1,500)**		-
NET RESULT			**11,623**		(4,317)

Consolidated cash flow statement for 2010

x € thousand	2010		2009	
OPERATING ACTIVITIES				
Net result	**11,623**		(4,317)	
Revaluation	**(9,782)**		(6,374)	
Amortization, depreciation and write down of projects	**19,128**		8,438	
Waivers of loans	**(15,008)**		(7,808)	
Share of result of participations	**(4,801)**		9,293	
Minority interest in result	**(3,959)**		5,018	
		(2,799)		4,250
CASH FLOW				
Other adjustments to reconcile net profit to net cash provided by operations:				
- change in working capital	**915**		(720)	
- change in provisions	**(6,019)**		1,990	
		(5,104)		1,270
		(7,903)		5,520
INVESTING ACTIVITIES				
Investments in intangible fixed assets	**-**		(5)	
Investments in tangible fixed assets	**(9,295)**		(27,287)	
Sales tangible fixed assets	**33,477**		52,050	
Investments in financial fixed assets	**(3,499)**		(11,222)	
Divestments in financial fixed assets	**1,603**		380	
Net cash used for investments		**22,286**		13,916
FINANCING ACTIVITIES				
Dividend paid	**-**		676	
New long-term borrowings	**21,830**		34,701	
Repayment of long-term borrowings	**(33,582)**		(39,614)	
Change in short-term borrowings	**(6,580)**		(15,704)	
Net cash used in financing activities		**(18,332)**		(19,941)
Change in cash and cash equivalents		**(3,949)**		(505)
Cash and cash equivalents at the beginning of the year		**12,430**		15,725
Cash included in entities disposed of during the year		**-**		(2,790)
Cash and cash equivalents at the end of the year		**8,481**		12,430

See note 23 for an analysis of the cash flow statement.

Schedule total result for 2010

x € thousand	2010	2009
Consolidated net result	**11,623**	(4,317)
Direct changes in equity	**-**	177
Total result	**11,623**	(4,140)

Notes to the consolidated financial statements

1. General notes

Financial reporting period
These financial statements have been prepared for a reporting period of one calendar year.

Relationship with parent company and principal activities
TCN UROP SE is a Societas Europaea, an European public limited company and has its corporate seat under the Articles of Association in Utrecht, the Netherlands. Approximately 83% of the shares is held by Strovast B.V. , Vuurkaap B.V. and TCN Forever B.V. while the remaining 17% is held by Stichting Partners of TCN (POT).

The company is a holding company: the group is primarily involved in investments in real estate, asset development and asset management.

Basis of preparation
The financial statements have been prepared in accordance with Book 2, part 9 of the Dutch Civil Code.

The applied accounting policies are based on the historical cost convention.

Application of section 402, book 2 of the Dutch civil code (BW)
The financial information of TCN UROP SE is included in the consolidated financial statements. For this reason, in accordance with section 402, Book 2, Part 9 of the Dutch Civil Code, the profit and loss account of TCN UROP SE exclusively states the share in the result after taxation of companies in which participating interests are held and the general result after taxation.

Going concern
The consolidated financial statements were prepared based on the going concern assumption. Following measures contributed:

- A number of financers provides an additional credit facility over a period of 2 years to finance fluctuations in working capital which will occur as a result of the difficulty to estimate sales moments. The financing will be repaid with cash releases from sales and development projects.
- Additionally redemptions of project loans and mortgages in the year 2011 and 2012 are postponed (starting 1 April 2011) for projects in which TCN UROP SE holds 100% or more of the total shares.
- Planned divestment program generating cash for the funding of the operations in 2011.
- Restructuring of the company.

Despite these measures TCN UROP SE will be dependent on it's divestment program in 2011 to generate sufficient cash flow. TCN UROP SE plans to realize a net cash flow through sales in 2011, after repayment of financing thereon, of approximately € 6.4 million.

TCN UROP SE and its financers have ongoing constructive negotiations in which they continuously aim to find mutually acceptable solutions regarding the redemption and restructuring of the debt portfolio. To realize a break-even cash flow in 2011 TCN UROP SE has actively negotiated during 2010 and early 2011 with its project financers regarding the redemption payments on project-mortgages and loans.

There where TCN UROP SE is 100% owner of the project we have come to a collective agreement with our financers that for the period of two years up to 1 April 2013, TCN UROP SE will not have to pay the regular redemptions. With the corporate and project financers it is agreed that any funds from the sale of real estate that are in excess of the current credit facilities will be used to repay outstanding redemption payments.

Comparative figures
Where necessary, the figures for 2009 have been reclassified in order to permit comparability with 2010.

2. Principles of consolidation

Group companies
The consolidated financial statements cover TCN UROP SE and those group companies over whose financial and operating policies TCN UROP SE is able to exercise direct or indirect control. The assets, liabilities and results of such group companies are fully consolidated. Minority interests are presented within group equity separate from parents' equity.

In assessing whether direct or indirect control exists, potential voting rights that are presently exercisable are taken into account. Group companies exclusively acquired with the view to resale are exempted from consolidation.

The financial statements of subsidiaries are included in the consolidated financial statements from the date that decisive control was obtained until the date on which decisive control ceases. The assets and liabilities of participating interests acquired during the year are included at their fair value at the time of acquisition. The results of these participating interests are recognized as from the date of acquisition.

Joint ventures
Financial data concerning joint ventures, over which joint control is exercised pursuant to an agreement with a third party, are consolidated proportionally in accordance with TCN UROP SE's accounting principles.

Elimination of transactions with group companies and joint ventures
Balance sheet items and profit and loss items from intercompany transactions are eliminated (proportionally) in the consolidated financial statements.

A list of participating interests, drawn up in conformity with sections 379 and 414, Book 2, Part 9 of the Dutch Civil Code, has been filed with the Trade Register in Utrecht, the Netherlands.

3. Summary of accounting principles applied

General
The principles adopted for the valuation of assets and liabilities and determination of the result, insofar as not stated otherwise, are based on the historical cost convention.

An asset is disclosed in the balance sheet when it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the cost of the asset can be measured reliably. A liability is recognised in the balance sheet when it is expected to result in an outflow from the entity of resources embodying economic benefits and the amount of the obligation can be measured with sufficient reliability.

Revenues are recognised when the company has transferred the significant risks and rewards of ownership of the goods to the buyer. The revenue and expenses are allocated to the period to which they relate.

The financial statements are presented in euros, the company's functional currency. All financial information in euros has been rounded to the nearest thousand.

4. Use of estimates

The preparation of the financial statements requires management to form opinions and to make estimates and assumptions that influence the application of principles and the reported values of assets and liabilities and of income and expenditure. Actual results may differ from these estimates. The estimates and the underlying assumptions are constantly assessed. Revisions of estimates are recognised in the period in which the estimate is revised and in future periods for which the revision has consequences.

5. Foreign currencies and operations

Foreign currency transactions
Transactions denominated in foreign currency are translated into the relevant functional currency of the group company at the exchange rate applicable on the transaction date. Assets and liabilities are translated at the exchange rate applicable at balance sheet date.

Foreign operations
For consolidation purposes assets and liabilities of foreign operations arising on consolidation are translated into euro's at exchange rates applying on balance sheet date. Income and expenses of foreign operations are translated into euro's at average rates. Translation gains and losses are taken into the reserve for exchange rate differences as direct movements in equity.
If a foreign operation is completely or partially sold the accompanying exchange rate differences are charged to the profit and loss account.

6. Accounting principles applied to the valuation of assets and liabilities

Intangible fixed assets

Software and other intangibles are valued at cost less depreciation. Depreciation is calculated on the straight line method based upon the economic life of the assets. The estimated useful life is 3 years. Usage rights are depreciated in 15 years.

Tangible fixed assets

Land and buildings and other tangible fixed assets
Land, buildings and other tangible fixed assets for the group's own use are valued at cost less depreciation. Depreciation is calculated on the straight-line method based upon the economic life of the asset. The estimated economic life of buildings ranges from 20 to 30 years. The estimated economic life of other tangible fixed assets ranges from 2 to 5 years. Land is not depreciated. Land that's part of real estate consisting of a complex of buildings and land that's classified as real estate investments are valued accordingly.

Real estate investments
Real estate investments are valued at market value based upon appraisals made by independent experts. The change in market value is recognized through the profit and loss account. If the specific circumstances of less significant real estate investments did not change during the financial year, the investments are valued internally.

The real estate investment portfolio is partly appraised externally at year end. The external appraisals are based upon the average of the discounted cash flow method and the rent capitalization method.
The company only appoints external appraisers that are listed as 'State certified General Real Estate Appraiser' for the state in which the property is located.

Construction in progress
Construction in progress consists of real estate projects in pre-development as well as (re)development. Real estate projects are classified as construction in progress until the (re-) development has been completed. All costs related to the purchase and completion of a real estate project as well as the subsequent investments for development are capitalized with a surcharge for overhead costs (project management costs), less any provision for foreseeable losses if deemed necessary.

Financial fixed assets
Non-consolidated participating interests where significant influence is exercised over the operational and financial policies are valued in accordance with the equity method on the basis of the net asset value. The net asset value is calculated on the basis of TCN UROP SE's accounting policies. If the data necessary for the determination of the result in accordance with the principles of valuation of TCN UROP SE are not available, the non-consolidated participating interests are valued at disclosed net equity.

Other investments in which the group does not have a significant influence, are valued at the lower of acquisition cost or market value.

Long-term receivables are shown at face value, if necessary after deduction of a value adjustment.

Assets held for sale are measured at the carrying amount or lower market value, less selling costs.

Impairment
Assets with a long life are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists the assets' recoverable amount is estimated. The recoverable amount is calculated as the present value of estimated future cash flows, discounted at the effective interest rate or the fair value less cost of to sell whichever is the higher. If the book value of an asset exceeds the recoverable amount, impairment is charged to the result equal to the difference between the carrying amount and recoverable amount.

Inventories
Inventories are valued at direct costs, if applicable, raised with a percentage for general costs and financing costs and reduced with invoiced terms and provisions for lower market value.

Development projects
Development projects are valued at direct costs, if applicable, raised with a percentage for indirect costs, financing costs and profit and reduced with invoiced terms and provisions for lower market value. Revenues, costs and profit of development projects are allocated to the project aligned with the activity performed to complete the project (percentage of completion method) applied at balance sheet date. Expected losses on projects are immediately recognised in the profit and loss account.

Receivables
Receivables are stated at nominal value if amortized cost combined with the effective interest method equals (more or less) the nominal value. A bad debt provision is included when considered necessary.

Cash and cash equivalents
Cash and cash equivalents are bank account balances and other short-term highly liquid investments with an original term of up to three months. Negative bank account balances are presented as bank facilities.

Shareholders' equity

Revaluation reserve
The revaluation reserve relates to value increases of assets that are valued at fair value. A revaluation reserve is recorded for each individual asset and is not higher than the difference between the fair value and the historical costs . If an asset is disposed of, the related revaluation reserve is released to other reserves. Within the calculation of the revaluation reserve the amount for deferred tax liabilities is offset at the effectivetax rate.

Minority interests
Minority interests are valued at net asset value, which is determined in accordance with groups' the accounting principles.

Provisions

Deferred taxes
Deferred tax assets and liabilities relate to temporary differences between the valuation of assets and liabilities for financial reporting and for tax purposes. Deferred tax assets arising from losses carried forward are recognized to the extent that future taxable profits will be available against which tax losses can be utilized. Deferred tax assets are reviewed at each balance sheet date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized. The deferred tax assets and liabilities are valued at the estimated realisable value taking into account applicable tax rates. Deferred tax assets and liabilities with equal recognition-terms and which relate to the same fiscal entity are netted.

Pensions
Pension arrangements involving a defined contribution scheme are insured with underwriters. The company cannot be held liable for actuarial results or deficits in the fund. The commitments are funded by annual contributions charged by the pension fund to the company.

Other provisions
A provision for restructuring is recognized when the company has approved a detailed and formal restructuring plan, and restructuring either has commenced or has been announced publicly. Future operating costs are not provided for.

A provision for loss making contracts is recognized when the company has entered into contracts which will lead to future losses. The provision is calculated at the net present value.

Long term liabilities
Loans are initially stated at nominal value.Subsequently loans are carried at amortised cost on the basis of the effective interest rate method. Redemption obligations with a term of less than one year are presented as short term liabilities.

Derivatives
Derivatives are measured at cost. Derivatives which are concluded for hedging purposes are taken into account in the determination of the result on the hedged transaction.

Current liabilities
Financial commitments that are not held for trading purposes are carried at nominal value unless the nominal value differs from amortized cost using the effective interest rate method.

7. Accounting principles for profit determination

Net sales
Rental income from investment property is recognized in profit or loss on a straight-line basis over the term of the lease. Lease incentives granted are recognized as an integral part of the total rental income, over the term of the lease.

Revenues from services rendered are recognised in the profit and loss account in proportion to the costs related as at balance sheet date.

As soon as the outcome of a construction contract can be estimated reliably, project revenue and project costs associated with the project are recognised as revenue and expenses respectively in proportion to the amount of work performed as at balance sheet date. Revenue from projects includes the contractually agreed/upon revenue plus any revenue from variations in project work, claims and reimbursements, insofar as and to the extent that it is probable that these revenues will be realised and can be reliably determined.

The extent to which work has been completed in respect of a project is determined by comparing the project costs incurred until the balance sheet date to the total project costs. If the result of a project cannot be reliably estimated, project revenue should only be recognised up to the amount of project costs incurred likely to be recovered. Expected losses on projects are immediately recognised in the profit and loss account.

Cost of sales
Cost of sales comprises the cost directly related to the net sales.

Costs of outsourced work and other external costs
This concerns costs that are directly attributable to net turnover.

Revaluation real estate investments
Revaluation of real estate investments relates to the increase or decrease of the value of the real estate investment portfolio in the financial year.

Sale of real estate investments
Sale of real estate investments relates to the revenue from the sale of real estate investments.

Stated value sold real estate investments
The stated value of sold real estate investments includes the book value of the asset and additional costs relating to the sale of the asset.

Financing charges
Financing charges comprise interest attributable to the accounting period on borrowings, other debts and cash and bank balances. The interest charge for borrowings is calculated using the effective interest method.

Taxation
Taxation comprises the current and deferred corporate income tax payable and deductible for the reporting period.

Current tax comprises the expected tax payable or receivable on the taxable profit or loss for the financial year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to the tax payable in respect of previous years.

Result of non-consolidated participating interests
Result of non-consolidated participating interests consists of TCN UROP SE’s share in the net result of these companies.

The results of non consolidated participating interests acquired or sold during the financial year are stated in the result from the date of acquisition or until the date of sale respectively.

8. Notes to the cash flow statement

The cash flow statement has been prepared according to the indirect method. Cash flows from financial derivatives that are stated as fair value hedges are attributed to the same category as the cash flow from the hedged balance sheet items. Cash flow from financial derivatives to which hedge accounting is no longer applied are categorized in accordance with the nature of the instrument as from the date on which the hedge accounting is ended.

Notes to the consolidated balance sheet as at 31 December 2010

(1) Intangible fixed assets

	Goodwill	Software	Other	Total
Balance at 31 December 2009				
Cost of acquisition	6,427	1,080	625	8,132
Amortization	(6,418)	(1,011)	(167)	(7,596)
Book value	**9**	**69**	**458**	**536**
Changes in book value				
Amortization	-	(50)	(42)	(92)
Reclassification	(9)	(16)	-	(25)
Total changes	**(9)**	**(66)**	**(42)**	**(117)**
Balance at 31 December 2010				
Cost of acquisition	-	257	625	882
Amortization	-	(254)	(209)	(463)
Book value	**-**	**3**	**416**	**419**

The other intangible fixed assets relate to usage rights and are depreciated in 15 years.

(2) Tangible fixed assets

	Buildings and land	Real estate investments	Construction in progress	Other	Total
Balance at 31 December 2009					
Cost of acquisition	11,737	273,493	209,922	21,395	516,547
Revaluation	1,650	92,660	-	-	94,310
Depreciation	(798)	-	(32)	(19,216)	(20,046)
Exchange rate differences	-	(7,468)	(8,751)	(257)	(16,476)
Book value	**12,589**	**358,685**	**201,139**	**1,922**	**574,335**
Changes					
Investments	3,259	-	5,435	601	9,295
Divestments		-	-	(7)	(7)
Consolidation (Deconsolidation)	-	(16,578)	-	(25)	(16,603)
Revaluation	-	9,782	-	-	9,782
Depreciation	(254)	-	-	(688)	(942)
Write down of projects	-	(11,686)	(6,408)	-	(18,094)
Sales	(234)	(26,463)	(6,773)	-	(33,470)
Reclassification	(12,101)	110,701	(98,558)	-	42
Exchange rate differences	-	867	456	-	1,323
Total changes	**(9,330)**	**66,623**	**(105,848)**	**(119)**	**(48,674)**
Balance at 31 December 2010					
Cost of acquisition	3,259	329,467	103,618	21,964	458,308
Revaluation	-	102,442	-	-	102,442
Depreciation	-	-	(32)	(19,904)	(19,936)
Exchange rate differences	-	(6,601)	(8,295)	(257)	(15,153)
Book value	**3,259**	**425,308**	**95,291**	**1,803**	**525,661**
Depreciation rates	**3,5%**			**20%-50%**	

Mortgages, including the short term portion, account for 70.7% (2009: 70.8%) of the total financing of Buildings and land, Real estate investments and Construction in progress.

Other tangible fixed assets relate to office inventory.

(3) Financial fixed assets

	Loans to shareholders	Loans to personnel	Non-consolidated participating interest	Deferred tax assets	Other long term loans	Total
Balance at 31 December 2009	**652**	**62**	**22,944**	**19,915**	**8,837**	**52,410**
Changes						
New borrowings	-	-	-	-	106	106
Additions	135	-	-	2,084	1,174	3,393
Share result	-	-	4,801	-	-	4,801
Sale and redemption	-	(36)	(57)	(1,247)	(263)	(1,603)
Waivers	-	-	-	-	(2,000)	(2,000)
Consolidation/ (Deconsolidation)	-	-	(225)	(466)	(24)	(715)
Reclassification	-	-	521	-	748	1,269
Balance at 31 December 2010	**787**	**26**	**27,984**	**20,286**	**8,578**	**57,661**

The interest on the loans to shareholders is 5.0% per year. The average term of loans to personnel is 4 years and the average interest rate is 6.0% up to 6.5%.

The non-consolidated participating interest relates mainly to Media Park Enterprise B.V.
Due to change in the contract between the shareholders of Mediapark Enterprise B.V. Mediapark Enterprise B.V. is not consolidated as per November 2009. In 2009 the result of Mediapark Enterprise B.V. has been recognized in the financial statements up until November 2009.
In 2010 the participating interest in TCN Charlemagne Property Projects B.V. was partly sold. Due to the loss of decisive control of TCN UROP SE figures of this entity are not consolidated in 2010.

Taxes relates to the available tax loss carry-forwards and are considered to be long term in nature. In 2010 a deferred tax asset regarding available tax loss carry-forward of € 1.2 million has been recognized (2009: € 1.8 million). The movement in the year of the deferred tax asset is caused by the loss for tax purposes 2010 and the final determination of prior year losses. As at 31 December 2010 no deferred tax asset has been recognized for the cumulative available tax loss carry-forwards for the fiscal entities amount to approximately € 18.3 million (2009: € 22.3 million). The nominal value of the available deferred tax assets amounts to approximately € 25.8 million (2009: € 25.4 million).

Other long term loans include a loan to the minority shareholder of a TCN UROP SE subsidiary for an amount of € 5.4 million (2009: € 4.9 million). This loan will be repaid out of the proceeds of the sale of the subsidiary concerned.

(4) Development projects

Development projects can be divided into debits and credit projects. Debits amount to € 9.3 million and credits amount to € 6.9 million.

All costs related to the purchase and completion of a real estate project as well as the subsequent investments development are capitalized with a surcharge for overhead costs (project management costs), less any provision for foreseeable losses if deemed necessary. The carrying amount of development projects is stated net of € 28.4 million (2009: € 7.0 million) for installment billings.

(5) Receivables

	2010	2009
Receivables from affiliated companies	**10,019**	8,429
Trade receivables	**6,382**	5,544
Prepaid expenses	**2,628**	3,054
Taxes	**402**	3,481
Other receivables	**5,037**	8,091
	24,468	28,599

(6) Cash and cash equivalents

	2010	2009
Cash in hand and at bank	**8,399**	11,996
Time deposits	**82**	434
	8,481	12,430

Cash in hand and at bank are at free disposal of the company and her partnerships. An amount of approximately € 1.7 million is designated to third parties (bank guarantee). Cash positions that are at the disposal of partnerships cannot be used without consent of our partners. This concerns an amount of approximately € 2.5 million.

The bank granted a current account credit facility that is included under the short term borrowings. For this credit facility TCN UROP SE granted pledges on the shares of group companies, pledges on receivables and second ranking mortgages on real estate assets to the financing bank.

(7) Shareholders' equity

For details of Shareholders' equity reference is made to the notes to the Company Financial Statements.

(8) Minority interests

This balance sheet heading covers the minority interest, representing the share of third parties in the shareholders' equity of the group companies TCN SIG Telehousing B.V., BrandBoxx Management B.V., TCN Assets GmbH CoKg and Express Park Holdings B.V.

(9) Provisions

	Deferred Taxes	Other provisions	Total
Balance at December 31, 2009	**28,014**	**2,114**	**30,128**
Movements			
Additions	2,124	-	2,124
Withdrawals	(611)	(643)	(1,254)
Releases during the year	(6,307)	(39)	(6,346)
Reclassification	-	(543)	(543)
Balance at December 31, 2010	**23,220**	**889**	**24,109**

In general, provisions have a maturity of more than one year.

Deferred taxes
The provision for deferred taxes relates to future fiscal liabilities caused by temporary differences in the profit determination for financial reporting and for tax purposes. In general, the provision is caused by the valuation of real estate property at market value for financial reporting purposes, whilst the real estate property for tax purposes is valued at historical costs less accumulated depreciation. The resulting provision is valued at the net present value, taking into account applicable tax rates. The net present value is calculated at 20%, with the exception of the United Kingdom where the net present value is calculated at 15%. If deferred tax liabilities were to be measured at the nominal tax rates instead of at discounted tax rates the liability would amount to € 28.0 million (2009: € 37.0 million).

Pensions
In general, TCN UROP SE has a defined contribution scheme. Pension commitments for certain categories of employees are insured with pension funds. However, the company can only be held liable for annual pension premiums due. Consequently the pension charges are equal to the annual contribution paid and no provision has to be recorded.

Other provisions
Other provisions relate to reorganization costs in connection with the restructuring of operating activities and a provision for loss making contracts.

(10) Long term liabilities

The long term liabilities decreased with € 45.7 million to € 473.7 million in 2010. Movements during the book year can be specified as follows:

	Subordinated loans	Long term loans	Mortgages	Total
Balance at 31 December 2009	**35,788**	**87,141**	**396,542**	**519,471**
Changes				
Loans taken up	-	9,005	12,132	21,137
Transfer to/ from short-term borrowings	(2,204)	990	428	(786)
Redemptions	(975)	(5,369)	(27,238)	(33,582)
Waivers	(15,008)	-	(2,000)	(17,008)
Consolidation/ (Deconsolidation)	(292)	(1,198)	(11,207)	(12,697)
Reclassification	(519)	3,306	(6,281)	(3,494)
Other	858	537	(702)	693
Balance at 31 December 2010	**17,648**	**94,412**	**361,674**	**473,734**

As at 31 December 2010 long term liabilities with a remaining maturity of more than 5 years amount to € 67.8 million (2009: € 115.0 million).
Redemption payments of long-term liabilities which are due within one year are presented under the short-term borrowings.

Subordinated loans
The subordinated loans relate to € 17.0 million, granted by banks, owners of projects and co investors, interest rate amounts from 4.75% to 10%, the weighted average interest rate is 6.9%

The loans are subordinated against banks and creditors.

Long term loans
The weighted average interest rate of long term loans is approximately 5.5% with a minimum of nil % and a maximum of 14%.

Mortgages
The weighted average interest rate of mortgage loans is approximately 2.3% with a minimum of nil % and a maximum of 5.1%.

Securities

For several loans, securities have been granted, which relate to the following:
- Joint and several liability of one or more group companies
- Second ranking mortgages
- Pledge of rental income and insurance receivables
- Pledge of inventory, stocks and accounts receivable
- An equity guarantee of TCN Assets B.V.

(11) Short term borrowings

	2010	2009
Subordinated loans	**2,500**	296
Redemption obligations long term liabilities	**1,500**	2,490
Mortgages	**2,026**	8,753
Bank facilities	**33,790**	34,857
	39,816	46,396

The redemption obligations of mortgages amount to € 2.0 million (2009: € 8.8 million). An agreement has been reached with the project financers to postpone redemption payments due in 2011. Redemption payments will become payable in case of sales with an excessive cash effect, if the cash position of the company is adequate or due to an event of default.

The subordinated loan relate to € 2.5 million, granted by NPM Capital N.V, interest rate is 6.0%. During 2010 NPM Capital N.V. granted us a waiver of € 15.0 million under the conditions that the amount of € 2.5 million regarding the subordinated loan will be paid in 2011. If TCN does not satisfy these conditions the waiver will be reversed.

(12) Current liabilities

	2010	2009
Suppliers and trade creditors	**13,697**	13,659
Taxes and social security contributions	**6,098**	9,719
Interest payable	**4,338**	2,381
Liabilities due to affiliated companies and shareholders	**1,605**	2,161
Pre-invoiced amounts	**2,263**	1,743
Guarantee deposits	**1,331**	1,167
Dividends payable	**1,194**	1,220
Holiday allowances	**548**	1,018
Other current liabilities	**9,273**	14,225
	40,347	47,293

Other current liabilities mainly relate to invoices to be received from suppliers, prepayments by customers and other payables.

(13) Contingent liabilities

Long term contingent liabilities

	2010	2009
Rental agreements	**20,542**	28,564
Bank guarantees	**4,681**	9,123
	25,223	37,687

Of the commitments stated above, € 6.1 million has a maturity term up to one year and € 3.7 million has a maturity of more than five years.

Off balance sheet assets and liabilties

Liability and guarantees

TCN UROP SE is partner in various partnerships. As a partner the company could be held jointly and severally liable. The company is jointly and severally liable for a loan of € 64.5 million provided to a non-consolidated company.

The company has entered into a fiscal entity for corporate income tax and VAT with several group companies. The company is jointly and severally liable for the tax liability of the fiscal entity as a whole.

TCN UROP SE has entered into several joint venture agreements that contain subordination provisions regarding profit distribution. As at 31 December 2010 these stipulations have no effect on the net result and are not recognized in the balance sheet.

Long term financial commitments

Long-term unconditional commitments have been entered into in respect of long term leases, rental agreements and financial leases.

Claims

In natural course of business several claims have been filed against the company and/ or group companies, which the company disputes. Although the outcome of these disputes cannot be predicted with any certainty, it is assumed – partly on the basis of legal advice- that these will not have any significant impact on the consolidated financial position.

Investment obligations

TCN UROP SE has investment obligations with regard to The Hague World Forum B.V. for an amount of € 11.5 million in 2011. Rabobank U.A. agreed upon an additional credit facility of € 3.0 million with a bank guarantee in favor of the Municipality of The Hague.

Financial instruments

General
In the normal course of business, TCN UROP SE uses financial instruments that expose TCN UROP SE to market and or credit risks. These relate to interest swaps for hedging interest rate risk. TCN UROP SE does not trade in these financial derivatives and follows procedures and lines of conduct to limit the size of the credit risk with each counterparty and market. If a counterparty fails to meet its payment obligations to TCN UROP SE, the resulting losses are limited to the fair value of the instruments in question. The contract value or principal amounts of the financial instruments serve only as an indication of the extent to which such financial instruments are used, and not of the value of the credit or market risks.

Interest rate risk
The interest rate risk is limited to possible changes in the fair value of loans taken up and granted. Certain loans have a fixed interest rate over the entire term and certain loans have a floating interest rate. The loans are held until maturity. The company's policy is therefore to use derivative financial instruments to manage interest rate fluctuations. The financial instruments used are interest rate swaps and interest rate caps.
The contracts entered into can be summarized as follows:

Interest rate swaps
- TCN UROP SE pays a fixed interest rate and receives a variable interest rate.
- Principal amount of interest rate swaps amounts to € 52,7 million in total.
- Maximum fixed interest percentage is 5,39%.

Fair value
The fair value of the Interest Rate Swaps can be summarized as follows:
- Interest rate swaps: € 2.6 million negative

Currency risks
The company operates in the United Kingdom through TCN Property Projects UK Ltd. and Express Park Holdings B.V. and its operating companies. As the activities and operational cash flows are mainly financed through loans and facilities denominated in GBP the company does not use derivative financial instruments to manage exchange rate fluctuations.

Notes to the consolidated profit and loss account for the year 2010

(14) Net sales

A breakdown of net sales per activity is as follows:

	2010	2009
Net rental income	**48,267**	54,175
Asset management fees	**18,750**	25,955
Consultancy and development fees	**13,120**	10,776
Other activities	**8,624**	12,927
	88,761	103,833

Net rental income
Net rental income includes all rent from real estate investments.

Asset management fees
Asset management fees includes income from parking, real estate services and service charges.

Consultancy and development fees
Consultancy and development fees includes income from fee development projects.

Other activities
Income from other activities includes income from trade mart events, organized fairs and conferences, park management activities and cash and carry formulas.

The geographical breakdown of net sales is as follows:

	2010	%	2009	%
Netherlands	**78,614**	**89%**	95,129	92%
Germany	**4,314**	**5%**	462	-%
United Kingdom	**1,817**	**2%**	2,655	3%
Austria	**3,023**	**3%**	4,526	4%
Spain	**993**	**1%**	1,061	1%
	88,761	**100%**	103,833	100%

(15) Gross margin

The gross margin represents income after deduction of costs directly attributable to real estate such as energy and service charges, maintenance costs and costs attributable to other services provided by TCN UROP SE to third parties.

(16) Revaluation real estate investments

Revaluations stated as a percentage of real estate property amounts to 1.7% positive in 2010 compared to 1.8% positive in 2009.

(17) Amortization, depreciation and downward valuation of projects

	2010	2009
Amortization of intangible fixed assets	**92**	135
Depreciation of tangible fixed assets	**942**	1,723
Downward valuation of projects	**20,247**	6,812
	21,281	8,670

(18) General and administrative expenses

	2010	2009
Salaries and wages	**9,646**	12,135
Social security charges	**1,293**	1,908
Pensions	**402**	299
Office and housing costs	**1,579**	4,761
Other staff costs	**792**	686
Publicity and promotion	**303**	518
Maintenance	**27**	159
General expenses	**4,516**	1,505
	18,558	21,971

Capitalized project management costs amount to € 495 (2009: € 2,895) and have been deducted from the general expenses.

(19) Average number of employees (FTE)

	2010	2009
Platforms/ Pyramids	**80,2**	102,4
Support Centers	**45,1**	44,0
International activities	**41,2**	43,6
	166,5	190,0
Of which number employed in:		
Netherlands	**125,3**	146,4
Germany	**5,2**	4,6
United Kingdom	**9,0**	12,0
Austria	**27,0**	27,0
	166,5	190,0

(20) Financing charges

	2010	2009
Interest on mortgages and loans	**(19,964)**	(23,141)
Interest on current account and bank facilities	**(1,622)**	(882)
Waiver	**15,008**	7,817
Exchange rate differences, bank charges and provisions	**(1,123)**	(151)
	(7,701)	(16,357)

Financing charges include exchange rate differences amounting to € 335 positive (2009: € 782 positive).

Waivers mainly concern a waiver granted by NPM Capital N.V.

(21) Taxes

	2010	2009
Current tax	**664**	1,662
Deferred tax	**4,265**	(1,829)
	4,929	(167)

TCN UROP SE has several tax entities. The corporate tax is stated for each separate tax entity in the heads of the respective tax entity. Only the deferred tax charges relating to valuation of real estate property is stated in the separate companies.

The effective tax rate for 2010 amounts to 145.8% positive (2009: 3.2% negative), the nominal tax rate in the Netherlands amounts to 25.5%. The difference between the effective and nominal tax rate is caused by foreign taxes, permanent differences as a result on non-deductible costs and release reinvestment reserve.

(22) Result of non-consolidated participating interests

	2010	2009
Other results of participating interest	**5,506**	(8,737)
	5,506	(8,737)

Transactions with related parties

Transactions with related parties occur when a relationships exists between the company and the company's participating interests and its shareholders.

General
In its normal course of business, TCN UROP SE buys and renders services from and to various related parties in which the company has an interest of 50% or less. Generally, these transactions are conducted on a commercial basis under comparable conditions that apply to transactions with third parties.

Stichting Partners of TCN (POT)/ Stichting Depot of TCN (DOT)
TCN UROP SE has a financial relation with Stichting POT and Stichting DOT, two entities that hold approximately 17% of the shares of TCN UROP SE. These shares are partly held by personnel of the company. These entities have no financial means and are partly funded by TCN UROP SE.

At balance sheet date the outstanding receivable amounts to € 3.8 million positive (2009: € 1.5 million positive). The change in 2010 relates to the purchase of shares from former employees that has been financed by TCN UROP SE.

TCN UROP SE has guaranteed to finance the liabilities of *Stichting POT* and *Stichting DOT* insofar TCN UROP SE has funds needed to cover these liabilities.

(23) Cash flow statement

The movements in the consolidated cash flow statement can be reconciled to the movements in the consolidated balance sheet as follows:

	Balance sheet movements	Non-cash movements	Cash flow movements
Intangible fixed assets	117	117	-
Tangible fixed assets	48,674	24,492	24,182
Financial fixed assets	(5,251)	(3,355)	(1,896)
Development projects	5,998	-	5,998
Receivables	4,131	-	4,131
Minority interest	(3,959)	(3,959)	-
Provisions	(6,019)	-	(6,019)
Long term liabilities	(43,237)	(33,985)	(9,252)
Short term borrowings	(9,080)	-	(9,080)
Current liabilities	(6,946)	2,268	(9,214)
Net result	11,623	14,422	(2,799)
Cash and cash equivalents	**(3,949)**	**-**	**(3,949)**

Company balance sheet as at 31 December 2010

(Before proposed profit appropriation)

	x € thousand		2010		2009	
ASSETS	**FIXED ASSETS**					
	Financial fixed assets	1		**121,005**		102,349
	CURRENT ASSETS					
	Receivables	2	**7,903**		3,209	
	Cash and cash equivalents		**16**		65	
				7,919		3,274
	TOTAL			**128,924**		105,623

	x € thousand		2010		2009	
EQUITY AND LIABILITIES	**EQUITY AND LIABILITIES**					
	SHAREHOLDERS' EQUITY	3				
	Share capital		**131**		131	
	Additionally paid in capital		**9,660**		9,660	
	Revaluation reserve		**70,740**		57,525	
	Legal reserve participation		**20,745**		16,012	
	Currency translation adjustments		**1,321**		(3,083)	
	General reserve		**(83,928)**		(57,259)	
	Net result		**11,623**		(4,317)	
				30,292		18,669
	PROVISIONS	4		**25,333**		12,356
	LONG TERM LIABILITIES			**2,094**		18,608
	SHORT-TERM LIABILITIES					
	Short-term borrowings	5	**2,500**		-	
	Current liabilities	6	**68,705**		55,990	
				71,205		55,990
	TOTAL			**128,924**		105,623

Company profit and loss account 2010

x € thousand	2010	2009
Result of group companies after taxation	**4,691**	(911)
Other results after taxation	**6,932**	(3,406)
	11,623	(4,317)

Notes to the company balance sheet

General

The consolidated financial statements are part of the 2010 financial statement of TCN UROP SE.

Insofar as there is no further explanation provided to the items in the balance sheet and the profit and loss account, please refer to the notes to the consolidated balance sheet and profit and loss account.

Where necessary, the figures for 2009 have been reclassified to permit comparability with 2010.

Accounting policies

The principles for the valuation of assets and liabilities and the determination of the result are the same as those applied to the consolidated profit and loss account.

(1) Financial fixed assets

	Participating interests	Non-consolidated participating interest	Loans to share-holders	Deferred tax assets	Other long term loans	Total
Balance at 31 December 2009	**80,320**	**-**	**652**	**13,446**	**7,931**	**102,349**
Changes						
New borrowings	-	-	-	-	106	106
Additions	-	-	135	-	1,260	1,395
Net result for the year	16,693	68	-	-	-	16,761
Sale and redemptions	-	-	-	(1,247)	(815)	(2,062)
Consolidation/ (Deconsolidation)	1,754	(272)	-	-	-	1,482
Reclassifications	(521)	521	-	-	-	-
Exchange rate differences	974	-	-	-	-	974
Balance at 31 December 2010	**99,220**	**317**	**787**	**12,199**	**8,482**	**121,005**

Other financial fixed assets largely relate to receivables from participating interests.

(2) Receivables

	2010	2009
Trade receivables	**328**	813
Receivables group companies	**7,535**	2,345
Other receivables	**40**	51
	7,903	3,209

Group companies

On the current accounts with group companies an interest percentage of 5% is calculated.

(3) Shareholders' equity

	Share capital	Share premium reserve	Revalu-ation reserve	Legal reserve partici-pation	Currency transla-tion adjust-ments	General reserve	Net result	Total
Balance at 31 December 2008	**131**	**9,660**	**61,799**	**-**	**(3,260)**	**23,487**	**(69,684)**	**22,133**
Changes								
Appropriation of result	-	-	-	-	-	(69,684)	69,684	-
Dividend	-	-	-	-	-	676	-	676
Result for the year	-	-	-	-	-	-	(4,317)	(4,317)
Exchange rate differences	-	-	-	-	177	-	-	177
Revaluation for the year	-	-	15,138	-	-	(15,138)	-	-
Reclassification	-	-	(19,412)	16,012	-	3,400	-	-
Balance at 31 December 2009	**131**	**9,660**	**57,525**	**16,012**	**(3,083)**	**(57,259)**	**(4,317)**	**18,669**
Changes								
Appropriation of result	-	-	-	-	-	(4,317)	4,317	-
Result for the year	-	-	-	-	-	-	11,623	11,623
Exchange rate differences	-	-	-	-	4,404	(4,404)	-	-
Revaluation for the year	-	-	13,215	-	-	(13,215)	-	-
Reclassification	-	-	-	4,733	-	(4,733)	-	-
Balance at 31 December 2010	**131**	**9,660**	**70,740**	**20,745**	**1,321**	**(83,928)**	**11,623**	**30,292**

Issued share capital
The authorized capital of the Company amounts to € 600,000 (euro), divided into 20 million ordinary shares with a nominal value of € 0.03 (three euro cent).

The issued share capital as at December 31, 2010 amounts to € 131,194.50 (euro), divided into 4,373,150 ordinary shares with a nominal value of € 0.03 (three euro cent).

Share premium reserve
The share premium reserve relates to income from the issuance of new shares as far as the nominal value of the shares is exceeded.

The share premium reserve can be considered as tax free share premium as referred to in the 1964 Income Tax Act.

Revaluation reserve
In determining the revaluation reserve, an amount was deducted for deferred tax liabilities, calculated at a tax rate of 20% or lower.

Other legal reserves
Other legal reserves comprise a legal reserve for participating interests.

Reserve for exchange rate differences
Foreign exchange rate differences resulting from the translation of foreign operations (including group loans to foreign units) are recognised in the reserve for exchange rate differences. When an associate is disposed of, the related accumulated foreign exchange rate difference is transferred to other reserves.

(4) Provisions

The provisions relate to the negative participating interests.

(5) Short term borrowings

The subordinated loan relate to € 2.5 million, granted by NPM Capital N.V, interest rate is 6.0%. During 2010 NPM Capital N.V. granted us a waiver of € 15.0 million under the conditions that the amount of € 2.5 million regarding the subordinated loan will be paid in 2011. If TCN does not satisfy these conditions the waiver will be reversed. The loan granted by NPM Capital N.V. is subordinated to banks and creditors.

(6) Current liabilities

	2010	2009
Suppliers and trade creditors	**185**	167
Liabilities due to affiliated companies	**65,055**	50,175
Taxes and social security contributions	**1,464**	2,982
Dividends payable	**1,194**	1,220
Interest payable	**120**	26
Other current liabilities	**687**	1,420
	68,705	55,990

The interest on the liabilities due to affiliated companies is 5% a year.

(7) Fees of the auditor

With reference to section 2:382a (1) and (2) of the Dutch Civil Code, fees have been charged by KPMG Accountants N.V. to the Company. The fees for 2010 amount to € 250 and 2009 € 550.

Notes to the company profit and loss account

(8) Remuneration of the statutory management board

The remuneration of the statutory board of management amounts to € 0.3 million (2.0 full time equivalents) (2009: € 0.8 million and 3.0 full time equivalents).

Utrecht, 15 July 2011

Arnoud van Raak,
Chairman / Partner

Arjan Kuilman,
Partner

Rudy Stroink,
Non-executive

Peter Zwart,
Non-executive

Spaanse Kubus

Spaanse Kubus is a multi use building of almost 50.000 SQM in Rotterdam.Its main function is data center. Redevelopment of this building started in May 2011.

Purchase
2006

Start redevelopment
2011

Brandboxx Network

Over the past years TCN has made substantial investments in the development and management of an international trade mart network in Europe: the Brandboxx network.

As of January 2011, TCN has become the leasing and redevelopment partner for the well known Fashion House Düsseldorf. With over 50.000 SQM of fashion showrooms, the Fashion House is one of Europe's largest trade marts.

In 2011, the successful Brandboxx Sports Business Center in Leusden (Netherlands) will invest in a completely new entrance building which will give a substantial upgrade to the project altogether.

other information

tcn urop se

Provisions of the articles of association concerning profit appropriation
Article 18 of the Articles of Association contains the following provisions regarding profit appropriation:

1. The profit is at the free disposal of the General Meeting of Shareholders.
2. Payments shall take place only to the amount of equity which is at free disposal. Interim payments shall only take place if the requirements according to Book 2, article 105 section 4 of the Dutch Civil Code are met.

Proposed profit appropriation
The Statutory Board of Management proposes to the General Meeting of Shareholders toadd the net result to the general reserves.

Post balance sheet date events

Bank agreement
In April 2011 TCN UROP SE reached an agreement with financiers regarding postponement of regular redemptions on mortgages and loans. The agreement with financers has a duration of 2 years and will end at 1 April 2013.

Liquidity
Refinancing of the following loans has been concluded in 2011:

- TCN Property Projects UK Ltd.regarding the Piano House, London Brixton, United Kingdom.

Transactions
In 2011 the following transactions took place:

- A part of Arnhems Buiten (Mariëndaal) was sold to BGB VOF and legally transferred in May 2011;
- A joint venture agreement was signed with Dura Vermeer regarding the project Retail Park Almere Poort;
- The Piano House, London, United Kingdom was refinanced in March 2011;
- TCN UROP SE reached an agreement with NPM capital N.V. on lumpsum payments of loans. This has lead to a write down of the loan. This agreement has been included in 2010 figures.

independent auditor's report

tcn urop se

To: the shareholders of TCN Urop SE

Report on the financial statements

We have audited the accompanying financial statements 2010 of TCN Urop SE, Utrecht, which comprise the consolidated and company balance sheet as at 31december 2010, the consolidated and company profit and loss account for the year then ended and the notes, comprising a summary of the accounting policies and other explanatory information.

Management's responsibility

Management is responsible for the preparation and fair presentation of the financial statements and for the preparation of the directors' report, both in accordance with Part 9 of Book 2 of the Netherlands Civil Code. Furthermore, management is responsible for such internal control as it determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 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 management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of TCN Urop SE as at 31 December 2010 and of its result for the year then ended in accordance with Part 9 of Book 2 of the Netherlands Civil Code.

Report on other legal and regulatory requirements

Pursuant to the legal requirements under Section 2:393 sub 5 at e and f of the Netherlands Civil Code, we have no deficiencies to report as a result of our examination whether the directors' report, to the extent we can assess, has been prepared in accordance with Part 9 of Book 2 of this Code, and if the information as required under Section 2:392 sub 1 at b - h has been annexed. Further, we report that the directors' report, to the extent we can assess, is consistent with the financial statements as required by Section 2:391 sub 4 of the Netherlands Civil Code.

The Hague, 15 July 2011

KPMG ACCOUNTANTS N.V.

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