ILLUSTRATION:
SHOPPING CENTRE
JELENIA GÓRA, POLAND

TK DEVELOPMENT A/S | CVR NO. 24256782
COMPANY ANNOUNCEMENT NO. 16/2014 | 12 SEPTEMBER 2014

INTERIM REPORT H1 2014/15

(1 February 2014 - 31 July 2014)

TK development

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SUMMARY

RESULTS FOR THE FIRST HALF OF 2014/15

- During the first six months of the 2014/15 financial year, TK Development recorded results of DKK 15.0 million before tax, excluding discontinuing activities, against DKK -16.3 million in the first half of 2013/14.

- The results after tax amounted to DKK 7.0 million in the first half of 2014/15 against DKK -30.1 million in the first half of 2013/14.

- The balance sheet total amounted to DKK 3,204.7 million at 31 July 2014 against DKK 3,347.1 million at 31 January 2014. Consolidated equity totalled DKK 1,553.9 million versus DKK 1,553.7 million at 31 January 2014, corresponding to a solvency ratio of 48.5 %.

- Cash flows for the period amounted to DKK 4.3 million against DKK 0.8 million in the same period the year before. Net interest-bearing debt amounted to DKK 1,335.0 million at 31 July 2014 against DKK 1,435.1 million at 31 January 2014.

- With effect from 1 February 2014, the Group has implemented IFRS 11, Joint Arrangements, which has resulted in changes to the Group's accounting policies. The Group's partly owned enterprises that are jointly controlled with other parties, and which have previously been included in the consolidated financial statements by pro-rata consolidation, must be recognized according to the equity method after the implementation of IFRS 11. The amendment affects a great number of items in the income statement, assets, equity and liabilities, and the overall result is a reduction of the Group's balance sheet total. The amendment has no impact on either the results or the equity of the Group.

PROPERTY DEVELOPMENT

- In the first quarter of 2014/15, TK Development conditionally sold a 6,000 m² office project in Aalborg, Denmark. The project is being developed for the international Alfa Laval Group, which has entered into a long-term lease for the property. The project has been sold to PensionDanmark at a total price of DKK 126.1 million. Construction began in March 2014, and the project will be handed over to the investor in June 2015. Earnings from the sale will be recognized in 2015/16 upon handover of the project to the investor.

- In the second quarter of 2014/15, TK Development sold and handed over building rights for about 7,200 m² at Østre Teglgade in Copenhagen to a private investor. The profit on the sale was recognized in the second quarter of 2014/15.


Residential Park, Bielany, Warsaw, Poland

- In Poland TK Development sold and handed over a share of the Group's plot in Bytom to Decathlon in the second quarter of 2014/15. The plot was sold at a loss, but Decathlon contributes to boosting interest and development potential in the area.

- After the reporting date, TK Development has entered into a conditional agreement for the sale of the jem & fix section of the Group's retail park project at Marsvej, Randers, to a private investor.

- Moreover, a conditional agreement has been concluded after the reporting date regarding the sale to a private property company of the SuperBest premises forming part of the Group's project at Vasevej, Birkerød.

- TK Development is working on the second phase of the Bielany residential project in Warsaw, Poland, which consists of 297 residential units and service facilities. The pre-construction sale started in December 2013, and pre-reservations have been received for 34 % of the units. Construction of the residential units, which are being sold as owner-occupied apartments to private users, started in June 2014, and handover to the buyers is slated for spring 2016.

- In Jelenia Góra in Poland, TK Development is developing a shopping centre of about 24,400 m². The project is being executed as a joint venture with Heitman, in which the Group has an ownership interest of 30 %. Lease agreements for half the premises have been concluded. Construction started in May 2014, and the opening is scheduled for autumn 2015. TK Development will receive fee income from the jointly owned company for developing, letting and managing the construction of the project.

- In Esbjerg TK Development owns a plot earmarked for the construction of a new shopping centre, BROEN, of about 29,800 m². A building permit has been granted for the project. Before construction can start, the project must undergo a validation and approval procedure to ensure safe railway operations, etc. The validation process is under way and expected to be completed in autumn 2014, thus allowing construction to start up immediately afterwards. Discussions are being held with PFA regarding the sale of a share of the project at its current stage. Thus, if a final agreement is reached, PFA will participate in completing the project. This falls in line with the Group's business model, whose aims include entering into partnerships regarding major development projects.

- The Group's project portfolio in the property development segment comprised 388,000 m² at 31 July 2014 (31 January 2014: 405,000 m²).

ASSET MANAGEMENT

- The total portfolio of properties that are under asset management and thus generate cash flow comprised 113,250 m² and amounted to DKK 1,537.3 million at 31 July 2014, including joint venture projects, compared to DKK 1,934.2 million at 31 January 2014.

- The annual net rent from the current leases corresponds to a return on the carrying amount of 5.7 %. Based on full occupancy, the return on the carrying amount is expected to reach 7.2 %. This figure reflects a large spread in the returns on individual centres, as particularly local tenants are recording difficulties. The current letting situation is affected by vacancies and short-term rent discount agreements with tenants.

- In the first quarter of 2014/15, TK Development completed the sale of its 75 % stake in the Fashion Arena Outlet Center in Prague, the Czech Republic. The outlet centre has been sold to Meyer Bergman, and the selling price for the whole centre amounts to EUR 71.5 million. This sale has generated a profit compared to the carrying amount, reduced the balance sheet total and made a substantial contribution to the Group's free cash resources.

- A share of the Group's completed retail property in Brønderslev, Denmark, was sold to a private investor in the second quarter of 2014/15 and handed over to the buyer after the reporting date. In this connection Management has revalued the total property, and a writedown of the property value was recognized in the second quarter of 2014/15.

Alfa Laval, office building, Aalborg, Denmark

DISCONTINUING ACTIVITIES

- The results for the discontinuing activities before tax amounted to DKK -6.3 million in the first half of 2014/15 against DKK -8.0 million in the first half of 2013/14.

- At 31 July 2014 the balance sheet total for the discontinuing activities amounted to DKK 306.0 million against DKK 367.7 million at 31 January 2014, a decline of 16.8 %. The reduction relates mainly to the handover of the first phase of the DomusPro Retail Park project, which has been sold in advance to the investor.

- An agreement regarding the sale of another of the Group's German investment properties, a residential rental property on the outskirts of Berlin, has been concluded after the reporting date. The property has been sold to a private investor at a price equal to the carrying amount.

- TK Development's DomusPro Retail Park project in Vilnius, Lithuania, has been conditionally sold to BPT Baltic Opportunity Fund, which is managed by BPT Asset Management. The selling price is based on a return requirement of 8.5 %. The retail park will be built in two phases. The first phase of about 7,500 m² was completed in March 2014 and handed over to the investor in the first quarter of 2014/15. Construction of the second project phase will start once a satisfactory occupancy level has been reached.

- The timing and phase-out of the discontinuing activities are subject to major uncertainty. The phase-out is progressing, and the risk exists that these activities may be phased out at a value lower than their carrying amount.

MARKET CONDITIONS

- Management's general assessment of the market conditions for the Group remains unchanged compared to its assessment in the Group's Annual Report, published in early April 2014. However, in Management's opinion, there is an increased risk of faltering economic growth, for one thing due to the geopolitical uncertainty in Ukraine, which may result in more difficult market conditions in Finland and Poland in particular.

- The Group's markets are characterized by expectations for subdued financial growth and rising consumer confidence, although varying in strength from country to country. An increase in private consumption is still anticipated.

- Management has observed diminishing uncertainty in the property markets, but the decision-making process of tenants, investors and financing sources remains lengthy and carefully considered. However, Management has observed that the historically low interest level has contributed to increasing interest in real property as an asset class, particularly among institutional investors.

- The Group is experiencing an easing in finance restraints. The options for procuring financing vary from project to project, depending on the type, location and status of the properties concerned, including letting and sales. Generally, lenders continue to require relatively high equity financing for new projects, but there also appears to be some relaxation of these requirements.

FINANCIAL ISSUES

- In the first quarter of 2014/15, TK Development completed the sale of its 75 % stake in the Fashion Arena Outlet Center in Prague, the Czech Republic. This sale has substantially strengthened the Group's financial platform.

- At 31 January 2014 project credit facilities of DKK 0.1 billion were due to expire prior to the end of January 2015. The credits have all been repaid in connection with the sale of projects, or refinanced.

- TK Development has a general agreement with the Group's main banker about operating and project credits. When last reviewed, the agreement was extended until mid-2015.

OUTLOOK FOR 2014/15

- Management maintains the previously announced profit estimate for 2014/15. Thus, Management anticipates positive results of about DKK 40 million before tax, excluding discontinuing activities, for the 2014/15 financial year.

- The timing and phase-out of the discontinuing activities are subject to major uncertainty. The activities are in the process of being discontinued, and the Group risks incurring further losses before the phase-out is complete. Therefore, the results before tax of the discontinuing activities have not been included in the outlook for 2014/15.

The expectations mentioned in this Interim Report, including earnings expectations, are naturally subject to risks and uncertainties, which may result in deviations from the expected results. Various factors may impact on expectations, as outlined in the section "Risk issues" in the Group's 2013/14 Annual Report, particularly the valuation of the Group's project portfolio, as described under "Business risks" and "Risks related to the presentation of financial statements".

CONSOLIDATED FINANCIAL HIGHLIGHTS AND KEY RATIOS

DKKm	**H1 2014/15**	H1 2013/14	Full year 2013/14
FINANCIAL HIGHLIGHTS			
Net revenue	**194.3**	182.0	330.7
Value adjustment, investment properties, net	**0.0**	-0.6	-9.5
Gross profit/loss	**48.8**	40.7	102.5
Operating profit/loss (EBIT)	**9.0**	-6.4	10.7
Income from investments in joint ventures	**25.9**	24.4	37.5
Financing, etc.	**-30.4**	-46.8	-86.9
Profit/loss before tax and writedowns, etc.	**9.4**	-25.1	-36.6
Profit/loss before tax	**4.8**	-28.0	-42.8
Profit/loss for the period	**7.0**	-30.1	-49.0
Profit/loss before tax for the period, forward-looking strategy	**15.0**	-16.3	3.9
Comprehensive income for the period	**0.1**	-34.3	-55.5
Balance sheet total	**3,204.7**	3,429.3	3,347.1
Property, plant and equipment	**1.0**	1.6	1.3
Investment properties	**103.2**	155.4	103.2
Total project portfolio	**2,246.9**	2,357.9	2,334.6
Equity	**1,553.9**	1,355.7	1,553.7
Cash flows for the period	**4.3**	0.8	0.4
Net interest-bearing debt, end of period	**1,335.0**	1,690.8	1,435.1
KEY RATIOS			
Return on equity (ROE) *)	**0.9 %**	-4.4 %	-3.4 %
Solvency ratio (based on equity)	**48.5 %**	39.5 %	46.4 %
Equity value in DKK per share	**15.8**	23.3	15.8
Price/book value (P/BV)	**0.6**	0.3	0.4
Number of shares, end of period	**98,153,335**	42,065,715	98,153,335
Average number of shares, adjusted	**98,153,335**	42,065,715	74,870,019
Earnings per share (EPS) in DKK	**0.1**	-0.5	-0.7
Dividend in DKK per share	**0**	0	0
Listed price in DKK per share	**9**	7	7
KEY RATIOS ADJUSTED FOR WARRANTS			
Return on equity (ROE) *)	**0.9 %**	-4.4 %	-3.4 %
Solvency ratio (based on equity)	**48.5 %**	39.5 %	46.4 %
Equity value in DKK per share	**15.8**	23.3	15.8
Diluted earnings per share (EPS-D) in DKK	**0.1**	-0.5	-0.7

*) Annualized.

The calculation of key ratios is based on the 2010 guidelines issued by the Danish Society of Financial Analysts.

The comparative figures have been corrected to show the effect of the implementation of IFRS 11, Joint Arrangements. The comparative figures for H1 2013/14 that include the number of shares have been corrected by an adjustment factor of 0.72 to show the effect of the capital increase implemented in 2013.

RESULTS IN H1 2014/15 AND OUTLOOK FOR 2014/15

TK Development recorded results of DKK 15.0 million before tax, excluding discontinuing activities, in H1 2014/15 against DKK -16.3 million in H1 2013/14.

The calculation of results before tax, excluding discontinuing activities, includes an adjustment for the tax withheld from "Income from investments in joint ventures", as this income was calculated after tax. The tax amounts to DKK 3.9 million.

The results after tax amounted to DKK 7.0 million against DKK -30.1 million in H1 2013/14.

The balance sheet total amounted to DKK 3,204.7 million at 31 July 2014 against DKK 3,347.1 million at 31 January 2014. Consolidated equity totalled DKK 1,553.9 million versus DKK 1,553.7 million at 31 January 2014, corresponding to a solvency ratio of 48.5 % (31 January 2014: 46.4 %).

The results for H1 2014/15 and the balance sheet at 31 July 2014, broken down by business segment, appear from the tables below.

The activities within each individual business segment are described in more detail on pages 15-26.

- The property development segment is described on pages 15-19. The description includes information about the development potential of TK Development's project portfolio, including an outline of the individual development projects.

RESULTS H1 2014/15 (DKKM)

Profit/loss	H1 2014/15	Property development	Asset management	Discontinuing	Unallocated
Revenue	194.3	76.9	32.7	84.7	-
Gross profit/loss	48.8	26.7	25.7	-3.6	-
Costs, excl. depreciation and amortization	39.4	-	-	1.3	38.1
Operating profit/loss	9.0	26.7	25.7	-4.9	-38.5
Income from investments in joint ventures *)	25.9	1.0	28.8	-	-3.9
Financing, net	-30.4	-3.0	-20.8	-1.4	-5.2
Profit/loss before tax **)	4.8	24.9	33.8	-6.3	-47.6
Tax on the profit/loss for the period	-2.2				
Profit/loss for the period	**7.0**				

*) Income from investments in joint ventures has been calculated after tax in accordance with IFRS. To ensure a correct breakdown by segment and meaningful results before tax relative to the Group's profit estimate for 2014/15, which has been calculated before tax and before results of discontinuing activities, the tax on results of joint ventures has been included in the column "Unallocated".

**) The results of DKK 15.0 million before tax, excluding discontinuing activities, have been calculated as pre-tax results of DKK 4.8 million adjusted for losses on discontinuing activities of DKK 6.3 million and tax on the results of joint ventures of DKK 3.9 million.

BALANCE SHEET STRUCTURE AT 31 JULY 2014 (DKKM)

Balance sheet	31 July 2014	Property development	Asset management	Discontinuing	Unallocated
Assets					
Investment properties	103.2	-	-	103.2	-
Investments in joint ventures	393.3	90.4	302.9	-	-
Non-current receivables	126.0	56.8	69.2	-	-
Other non-current assets	168.3	1.6	1.4	10.4	154.9
Projects in progress or completed	2,246.9	930.9	1,138.2	177.8	-
Current receivables	79.3	48.2	15.4	14.6	1.1
Cash, cash equivalents, escrow accounts, etc.	87.7	62.5	14.2	-	11.0
Assets	3,204.7	1,190.4	1,541.3	306.0	167.0
Equity and liabilities					
Equity	1,553.9	812.7	590.5	226.9	-76.2
Credit institutions	1,470.5	319.1	862.5	70.4	218.5
Other liabilities	180.3	58.6	88.3	8.7	24.7
Equity and liabilities	3,204.7	1,190.4	1,541.3	306.0	167.0
Solvency ratio	48.5 %	68.3 %	38.3 %	74.2 %	-45.6 %

- The asset management segment is described on pages 20-24. The description contains information about TK Development's own properties under asset management, including an outline of the operation and customer influx for the individual projects.

- The discontinuing activities are described on pages 25-26, which provides more details about TK Development's properties and projects in the countries where Management has decided to phase out activities.

Therefore, the financial review below contains a description of the results and balance sheet total at group level only.

ACCOUNTING POLICIES

The Interim Report for H1 2014/15 is presented in accordance with IAS 34, Interim Financial Reporting, as adopted by the EU, and Danish disclosure requirements for listed companies.

The Interim Report has been presented in accordance with the financial reporting standards (IFRS/IAS) and IFRIC interpretations applicable for financial years beginning at 1 February 2014.

No interim financial statements have been prepared for the Parent Company. The Interim Report is presented in DKK, which is the presentation currency for the Group's activities and the functional currency of the Parent Company. The Interim Report has not been audited or reviewed by the Company's auditor.

With effect from 1 February 2014, the Group implemented a number of new and amended financial reporting standards and IFRIC interpretations. The implementation of these standards and interpretations has impacted neither earnings per share nor diluted earnings per share. The implementation of IFRS 11, Joint Arrangements, has resulted in changes to the Group's accounting policies. The effects of implementing IFRS 11 are outlined below.

In accordance with the provisions regarding the applicability of IFRS 11, the effect on the comparative figures for 2013/14 is shown. The effect on the 2014/15 figures is not shown. The implementation of other new and amended financial reporting standards has not resulted in any changes to the accounting policies. Reference is made to the Group's 2013/14 Annual Report for a more detailed description of the Group's accounting policies.

Effect of implementing IFRS 11, Joint Arrangements

IFRS 11 replaces IAS 31, Interests in Joint Ventures. IFRS 11 classifies joint arrangements as either joint operations or joint ventures. A joint venture is defined as a joint arrangement whereby joint controlling parties ("joint venturers") have rights to the net assets of the arrangement.

The Management of TK Development has reassessed the classification of the Group's investments in joint arrangements in accordance with IFRS 11. In this connection Management has concluded that all the partly owned enterprises that are jointly controlled with other parties, and which have previously been included in the consolidated financial statements by pro-rata consolidation, are to be classified as joint ventures.

The equity method is to be used for recognizing investments in joint ventures, as the option for pro-rata consolidation of such investments was eliminated in connection with the withdrawal of IAS 31. In addition, Management has subjected the investments to an impairment test and has identified no indications of impairment.

The amendment affects a great number of items in the income statement, assets, equity and liabilities, and the overall result is a reduction of the Group's balance sheet total. The amendment has no impact on either the results or the equity of the Group.

In accordance with the provisions regarding the applicability of IFRS 11, the change from pro-rata consolidation to the equity method in the accounting policies has been implemented with retroactive effect. The carrying amount of the investment at 1 February 2013 has been determined at the sum total of the carrying amounts of the assets and liabilities that the Group previously recognized by means of pro-rata consolidation.

The effects on the results for H1 2013/14 and on the balance sheet at 31 January 2014 appear from note 1.

ACCOUNTING ESTIMATES AND JUDGMENTS

The most significant accounting estimates and judgments made by Management in applying the Group's accounting policies, and the associated, estimated material uncertainty, are the same as those made in the preparation of the Annual Report for 2013/14. For a more detailed description, reference is therefore made to the Annual Report.

In connection with the implementation of IFRS 11, Joint Arrangements, Management has made a number of accounting estimates and judgments, particularly as concerns the accounting treatment of these investments. A distinction is made between joint operations and joint ventures. For the purpose of determining whether it is a question of a joint operation or a joint venture, Management makes a specific assessment of each individual arrangement, including whether the cooperation has been established in corporate form and whether TK Development is only entitled to a share of the net results recorded by the individual entity.

INCOME STATEMENT

Revenue

The revenue for the period under review totalled DKK 194.3 million against DKK 182.0 million in H1 2013/14.

The revenue stems from the sale of projects, rental and fee income, etc.

Gross profit/loss

The gross margin for H1 2014/15 amounted to DKK 48.8 million against DKK 40.7 million in H1 2013/14. The gross margin derives from the operation of the Group's wholly owned completed projects, the operation of the Group's German investment properties, profits on handed-over projects and fee income.

Handed-over projects

Q1

The gross margin includes profits on the sale and handover of a few superstores in Denmark to private investors. Moreover, the first phase of the Group's retail park project, DomusPro in Vilnius, has been handed over to the investor; see the description under "Discontinuing activities".

Q2

The gross margin includes the profit on TK Development's sale of building rights for about 7,200 m² at Østre Teglgade in Copenhagen to a private investor, in addition to fee income generated in connection with the startup of the Group's shopping centre project in Jelenia Góra in Poland. Moreover, the gross margin includes a loss on the sale of a share of the Group's plot in Bytom, Poland, to Decathlon as well as a writedown of the Group's completed property in Brønderslev following Management's revaluation of the total property in connection with selling a share of the property and letting the last vacant unit.

Staff costs and other external expenses

Staff costs and other external expenses amounted to DKK 39.4 million for H1 2014/15 against DKK 46.2 million in H1 2013/14, a reduction of about 14.7 %.

Staff costs amounted to DKK 27.7 million against DKK 32.8 million in the same period the year before, a decline of about 15.5 %. The number of employees totalled 88 at 31 July 2014 (31 January 2014: 90), including employees working at operational centres.

Other external expenses amounted to DKK 11.7 million, a reduction of about 12.7 % compared to H1 2013/14.

Results of joint ventures

The results of joint ventures amounted to DKK 25.9 million in H1 2014/15 against DKK 24.4 million in the same period the year before.

These results include the operation of the Group's partly owned completed projects, the operation and value adjustments of the Group's interests in projects classified as investment properties and profits, etc. on the sale of partly owned projects, including profit on the sale of the Fashion Arena Outlet Center, Prague, the Czech Republic, completed in Q1 2014/15, as well as positive market-value adjustments transferred from other comprehensive income to the results of this sale because it was completed as a sale of shares.

Financing

TK Development realized net financing expenses of DKK 30.4 million against DKK 46.8 million in H1 2013/14. The decline is largely attributable to the interest effect of the capital increase implemented in September 2013 and the effect of interest margin reductions obtained on several major credits.

Efforts are still under way to reduce interest margins on other credit facilities.

Corporate income tax

Tax on the results for the period amounts to DKK -2.2 million. The effective tax rate should be viewed in light of the fact that a share of the earnings in the foreign part of the Group has been realized as tax-free capital gains on shares.

BALANCE SHEET

The Group's balance sheet total amounted to DKK 3,204.7 million, which is a decline of DKK 142.4 million compared to 31 January 2014.

Goodwill

Goodwill amounted to DKK 33.3 million and is unchanged compared to 31 January 2014. Goodwill relates to the Group's property development and asset management activities in Poland and the Czech Republic. There are no indications of any need to impair the value of goodwill.

Investment properties

TK Development's investment properties consist of German investment properties only, as the Group's interests in Futurum Hradec Králové, the Czech Republic (20 % ownership interest), and Galeria Tarnovia, Tarnów, Poland (30 % ownership interest), are no longer included under "Investment properties" in the balance sheet after the change to the accounting policies; see above.

The total value of the Group's German investment properties amounts to DKK 103.2 million and is unchanged compared to 31 January 2014. The Group's German investment properties are described in more detail in the section "Discontinuing activities" below.

Investments in joint ventures

The net investment in joint ventures amounted to DKK 393.3 million at 31 July 2014 against DKK 470.5 million at 31 January 2014. The decline is essentially attributable to the sale of the Fashion Arena Outlet Center, Prague, the Czech Republic; see above.

Following the change to the accounting policies, see above, the projects owned in joint ventures and previously recognized in the consolidated balance sheet by pro-rata consolidation are no longer included in the balance sheet under investment properties, investment properties under construction or projects in progress or completed, but are now presented on a net basis under investments in joint ventures. These projects consist mainly of the following:

Development projects:

- Jelenia Góra (previously recognized as an investment property under construction).
- Amerika Plads, underground car park and lots A and C (previously recognized under projects in progress or completed).
- Østre Havn, including Alfa Laval (previously recognized under projects in progress or completed).
- Ahlgade, Holbæk (previously recognized under projects in progress or completed).

Asset management projects:

- Fashion Arena Outlet Center (previously recognized under projects in progress or completed).
- Futurum Hradec Králové (previously recognized as an investment property).
- Galeria Tarnovia, Tarnów (previously recognized as an investment property).
- Ringsted Outlet (previously recognized under projects in progress or completed).

The individual projects owned in joint ventures are described in the project outline in the two sections "Property development" and "Asset management".

Deferred tax assets

Deferred tax assets were recorded at DKK 120.4 million in the balance sheet against DKK 121.6 million at 31 January 2014.

The valuation of the tax assets is 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. The valuation for the next two years is based on specific projects in the project portfolio with a longer time horizon than three years as well as various project opportunities.

Due to the substantial uncertainties attaching to these valuations, provisions have been made for the risk that projects are postponed or not implemented and the risk that project profits fall below expectations. A change in the conditions and assumptions for budgets and profit forecasts, including time estimates, could result in the value of the tax assets being substantially lower than that computed at 31 July 2014, which could have an adverse effect on the Group's results of operations and financial position.

Project portfolio

The total project portfolio came to DKK 2,246.9 million against DKK 2,334.6 million at 31 January 2014. The decline is a combined result of an increase in the Group's portfolio of ongoing projects and a decrease due to the sale of projects.

Total prepayments based on forward-funding agreements amounted to DKK 176.3 million at 31 July 2014 against DKK 59.1 million at 31 January 2014. The increase is attributable to accumulated forward funding on new projects.

The Group's total portfolio of completed projects and investment properties, excluding projects and investment properties in joint ventures, amounted to DKK 1,268 million at 31 July 2014 (31 January 2014: DKK 1,272 million), and the Group's net interest-bearing debt amounted to DKK 1,335 million (31 January 2014: DKK 1,435 million).

Cash and cash equivalents

Cash and cash equivalents amounted to DKK 10.9 million against DKK 6.1 million at 31 January 2014. TK Development's total cash resources, see note 5, came to DKK 136.1 million against DKK 56.8 million at 31 January 2014.

Equity

The Group's equity came to DKK 1,553.9 million against DKK 1,553.7 million at 31 January 2014.

Since 31 January 2014, equity has partly been affected by the results for the period and negative market-value adjustments after tax of DKK 6.9 million related to foreign subsidiaries and hedging instruments.

The solvency ratio amounts to 48.5 %.

Non-current liabilities

The Group's non-current liabilities represented DKK 80.9 million against DKK 94.6 million at 31 January 2014.

Current liabilities

The Group's current liabilities represented DKK 1,569.9 million against DKK 1,698.8 million at 31 January 2014. The decline is essentially due to the reduction of debt to credit institutions in connection with project sales.

CASH FLOW STATEMENT

The Group's cash flows from operating activities were negative in the amount of DKK 18.6 million (H1 2013/14: positive in the amount of DKK 19.3 million). This amount includes a reduction in funds tied up in projects following project sales/accumulation of forward funding, an increase in funds tied up in deposits in custody and escrow accounts, interest and tax paid, as well as other operating items.

The Group's cash flows from investing activities were positive in the amount of DKK 171.3 million (H1 2013/14: positive in the amount of DKK 27.2 million), due mainly to the realized sale of the Group's 75 % stake in the Fashion Arena Outlet Center, Prague, the Czech Republic.

Cash flows from financing activities were negative in the amount of DKK 148.4 million (H1 2013/14: negative in the amount of DKK 45.7 million). The negative cash flows result from a reduction in payables to credit institutions.

Overall, cash flows for the period are positive in the amount of DKK 4.3 million against DKK 0.8 million in the same period the year before.

EXECUTION OF ANNOUNCED STRATEGY

As described in company announcement no. 6/2013 and the Annual Report for 2012/13, in March 2013 Management resolved to revise the Group's strategy and business model and to adjust its market focus.

As announced previously, the goal is to execute these adjustments within a period of two years from the time of making the resolution.

In Management's opinion, the strategy execution is generally progressing satisfactorily and as planned.

The initiatives adopted and their current status are outlined below:

- The activities will be limited to Denmark, Sweden, Poland and the Czech Republic.
    - TK Development's activities in Germany, Finland and the Baltic States are being discontinued, and the phase-out is progressing satisfactorily.
        - The German activities have continuously been reduced by selling investment properties, most recently in August 2014. Thus, the Group has one remaining investment property, two minor plots of land and a share of a minor shopping centre. The branch office in Berlin has been closed down, and the employees have left their positions.
        - In Lithuania the Group has completed and handed over the first phase of its DomusPro Retail Park project in Vilnius to the buyer. In addition, the Group owns two plots of land in Latvia. No decision has yet been made regarding when to close down the branch office in Vilnius, because the Group is awaiting the completion of the second phase of DomusPro Retail Park and clarification of the next steps in respect of the two remaining plots of land.
        - In Helsinki, Finland, the branch office has been closed down, and the employees have left their positions. The Group owns two minor plots of land in Finland. The Group is working on the development of a retail park project on one of these plots, while attempting

to dispose of the other plot through an outright sale.

- The portfolio of projects not initiated (plots of land) is to be reduced from about DKK 1.1 billion to about DKK 500 million.
  - The portfolio of projects not initiated is to be reduced through the sale of land and the initiation of projects. This process is progressing satisfactorily and according to plan for many of the projects. For a few, however, the process is taking longer than initially expected. One such project is the BROEN shopping centre in Esbjerg, Denmark, as described under the heading "Property development". Based on the plans drawn up for each individual project, Management believes that it will still be possible to implement the adjustment within the planned two-year period.

- The balance sheet is to be adjusted, with a solvency ratio of about 40 %.
  - This target has been met, as the solvency ratio amounted to 48.5 % at 31 July 2014.

- Overheads are to be reduced by around 20 % relative to 2012/13, with half of the reduction deriving from the discontinuation of activities in Germany, Finland and the Baltic States.
  - Cost-reducing measures have been implemented and will achieve full impact in the course of 2014/15.

- Financing costs are to be normalized as a result of the initiatives implemented.
  - In connection with the implementation of the capital increase, the interest payable on several major credits was reduced, and efforts are still under way to negotiate interest rate reductions for other credit facilities, which Management expects to have accomplished by the end of 2014.

FINANCIAL ISSUES

In the first quarter of 2014/15, TK Development completed the sale of its 75 % stake in the Fashion Arena Outlet Center in Prague, the Czech Republic. Meyer Bergman is the buyer, and the selling price for the whole centre amounts to EUR 71.5 million. This sale has substantially strengthened the Group's financial platform.

Planned projects are initiated once the commercial conditions for starting construction have been met and partial or full financing of the project has been procured, either from credit institutions or from investors in the form of forward funding. Project startup is also contingent on the provision of any equity financing by means of TK Development's own financial resources.

At 31 January 2014 project credit facilities of DKK 0.1 billion were due to expire prior to the end of January 2015. The credits have all been repaid in connection with the sale of projects, or refinanced.

TK Development has a general agreement with the Group's main banker about operating and project credits. When last reviewed, the agreement was extended until mid-2015.

OUTLOOK FOR 2014/15

Management maintains the previously announced profit estimate for 2014/15. Thus, Management anticipates positive results of about DKK 40 million before tax, excluding discontinuing activities, for the 2014/15 financial year.

The timing and phase-out of the discontinuing activities are subject to major uncertainty. The activities are in the process of being discontinued, and the Group risks incurring further losses before the phase-out is complete. Therefore, the results before tax of the discontinuing activities have not been included in the outlook for 2014/15.

The expectations mentioned in this Interim Report, including earnings expectations, are naturally subject to risks and uncertainties, which may result in deviations from the expected results. Various factors may impact on expectations, as outlined in the section "Risk issues" in the Group's 2013/14 Annual Report, particularly the valuation of the Group's project portfolio, as described under "Business risks" and "Risks related to the presentation of financial statements".

SUBSEQUENT EVENTS

No major events affecting the Company other than those mentioned in the Management Commentary have occurred after the reporting date.

Management's general assessment of the market conditions for the Group remains unchanged compared to its assessment in the Group's Annual Report, published in early April 2014. However, in Management's opinion, there is an increased risk of faltering economic growth, for one thing due to the geopolitical uncertainty in Ukraine, which may result in more difficult market conditions in Finland and Poland in particular.

The Group's markets are characterized by expectations for subdued financial growth and rising consumer confidence, although varying in strength from country to country. The effect is not yet reflected in private consumption, but growth is also anticipated in private consumption in the years to come.

Management has observed diminishing uncertainty in the property markets, but the decision-making process of tenants, investors and financing sources remains lengthy and carefully considered. However, Management has observed that the historically low interest level has contributed to increasing interest in real property as an asset class, particularly among institutional investors.

TENANTS

In the retail property market, tenants continue to focus on location, and the rental level for prime-location projects is expected to remain fairly stable in the period ahead. Vacancy rates for retail premises vary considerably, ranging from very low rates for primary locations to relatively high rates for secondary locations. Thus, the retail sector is showing a good amount of interest in well-situated projects, which are particularly attractive to robust national and international branded retailers wishing to expand. However, the interest shown by tenants in secondary locations is slack, and the rental level for such locations is also expected to remain under pressure in the period to come. As concerns shopping centres, the overall picture remains unchanged, viz. that chain stores are managing satisfactorily and that local tenants are generally recording difficulties. Rising consumer confidence in the Group's markets contributes to expectations for growth in private consumption over the next few years, which will benefit the retail trade sector.

Despite a marginal drop in recent months, vacancy rates in the office property market generally remain relatively high, but with great variations between properties in primary and secondary locations. In the years to come the vacancy rate is expected to remain at a relatively high level, but with reasonable demand for fairly new premises with a practical layout. The rental level for primary locations is expected to remain relatively stable, while the level for secondary locations will most likely continue to be under pressure.

In the residential property sector there is a clear trend on all markets: a vast number of people are moving to major towns and cities, thus pushing up demand for new dwellings. Depending on local tradition in the individual market, this trend manifests itself as demand for either new owner-occupied dwellings or new rental dwellings or both. As far as rental housing is concerned, this has led to higher rental levels over a period of time, levels that are expected to be maintained in the period ahead.

INVESTORS

TK Development has observed growing investor optimism and a good amount of interest in investing in real property, and the historically low interest level has contributed to increasing interest in real property as an asset class, particularly among institutional investors. Many institutional investors wish to increase the share of property investments in their portfolios, being confident that real property will deliver good and competitive returns going forward. Investors are currently showing interest in projects outside capital cities, and they are increasingly seeking to play an active role in project development, thus assuming a higher risk against an anticipated higher return. These opportunities fall in line with the Group's business model, according to which TK Development is interested in entering into partnerships regarding development projects and completed properties in order to improve the allocation of the Company's equity, diversify risks and better utilize the Group's development competencies.

Location is the paramount consideration for retail property investors, and in the case of shopping centres, a record of good performance, customer influx and revenue will also be key to the investor's comfort with the investment risk. The required rates of return for prime locations are relatively low compared to the period before the onset of the economic and financial crisis. The return requirement is somewhat higher for properties in secondary locations. However, investors tend to be increasingly willing to make investments with a different and slightly higher risk profile than in recent years.

Prime-location office properties with stable tenants are attracting great investor interest, and here the return requirement is at the same level as before the onset of the economic and financial crisis. Return requirements are a great deal higher for properties in more secondary locations, although investors are also currently assessed to be willing to assume a slightly higher risk than in the most recent period.

Residential properties are likewise attracting great investor interest. This interest is focused on locations in capitals, major towns and cities, where substantial population growth is presently being recorded. The migration towards major towns and cities is expected to continue in future years as well. Coupled with lower return requirements for prime locations than before the economic and financial crisis, the higher rental level has rekindled the interest in developing residential projects. Potential investors include high-net-worth individuals, local or major property companies, institutional investors and foreign investors.

Population growth in major towns and cities combined with confidence in the future development of the economy also decisively impacts families' interest in buying owner-occupied dwellings, and the price level of such properties has shown a respectable upward trend in the past year. Thus, the market for developing housing for sale to private owner-occupants has once again become interesting.

FINANCING

The Group is experiencing an easing in finance restraints. The options for procuring financing vary from project to project, depending on the type, location and status of the properties concerned, including letting and sales. Generally, lenders continue to require relatively high equity financing for new projects, but there also appears to be some relaxation of these requirements.

The Group's primary business area is the development of real property, termed property development. The Group's primary segments are the retail, office and residential segments, with variations from country to country. The Group develops the projects on its own books and with business partners in joint ventures.

Strategy for business area – Property development
Developing projects from the conceptual phase through to project completion, based on one of several models: • Sold projects (forward funding/forward purchase). • Projects with partners. • On TK Development's own books based on a high degree of confidence in the letting and sales potential. • Services for third parties.

Property development	
Countries:	Denmark, Sweden, Poland and the Czech Republic
Revenue:	H1 2014/15: DKK 76.9 million (H1 2013/14: DKK 141.8 million)
Gross profit/loss:	H1 2014/15: DKK 26.7 million (H1 2013/14: DKK 14.8 million)
Results of joint ventures:	H1 2014/15: DKK 1.0 million (H1 2013/14: DKK 5.0 million)
Balance sheet total:	31 July 2014: DKK 1,190.4 million (31 January 2014: DKK 1,120.9 million)

In its property development segment, TK Development focuses on executing existing projects in the portfolio, as well as on securing robust pre-construction letting or sales. In addition, the Group continuously works on new project opportunities.

Planned projects are initiated once the commercial conditions for starting construction have been met and partial or full financing of the project has been procured, either from credit institutions or from investors in the form of forward funding. Project startup is also contingent on the provision of any equity financing by means of TK Development's own financial resources.

The gross margin amounted to DKK 26.7 million in H1 2014/15 against DKK 14.8 million in H1 2013/14. The results of joint ventures amounted to DKK 1.0 million in H1 2014/15 against DKK 5.0 million in H1 2013/14.

The development potential of the project portfolio represented 388,000 m² at 31 July 2014, of which sold projects accounted for 27,000 m² and remaining projects for 361,000 m². The project portfolio had a total development potential of 405,000 m² at 31 January 2014.

The development of the Group's project portfolio, including joint venture projects, is outlined below:

DKKm	31 Jan 2013	31 Jan 2014	31 Jul 2014
Sold			
Completed	15	2	2
In progress	17	10	39
Not initiated	6	0	0
Total	**38**	**12**	**41**
Remaining			
Completed	38	6	1
In progress	198	206	274
Not initiated	901	887	828
Total	**1,137**	**1,099**	**1,103**
Net project portfolio	**1,175**	**1,111**	**1,144**
Forward funding	370	59	176
Gross project portfolio	1,545	1,170	1,320
Forward funding in % of gross carrying amount of sold projects	90.7 %	83.1 %	81.1 %

Table 1

By means of forward funding, the Group reduces the funds tied up in the portfolio of sold projects. The increase in forward funding since 31 January 2014 results from an accumulation of forward funding relating to new projects.

The development potential of the Group's project portfolio is shown below in square metres:

m² ('000)	31 Jan 2013	31 Jan 2014	31 Jul 2014
Sold			
Completed	4	0	0
In progress	3	21	27
Not initiated	0	0	0
Total	**7**	**21**	**27**
Remaining			
Completed	3	0	0
In progress	20	21	39
Not initiated	422	363	322
Total	**445**	**384**	**361**
Total project portfolio	**452**	**405**	**388**
Number of projects	**37**	**36**	**36**

Table 2

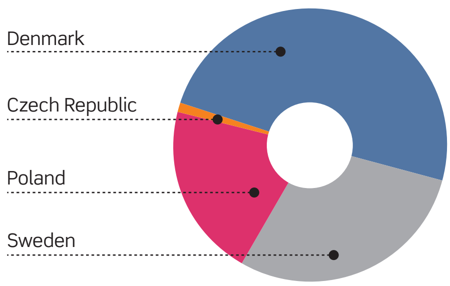
PROJECT OUTLINE

The outline below lists the key projects in the portfolio in the property development segment. The outline includes projects both in wholly owned companies and in joint ventures.

Project	City/town	Country	Segment	TKD's ownership share of area (m²)	TKD's ownership interest	Construction start/ expected construction start	Opening/ expected opening
In progress							
Amerika Plads, underground car park	Copenhagen	DK	Car park	16,000	50 %	2004	Continuously
Vasevej	Birkerød	DK	Mixed	3,400	100 %	-	-
Ahlgade	Holbæk	DK	Mixed	1,550	50 %	October 2013	Autumn 2014
Alfa Laval, Østre Havn	Aalborg	DK	Office	3,000	[1] 50 %	March 2014	Mid-2015
Barkarby Gate, retail park	Stockholm	SE	Retail	20,000	100 %	August 2013	Autumn 2014
Residential park, Bielany, phase 2	Warsaw	PL	Residential/services	14,800	100 %	June 2014	Spring 2016
Shopping centre, Jelenia Góra	Jelenia Góra	PL	Retail	7,320	30 %	May 2014	Autumn 2015
Shopping centre, Frýdek Místek	Frýdek Místek	CZ	Retail	1,480	10 %	Autumn 2013	End-2014
Not initiated							
BROEN, shopping centre	Esbjerg	DK	Retail	29,800	100 %	Autumn 2014	Autumn 2016
Østre Teglgade	Copenhagen	DK	Office/residential	25,500	100 %	Continuously	Continuously
Amerika Plads, lot C	Copenhagen	DK	Mixed	6,250	50 %	2014	2016
Amerika Plads, lot A	Copenhagen	DK	Office	6,500	50 %	2014	2016
Aarhus South, phase II	Aarhus	DK	Retail	2,800	100 %	2014	2015
Ejby Industrivej	Copenhagen	DK	Office	12,900	100 %	-	-
Østre Havn/Stuhrs Brygge	Aalborg	DK	Mixed	33,000	[1] 50 %	Continuously	Continuously
Retail park, Marsvej	Randers	DK	Retail	4,700	100 %	September 2014	2015
Development of town centre	Køge	DK	Mixed	26,500	100 %	2014	Continuously
The Kulan commercial district	Gothenburg	SE	Mixed	45,000	100 %	2015	2017
Retail park, Söderhamn	Söderhamn	SE	Retail	10,000	100 %	2015	2016
Retail park, Gävle, phase II	Gävle	SE	Retail	15,800	100 %	Continuously	Continuously
Residential park, Bielany, phases 3-4	Warsaw	PL	Residential/ services	31,000	100 %	Continuously	Continuously
Bytom Retail Park	Bytom	PL	Retail	21,400	100 %	Continuously	Continuously
Most Retail Park, phase II	Most	CZ	Retail	2,000	100 %	-	-
Property development, total floor space				**approx. 341,000**			

[1]) Share of profit on development amounts to 70 %.

Geographical segmentation of the development potential in square metres:



PROJECTS IN PROGRESS

Amerika Plads, underground car park, Copenhagen, Denmark

Kommanditaktieselskabet Danlink Udvikling (DLU), which is owned 50/50 by Udviklingsselskabet By & Havn I/S and TK Development, owns three projects at Amerika Plads: lot A, lot C and an underground car park. Part of the underground car park in the Amerika Plads area has been built. The Group expects to sell the total parking facility upon final completion. For a description of Amerika Plads, lots A and C, please see the section "Projects not initiated" below.

Vasevej, Birkerød, Denmark

TK Development owns a property of almost 3,000 m² at Vasevej in Birkerød, rented by SuperBest. A new long-term lease has been concluded with SuperBest, subject to the condition that the existing property is refurbished. This refurbishment is scheduled to commence in autumn 2014. After the reporting date, a conditional agreement has been concluded regarding the sale of the SuperBest premises to a private property company. In addition, an extension comprising a few stores and residential units is in the pipeline.

Ahlgade, Holbæk, Denmark

TK Development owns 50 % of the shares in a company that is developing an approx. 3,100 m² residential and retail project in Holbæk. The residential section has a floor space of about 1,900 m² and has been sold and handed over to a housing association. The commercial section has premises of about 1,200 m², which have been fully let to the two Bestseller concepts Jacks & Jones and Vila, as well as Imerco (Q1 2014/15: 100 %). Construction started in October 2013 and is progressing as planned, with the opening scheduled for autumn 2014. Upon completion of the project TK Development will take over the retail section of the jointly owned company for the purpose of reselling it to an investor.

Alfa Laval, Østre Havn/Stuhrs Brygge, Aalborg, Denmark

In Q1 2014/15 TK Development conditionally sold a 6,000 m² office project in Aalborg. The project is being developed for the international Alfa Laval Group, which has entered into a long-term lease for the property. The project has been sold to PensionDanmark for a total price of DKK 126.1 million. Construction began in March 2014, and following completion the project will be handed over to the investor in June 2015. Earnings from the sale will be recognized in 2015/16 upon handover of the project to the investor.

Barkarby Gate, retail park, Stockholm, Sweden

In Barkarby in the northwestern part of Stockholm, TK Development is developing a 20,000 m² retail park expected to consist of 12 to 14 units. The current occupancy rate is 94 % (Q1 2014/15: 94 %), and lease agreements have been concluded with various major tenants, including XXL (sports store), Clas Ohlson, Intersport, Toys"R"Us, Lager 157, Grizzly, Kjell & Co., Burger King, Pizza Hut and the fitness chain Nordic Wellness. In Q2 2013/14 the project was sold to a fund managed by Cordea Savills. The sale is based on forward funding. Construction started in August 2013, and the opening is scheduled for autumn 2014. Earnings from the sale will be recognized in 2014/15 upon handover of the project to the investor.

Residential park, Bielany, Warsaw, Poland

TK Development owns a tract of land in Warsaw on which a residential project of about 53,700 m² is being developed. The first phase of 7,850 m² has been completed and sold to private users. The plan is to initiate construction of the remaining approx. 45,850 m² in three successive phases once pre-construction sales have reached a satisfactory level. The second project phase consists of 297 residential units and service facilities. The pre-construction sale started in December 2013, and pre-reservations have been received for 34 % of the units (Q1 2014/15: 32 %). Construction of the residential units, which are being sold as owner-occupied apartments to private users, started in June 2014, and handover to the buyers is slated for spring 2016.

Shopping centre, Jelenia Góra, Poland

In Jelenia Góra TK Development is developing a shopping centre of about 24,400 m². The project will be executed as a joint venture with Heitman, in which the Group has an ownership interest of 30 %. The project will comprise a supermarket of about 2,200 m² and retail, restaurant and service premises totalling about 22,200 m². Letting is ongoing, and lease agreements for half the floor space have been signed (Q1 2014/15: 51 %). The tenants include Intermarché, H&M, Stradivarius, Reserved, Carry, CCC and Bershka. Construction started in May 2014, and the opening is scheduled for autumn 2015. TK Development will receive fee income from the jointly owned company for developing, letting and managing the construction of the project.

Shopping centre, Frýdek Místek, Czech Republic

In the autumn of 2013 TK Development sold an 80 % stake in a planned shopping centre project in the Czech town of Frýdek Místek to a business partner. Following the sale, TK Development currently holds an ownership interest in the project of 10 %. The shopping centre will consist of about 60 retail stores. TK Development will receive fee income for letting and managing the construction of the project and related services. The current occupancy rate is 87 % (Q1 2014/15: 83 %), and lease agreements have been concluded with such tenants as Billa, Intersport, H&M, NewYorker and Euronics. Construction started in autumn 2013, and the opening is scheduled for the end of 2014.

PROJECTS NOT INITIATED

BROEN, shopping centre, Esbjerg, Denmark

In Esbjerg TK Development owns a plot earmarked for a shopping centre project, BROEN, of about 29,800 m², to be built at Esbjerg Station. The shopping centre is expected to comprise about 70 stores. A building permit has been granted for the project. Before construction can start, the project must undergo a validation and approval procedure to ensure safe railway operations, etc. The validation process is under way and expected to be completed in autumn 2014, thus allowing construction to start up immediately afterwards. Discussions are being held with PFA regarding the sale of a share of the project at its current stage. Thus, if a final agreement is reached, PFA will participate in completing the project. This falls in line with the Group's business model, whose aims include entering into partnerships regarding major development projects.

Østre Teglgade, Copenhagen, Denmark

TK Development owns an attractively located project area at Teglholmen. Following the sale of building rights for about 7,200 m² to a private investor in Q2 2014/15, the project area covers about 25,500 m². Efforts are being made to sell the remaining area to a group of investors.

Amerika Plads, lots A and C, Copenhagen, Denmark

Kommanditaktieselskabet Danlink Udvikling (DLU), which is owned 50/50 by Udviklingsselskabet By & Havn I/S and TK Development, owns three projects at Amerika Plads: lot A, lot C and an underground car park. A building complex with about 13,000 m² of office space is to be built on lot A, and efforts are currently under way to sell this lot to a user. A residential project of about 12,500 m² is being planned on lot C, and TK Development is in dialogue with a pension fund about execution of this project.

Østre Havn/Stuhrs Brygge, Aalborg, Denmark

In the area previously occupied by Aalborg Shipyard at Stuhrs Brygge, TK Development is developing a business and residential park of about 72,000 m² through a company jointly owned with Frederikshavn Maritime Erhvervspark on a 50/50 basis. The area was acquired by the jointly owned company, with payment being effected for the building rights acquired in step with the development and execution of specific projects. For one thing a project is currently being developed for the international Alfa Laval Group; see above. In addition, work on a new local plan comprising about 31,000 m² of housing, offices and parking facilities has been launched.

Retail park, Marsvej, Randers, Denmark

In October 2010 the Group took over a plot of land on Marsvej in Randers, intended for a retail development project of 4,700 m². Letting has been initiated, and there is a satisfactory level of interest among potential tenants. Lease agreements have been concluded with jem & fix and Petworld. After the reporting date, the jem & fix section has been conditionally sold to a private investor, and negotiations to sell a further share of the project are ongoing. Construction has started in September 2014.

Development of town centre, Køge, Denmark

TK Development is working on a potential project in Køge. In February 2012 Køge Kyst and TK Development entered into a conditional agreement under which TK Development is to buy land for constructing a project of about 26,500 m², excl. parking facilities. The project, to be built immediately next to Køge Station and the town centre shopping area, comprises retail stores of about 11,700 m², public service facilities of about 8,600 m² including a town hall and rehabilitation centre, residential premises of about 3,300 m² and office premises/fitness facilities of about 2,900 m² as well as parking facilities of about 11,000 m². The local plan was adopted in June 2013. TK Development expects to enter into an agreement with Køge Municipality regarding the municipality's takeover of both town hall and rehabilitation centre. Letting of the retail premises has started, and potential tenants are showing a good amount of interest in the project.

The plan is to build the project in phases. The first phase will comprise retail premises of about 3,800 m², of which about 2,000 m² has been let to supermarket operators, a rehabilitation centre for the municipality of about 5,500 m², an extension of about 3,200 m² to the existing town hall, and an approx. 4,600 m² underground car park, which has been let to EuroPark. Construction is expected to start at the end of 2014 once the ongoing tender procedure for the award of construction contracts has been completed.

The Kulan commercial district, shopping centre and service/commercial space, Gothenburg, Sweden

TK Development has entered into a cooperation agreement with SKF Sverige AB to develop SKF's former factory area in the old part of Gothenburg. The contemplated project comprises a total floor space of about 75,000 m²: 30,000 m² for a shopping centre, 15,000 m² for service/commercial space and 30,000 m² for housing. TK Development will be in charge of developing the 45,000 m² for a shopping centre, services and commercial facilities, while a housing developer will have responsibility for the 30,000 m² of housing. The local plan is currently being prepared. The project is being discussed with potential tenants, and a number of lease agreements have been concluded.

Residential park, Bielany, Warsaw, Poland

Reference is made to the description of the project under the heading "Projects in progress".

Bytom Retail Park, Bytom, Poland

TK Development sold a share of its plot at the Plejada shopping centre in Bytom, centrally located in the Katowice region, to Decathlon in Q2 2014/15, which helps boost interest and development potential in the area. It is anticipated that a retail park with total leasable space of about 21,400 m² will be built on the remaining part of the site. Construction of the project will be phased in step with letting. Letting efforts are ongoing, and construction will start as space is let.

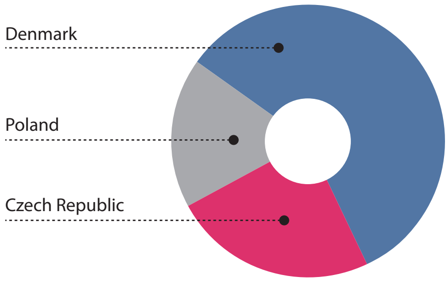
ASSET MANAGEMENT

The Group's secondary business area is asset management, which consists of owning, operating, running in, maturing and optimizing completed projects for a medium-long operating period whose length matches the potential for adding value. The projects are held by wholly owned companies and by joint ventures.

Strategy for business area – Asset management
Owning, operating, maturing and optimizing completed projects for a medium-long operating period that matches the potential for adding value.

Asset management	
Countries:	Denmark, Sweden, Poland and the Czech Republic
Revenue:	H1 2014/15: DKK 32.7 million (H1 2013/14: DKK 32.9 million)
Gross profit/loss:	H1 2014/15: DKK 25.7 million (H1 2013/14: DKK 27.3 million)
Results of joint ventures:	H1 2014/15: DKK 28.8 million (H1 2013/14: DKK 23.1 million)
Balance sheet total:	31 July 2014: DKK 1,541.3 million (31 January 2014: DKK 1,694.5 million)
Number of employees at centres:	31 July 2014: 12 (31 January 2014: 14)

Breakdown by country of properties in the asset management segment (carrying amount):



The gross margin for asset management activities amounted to DKK 25.7 million in H1 2014/15 against DKK 27.3 million in H1 2013/14. The results of joint ventures under asset management amounted to DKK 28.8 million in H1 2014/15 against DKK 23.1 million in the same period the year before. The realized results of joint ventures for H1 2014/15 include the profit on the sale of the Fashion Arena Outlet Center, Prague, the Czech Republic, completed in Q1 2014/15, as well as positive market-value adjustments transferred from other comprehensive income to the results of this sale because it was completed as a sale of shares.

TK Development is still working towards selling the properties in the asset management segment in whole or in part. The current focus is on maturing the individual properties to the extent possible and selling them once the best balance between selling price and expected future use of resources has been achieved for the Group.

The Group's properties in the asset management segment comprised the following eight properties at 31 July 2014:

Project	Country	Type	TKD's ownership interest	Project area (m²)	Current occupancy rate
Projects in joint ventures					
Investment properties					
Futurum Hradec Králové	Czech Republic	Shopping centre	20 %	28,250	100 %
Galeria Tarnovia, Tarnów	Poland	Shopping centre	30 %	16,500	92 %
Other completed projects					
Ringsted Outlet	Denmark	Outlet centre	50 %	13,200	69 %
Projects in wholly owned companies					
Other completed projects					
Sillebroen, Frederikssund	Denmark	Shopping centre	100 %	25,000	91 %
Galeria Sandecja, Nowy Sącz	Poland	Shopping centre	100 %	17,300	95 %
Most Retail Park	Czech Republic	Retail park	100 %	6,400	57 %
Aabenraa	Denmark	Retail park	100 %	4,200	71 %
Brønderslev	Denmark	Retail property	100 %	2,400	100 %
Total				**113,250**	

The total portfolio of properties in the asset management segment, including joint venture properties, amounted to DKK 1,537.3 million at 31 July 2014 against DKK 1,934.2 million at 31 January 2014. The decline is essentially due to the sale of the Fashion Arena Outlet Center completed in Q1 2014/15.

The annual net rent from the current leases corresponds to a return on the carrying amount of 5.7 % (2013/14: 6.7 %). Based on full occupancy, the return on the carrying amount is expected to be 7.2 % (2013/14: 7.9 %). The falling rate of return is primarily attributable to the sale of the Fashion Arena Outlet Center. The return on the carrying amount reflects a large spread in the returns on individual centres, as particularly local tenants are recording difficulties. The current letting situation continues to be affected by vacancies and short-term rent discount agreements with tenants.

The individual properties developed as shown below.

FUTURUM HRADEC KRÁLOVÉ, SHOPPING CENTRE, CZECH REPUBLIC

Opening	**November 2000/May 2012**
Leasable area	**28,250 m²**
Occupancy rate	**100 % (Q1 2014/15: 100 %)**
Footfall 2013	**5.9 million**

In 2012 an extension of almost 10,000 m² was added to the shopping centre, and the existing centre was also modernized. The number of retail stores now totals 110.

The shopping centre is fully let and records a satisfactory operating profit and customer influx. Compared to 2012, the shopping centre's revenue increased by 16 % and its footfall by 4 % in 2013. The positive trend has continued into 2014, with revenue increasing on the same period of 2013. The footfall has remained at the level recorded in the same period last year.

Major tenants: Cinestar, Tommy Hilfiger, H&M, New Yorker, Adidas, Reserved, Intersport, Takko Fashion, Foot Locker, Gant, C & A, Lindex, Datart.

GALERIA TARNOVIA, SHOPPING CENTRE, TARNÓW, POLAND

Opening	**November 2009**
Leasable area	**16,500 m², including a supermarket of about 2,000 m²**
Occupancy rate	**92 % (Q1 2013/14: 94 %)**
Footfall 2013	**1.8 million**

TK Development owns 30 % of the centre. The shopping centre has an acceptable operating profit and customer influx. The general picture is that chain stores are managing satisfactorily, while local tenants are recording difficulties.

The revenue and footfall in the centre have increased slightly in the past months of 2014 compared to the same period the year before.

Negotiations are ongoing with several tenants, both in connection with the extension of lease agreements and the reletting of vacant premises. Tenants are seeking rent reductions, and generally the rental level is under pressure.

The current focus is on achieving a higher occupancy rate and replacing weak tenants with more robust tenants, and thus increasing the centre's footfall and revenue for the benefit of tenants.

The present supermarket operator will vacate its premises according to an agreement made at the beginning of September 2014. At the same time, a new lease agreement for the premises has been concluded with a new stronger operator, and the takeover of the lease is scheduled for October 2014.

Major tenants: H&M, New Yorker, Euro RTV AGD, Reserved, Deichmann, Douglas, Rossmann, Stradivarius, Takko Fashion.

SILLEBROEN, SHOPPING CENTRE, FREDERIKSSUND, DENMARK

Opening	**March 2010**
Leasable area	**25,000 m², including about 5,000 m² of supermarket units**
Occupancy rate	**91 % (Q1 2014/15: 92 %)**
Footfall 2013	**2.9 million**

In the difficult economic climate with subdued private consumption, the centre's footfall and revenue showed a slightly declining trend in 2013 compared to 2012. During the first six months of 2014, footfall increased on the same period in 2013, while the centre's revenue receded slightly. Revenue and footfall reflect the general weak development of Danish retail trade.

Chain stores are managing satisfactorily, while local tenants are generally recording difficulties. Tenants are regularly replaced and newcomers move in to optimize the centre. The most recent newcomers to the centre are Tiger, Skjold Burne Vinhandel and Simply Frozen Yogurt. Negotiations with tenants for several of the remaining rental units are ongoing, and a cinema concept is among one of the potential newcomers.

The centre is still being run in and matured, and continued efforts are being made to position the centre on the market. TK Development's focus is on strengthening the occupancy and revenue levels for the centre.

Major tenants: Kvickly, Fakta, H&M, Fona, Gina Tricot, Matas, Sportmaster, Tiger, Frederikssund Isenkram, Deichmann, Vero Moda, Designersmarket, Wagner, Frederikssund Apotek, Tøjeksperten, Skoringen, Bog & Idé, Café Vivaldi.

GALERIA SANDECJA, SHOPPING CENTRE, NOWY SĄCZ, POLAND

Opening	**October 2009**
Leasable area	**17,300 m², including a 5,000 m² hypermarket**
Occupancy rate	**95 % (Q1 2014/15: 95 %)**
Footfall 2013	**2.4 million**

The operation of Galeria Sandecja has been affected by a competing centre opening in Nowy Sącz in autumn 2013. Both the revenue and footfall in the centre declined in the first months of 2014 compared to the same period of 2013.

Negotiations are ongoing with several tenants, both in connection with the extension of lease agreements and the reletting of vacant premises. Tenants are seeking rent reductions, and generally the rental level is under pressure.

The current focus is on achieving a higher occupancy rate and replacing weak tenants with more robust tenants, and thus creating a strong shopping centre in the town.

Major tenants: Carrefour, H&M, New Yorker, Reserved, Deichmann, Douglas, Camaieu, Carry, Euro RTV AGD.

RINGSTED OUTLET, RINGSTED, DENMARK

Opening	**March 2008**
Leasable area	**13,200 m²**
Occupancy rate	**69 % (Q1 2014/15: 66 %)**
Footfall 2013	**1.2 million**

Ringsted Outlet has been developed in a 50/50 joint venture with Miller Developments. After a long running-in period, Ringsted Outlet has recorded pleasing progress in the past years. Ringsted Outlet recorded progress again in 2013. Footfall increased about 10 % and revenue close to 14 % compared to the year before. This positive trend has continued in the past months of 2014.

A number of new stores have opened for business in 2014, with Stiletto opening in February, LEGO Wear in March and Hunkemöller, POMPdeLUX and Desigual in August. More new stores are expected to open shortly.

Major tenants: Hugo Boss, Nike, Puma, Diesel, G-Star Raw, Redgreen, Desigual, McDonald's, Superdry, Levi's, Samsøe & Samsøe, Rosendahl, Noa Noa, Helly Hansen, Ticket to Heaven, Le Creuset, Saint Tropez, Asics, Envii, Signal, LEGO Wear.

ASSET MANAGEMENT

MOST RETAIL PARK, PHASE I, CZECH REPUBLIC

In the Czech town of Most, TK Development completed the first phase of a retail park in 2009, covering about 6,400 m² of a planned total floor space of about 8,400 m². After several tenants have vacated their premises on expiry of their lease agreements, the current occupancy rate for the first phase is 57 % (Q1 2014/15: 66 %). Efforts are under way to let the vacant premises, including negotiations with a tenant wishing to expand and ongoing dialogues with potential new tenants.

RETAIL PARK, AABENRAA, DENMARK

TK Development built a retail park of approx. 4,200 m² in Aabenraa in 2009. The retail park's occupancy rate declined from 100 % to 71 % in mid-2013 after Biva went bankrupt and vacated its premises. The tenants in the retail park are jem & fix, Petworld, T. Hansen and Sport24. Discussions with potential tenants for the vacant unit are ongoing, and negotiations to sell part of the retail park are being held with potential investors.

RETAIL PROPERTY, BRØNDERSLEV, DENMARK

TK Development has developed retail stores of about 2,400 m² in the former Føtex property at Mejlstedgade in Brønderslev. The premises have been let to Sportmaster, Fitness World and Intersport, among other tenants. All premises have now been fully let (Q1 2014/15: 93 %). A share of the property (Fitness World) was sold to a private investor in Q2 2014/15 and handed over to the buyer after the reporting date.

DISCONTINUING ACTIVITIES

As described previously, Management has chosen a market focus that targets the countries expected to contribute to generating substantial value in future and more efficient utilization of capital resources. This means that the Group will phase out its activities in Finland, Germany, the Baltic States and Russia. The phase-out is being carried out as quickly as possible, while taking into account that all the countries in question have projects that need to be handled so as to retain as much of the value of the existing portfolio as possible.

Discontinuing activities	
Countries:	Germany, Finland, Lithuania, Latvia and Russia
Revenue:	H1 2014/15: DKK 84.7 million (H1 2013/14: DKK 7.3 million)
Gross profit/loss:	H1 2014/15: DKK -3.6 million (H1 2013/14: DKK -1.5 million)
Balance sheet total:	31 July 2014: DKK 306.0 million (31 January 2014: DKK 367.7 million)
Number of employees:	31 July 2014: 2 (31 January 2014: 2)

The results for the discontinuing activities before tax amounted to DKK -6.3 million in H1 2014/15 against DKK -8.0 million in H1 2013/14.

At 31 July 2014 the balance sheet total for the discontinuing activities amounted to DKK 306.0 million against DKK 367.7 million at 31 January 2014, a decline of 16.8 %. The reduction relates mainly to the handover of the first phase of DomusPro Retail Park in Vilnius to the investor.

The timing and phase-out of the discontinuing activities are subject to uncertainty. The phase-out is progressing, and the risk exists that these activities may be phased out at a value lower than their carrying amount.

GERMANY

TK Development has two investment properties left in Germany: a combined commercial and residential rental property in Lüdenscheid in western Germany and a residential rental property on the outskirts of Berlin. After the reporting date the latter property has been sold to a private investor at a price equal to the carrying amount.

The value of these properties is unchanged compared to 31 January 2014, amounting to DKK 103.2 million at 31 July 2014. The valuation of the property in Lüdenscheid at 31 July 2014 is based on the same required rate of return as at 31 January 2014, viz. 6.5 % p.a. calculated on the basis of a discounted cash-flow model over a ten-year period, with the terminal value being recognized in year ten. Part of the property has not been let, and work is proceeding on a development plan aimed at optimizing and subsequently selling the whole property. Therefore, Management expects the time horizon for disposing of this property to be slightly longer.

The valuation of the other property has been based on the selling price agreed after the reporting date.

In addition, TK Development owns a share of a minor shopping centre and two plots of land.

The employees have left their positions, and the branch office has closed down.

FINLAND

The Group's activities in Finland are fairly limited and, apart from a single project opportunity, comprise the projects listed below.

Project	City/town	Segment	Floor space (m²)
Pirkkala Retail Park, phase II	Tammerfors	Retail	5,400
Kaarina Retail Park	Turku	Retail	6,600

Efforts are still being made to phase out the activities as quickly as possible. Management expects these activities to be phased out in the course of 2014.

The employees have left their positions, and the branch office has closed down.

BALTIC STATES

The Group's Baltic activities comprise the following projects:

Project	City/town	Segment	Floor space (m²)
DomusPro Retail Park	Vilnius (LT)	Retail	3,600
Milgravja Street	Riga (LV)	Residential	10,400
Ulmana Retail Park	Riga (LV)	Retail	12,500

DomusPro Retail Park, Vilnius, Lithuania

TK Development owns a plot of land in Vilnius on which a retail park with a total floor space of 11,100 m² is being developed. Construction of the first phase of about 7,500 m² has been completed, and the opening took place on 20 March 2014. The project was sold and handed over to the buyer, BPT Baltic Opportunity Fund, which is managed by BPT Asset Management, in Q1 2014/15. The selling price is based on a return requirement of 8.5 %. TK Development is engaged in constructive dialogue with potential tenants for the second project phase, on which construction will start once a satisfactory occupancy level has been reached.

Efforts are being made to phase out the remaining activities in the Baltic States as quickly as possible, with due consideration paid to retaining the maximum possible value of the existing portfolio.

RUSSIA

The Group owns a minor project in Moscow, consisting of Scandinavian-style dwellings that are used for rental. Efforts will be made to sell this project once market conditions have normalized.

TRANSACTIONS WITH RELATED PARTIES

No major or unusual transactions were made with related parties in the first half of the 2014/15 financial year.

FINANCIAL TARGETS

To provide for sufficient future financial resources, liquidity targets have been formulated for the whole Group. Moreover, Management has adopted a target solvency ratio of about 40 % at group level, calculated as the ratio of equity to total assets.

The Group has also undertaken a commitment towards its main banker to meet a liquidity target and a solvency target. Both targets were met during the period under review.

OTHER MATTERS

For a more detailed review of other matters relating to the Group, including risk issues, reference is made to the Group's Annual Report for 2013/14, which is available at the Company's website: www.tk-development.com

The Board of Directors and Executive Board have today considered and adopted the Interim Report of TK Development A/S for the period from 1 February 2014 to 31 July 2014.

The Interim Report, which has not been audited or reviewed by the Company's auditor, is presented in accordance with IAS 34, Interim Financial Reporting, as adopted by the EU, and Danish disclosure requirements for listed companies.

In our opinion, the Interim Report gives a true and fair view of the Group's financial position at 31 July 2014 and of the results of the Group's operations and cash flows for the period from 1 February to 31 July 2014.

Moreover, we consider the Management Commentary to give a fair presentation of the development in the Group's activities and financial affairs, the results for the period and the Group's overall financial position, as well as a true and fair description of the most significant risks and elements of uncertainty faced by the Company and the Group.

Aalborg, 12 September 2014

EXECUTIVE BOARD

Frede Clausen
President and CEO

Robert Andersen
Executive Vice President

BOARD OF DIRECTORS

Niels Roth
Chairman

Peter Thorsen
Deputy Chairman

Per Søndergaard Pedersen

Arne Gerlyng-Hansen

Kim Mikkelsen

Morten E. Astrup

CONSOLIDATED FINANCIAL STATEMENTS

INCOME STATEMENT

DKKm	Note	**H1 2014/15**	H1 2013/14	**Q2 2014/15**	Q2 2013/14	Full year 2013/14
Net revenue		**194.3**	182.0	**71.0**	68.7	330.7
External direct project costs	3	**-145.5**	-140.7	**-44.3**	-43.3	-218.7
Value adjustment of investment properties, net		**0.0**	-0.6	**0.0**	-0.6	-9.5
Gross profit/loss		**48.8**	40.7	**26.7**	24.8	102.5
Other external expenses		**11.7**	13.4	**5.9**	6.9	26.6
Staff costs		**27.7**	32.8	**14.0**	16.2	63.8
Total		**39.4**	46.2	**19.9**	23.1	90.4
Profit/loss before financing and depreciation		**9.4**	-5.5	**6.8**	1.7	12.1
Depreciation and impairment of non-current assets		**0.4**	0.9	**0.3**	0.4	1.4
Operating profit/loss		**9.0**	-6.4	**6.5**	1.3	10.7
Income from investments in joint ventures		**25.9**	24.4	**6.3**	14.3	37.5
Income from investments in associates		**0.3**	0.8	**0.2**	0.4	-4.1
Financial income		**1.1**	4.3	**0.8**	2.2	8.6
Financial expenses		**-31.5**	-51.1	**-14.3**	-24.9	-95.5
Total		**-4.2**	-21.6	**-7.0**	-8.0	-53.5
Profit/loss before tax		**4.8**	-28.0	**-0.5**	-6.7	-42.8
Tax on profit/loss for the period		**-2.2**	2.1	**-0.2**	7.2	6.2
Profit/loss for the period		**7.0**	-30.1	**-0.3**	-13.9	-49.0

EARNINGS PER SHARE IN DKK

Earnings per share (EPS)	**0.1**	-0.5	**0.0**	-0.2	-0.7
Diluted earnings per share (EPS-D)	**0.1**	-0.5	**0.0**	-0.2	-0.7

COMPREHENSIVE INCOME STATEMENT

Profit/loss for the period	**7.0**	-30.1	**-0.3**	-13.9	-49.0
Items that may be re-classified to profit/loss:					
Foreign-exchange adjustments, foreign operations	**-5.4**	-5.1	**0.4**	-5.8	-11.2
Value adjustment of hedging instruments	**0.0**	-1.5	**0.0**	1.8	-2.3
Value adjustment of available-for-sale financial assets	**0.1**	0.0	**0.0**	0.0	0.0
Tax on other comprehensive income	**-1.6**	2.4	**-1.3**	2.6	7.0
Other comprehensive income for the period	**-6.9**	-4.2	**-0.9**	-1.4	-6.5
Comprehensive income for the period	**0.1**	-34.3	**-1.2**	-15.3	-55.5

BALANCE SHEET

DKKm	Note	**31 Jul 2014**	31 Jan 2014
ASSETS			
Non-current assets			
Goodwill		**33.3**	33.3
Intangible assets		**33.3**	33.3
Other fixtures and fittings, tools and equipment		**1.0**	1.3
Property, plant and equipment		**1.0**	1.3
Investment properties		**103.2**	103.2
Investment properties		**103.2**	103.2
Investments in joint ventures		**393.3**	470.5
Investments in associates		**2.9**	2.6
Receivables from joint ventures		**121.4**	145.8
Receivables from associates		**4.6**	4.6
Other securities and investments		**10.7**	0.3
Financial assets		**532.9**	623.8
Deferred tax assets		**120.4**	121.6
Other non-current assets		**120.4**	121.6
Non-current assets		**790.8**	883.2
Current assets			
Projects in progress or completed		**2,246.9**	2,334.6
Trade receivables		**35.9**	25.6
Receivables from associates		**12.2**	12.0
Corporate income tax receivable		**1.1**	1.3
Other receivables		**17.2**	19.2
Prepayments		**12.9**	15.1
Receivables		**79.3**	73.2
Other securities and investments		**4.0**	4.0
Deposits in blocked and escrow accounts	5	**72.8**	46.0
Cash and cash equivalents	5	**10.9**	6.1
Current assets		**2,413.9**	2,463.9
ASSETS		**3,204.7**	3,347.1

BALANCE SHEET

DKKm	Note	**31 Jul 2014**	31 Jan 2014
EQUITY AND LIABILITIES			
Equity			
Share capital		**98.2**	98.2
Other reserves	6	**-8.1**	587.7
Retained earnings		**1,463.8**	867.8
Equity		**1,553.9**	1,553.7
Liabilities			
Credit institutions		**0.0**	52.0
Debt to joint ventures		**59.5**	20.7
Deferred tax liabilities		**21.4**	21.9
Non-current liabilities		**80.9**	94.6
Credit institutions		**1,470.5**	1,566.6
Trade payables		**37.3**	53.4
Corporate income tax		**1.8**	5.7
Provisions		**8.5**	9.6
Other debt		**45.0**	56.2
Deferred income		**6.8**	7.3
Current liabilities		**1,569.9**	1,698.8
Liabilities		**1,650.8**	1,793.4
EQUITY AND LIABILITIES		**3,204.7**	3,347.1

STATEMENT OF CHANGES IN EQUITY

DKKm	Share capital	Other reserves	Retained earnings	Total equity
Equity at 1 February 2013	631.0	5.3	753.4	1,389.7
Profit/loss for the period	0.0	0.0	-30.1	-30.1
Other comprehensive income for the period	0.0	-4.2	0.0	-4.2
Total comprehensive income for the period	0.0	-4.2	-30.1	-34.3
Capital decrease	-588.9	588.9	0.0	0.0
Share-based payment	0.0	0.0	0.3	0.3
Equity at 31 Jul 2013	42.1	590.0	723.6	1,355.7
Equity at 1 February 2014	**98.2**	**587.7**	**867.8**	**1,553.7**
Profit/loss for the period	**0.0**	**0.0**	**7.0**	**7.0**
Other comprehensive income for the period	**0.0**	**-6.9**	**0.0**	**-6.9**
Total comprehensive income for the period	**0.0**	**-6.9**	**7.0**	**0.1**
Special reserve transferred to distributable reserves	**0.0**	**-588.9**	**588.9**	**0.0**
Share-based payment	**0.0**	**0.0**	**0.1**	**0.1**
Equity at 31 Jul 2014	**98.2**	**-8.1**	**1,463.8**	**1,553.9**

CASH FLOW STATEMENT

DKKm	H1 2014/15	H1 2013/14
Operating profit/loss	**9.0**	-6.4
Adjustments for non-cash items:		
Value adjustment investment properties, net	**0.0**	0.6
Depreciation and impairment	**2.3**	3.7
Share-based payment	**0.1**	0.3
Provisions	**-1.1**	-2.0
Foreign-exchange adjustment	**-4.9**	-13.1
Increase/decrease in investments in projects, etc.	**74.0**	32.8
Increase/decrease in receivables	**-5.8**	32.9
Changes in deposits on blocked and escrow accounts	**-26.8**	14.9
Increase/decrease in payables and other debt	**-24.9**	6.6
Cash flows from operations	**21.9**	70.3
Interest paid, etc.	**-37.8**	-55.8
Interest received, etc.	**1.1**	4.7
Corporate income tax paid	**-3.8**	0.1
Cash flows from operating activities	**-18.6**	19.3
Sale of investment properties	**0.0**	11.2
Sale of joint ventures	**159.4**	6.1
Investments in joint ventures	**-2.0**	-3.2
Increase/decrease in receivables from joint ventures	**24.3**	12.8
Purchase of securities and investments	**-10.4**	0.0
Sale of securities and investments	**0.0**	0.3
Cash flows from investing activities	**171.3**	27.2
Raising of project financing	**0.1**	33.5
Reduction of project financing/repayments, credit institutions	**-148.5**	-79.2
Cash flows from financing activities	**-148.4**	-45.7
Cash flows for the period	**4.3**	0.8
Cash and cash equivalents, beginning of period	**6.1**	6.2
Foreign-exchange adjustment of cash and cash equivalents	**0.5**	-0.3
Cash and cash equivalents, end of period	**10.9**	6.7

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

NOTE 1. IMPACT OF IFRS 11, JOINT ARRANGEMENTS

IFRS 11 replaces IAS 31, Interests in Joint Ventures. IFRS 11 classifies joint arrangements as either joint operations or joint ventures. A joint venture is defined as a joint arrangement whereby joint controlling parties ("joint venturers") have rights to the net assets of the arrangement.

The Management of TK Development has reassessed the classification of the Group's investments in joint arrangements in accordance with IFRS 11. In this connection Management has concluded that all the partly owned enterprises that are jointly controlled with other parties, and which have previously been included in the consolidated financial statements by pro-rata consolidation, are to be classified as joint ventures.

The equity method is to be used for recognizing investments in joint ventures, as the option for pro-rata consolidation of such investments was eliminated in connection with the withdrawal of IAS 31.

The amendment affects a great number of items in the income statement, assets, equity and liabilities, and the overall result is a reduction of the Group's balance sheet total. The amendment has no impact on either the results or the equity of the Group.

In accordance with the provisions regarding the applicability of IFRS 11, the change from pro-rata consolidation to the equity method in the accounting policies has been implemented with retroactive effect. The carrying amount of the investment at 1 February 2013 has been determined at the sum total of the carrying amounts of the assets and liabilities that the Group previously recognized by means of pro-rata consolidation.

In accordance with the provisions regarding the applicability of IFRS 11, the effect on the comparative figures for 2013/14 is shown. The effect on the 2014/15 figures is not shown. The effect is outlined below.

NOTE 1. IMPACT OF IFRS 11, JOINT ARRANGEMENTS, CONTINUED

Balance sheet as at 31 January 2014

DKKm	Based on previous accounting policies	Impact of IFRS 11	Based on new accounting policies
Assets			
Goodwill	33.3	-	33.3
Other fixtures and fittings, tools and equipment	1.4	-0.1	1.3
Investment properties	411.7	-308.5	103.2
Investment properties under construction	24.2	-24.2	-
Investments in joint ventures	-	470.5	470.5
Investments in associates	2.6	-	2.6
Receivables from joint ventures	-	145.8	145.8
Receivables from associates	4.6	-	4.6
Other securities and investments	0.3	-	0.3
Deferred tax assets	122.6	-1.0	121.6
Non-current assets	**600.7**	**282.5**	**883.2**
Projects in progress or completed	2,986.0	-651.4	2,334.6
Trade receivables	54.1	-28.5	25.6
Receivables from associates	12.0	-	12.0
Corporate income tax receivable	1.7	-0.4	1.3
Other receivables	77.2	-58.0	19.2
Prepayments	17.8	-2.7	15.1
Other securities and investments	4.0	-	4.0
Deposits in blocked and escrow accounts	47.4	-1.4	46.0
Cash and cash equivalents	38.7	-32.6	6.1
Currents assets	**3,238.9**	**-775.0**	**2,463.9**
Assets	**3,839.6**	**-492.5**	**3,347.1**
Equity and liabilities			
Share capital	98.2	-	98.2
Other reserves	587.7	-	587.7
Retained earnings	867.8	-	867.8
Equity	**1,553.7**	**-**	**1,553.7**
Credit institutions	108.0	-56.0	52.0
Debt to joint ventures	-	20.7	20.7
Deferred tax liabilities	35.0	-13.1	21.9
Non-current liabilities	**143.0**	**-48.4**	**94.6**
Credit institutions	1,881.6	-315.0	1,566.6
Trade payables	95.3	-41.9	53.4
Corporate income tax	6.5	-0.8	5.7
Provisions	9.6	-	9.6
Other debt	139.0	-82.8	56.2
Deferred income	10.9	-3.6	7.3
Current liabilities	**2,142.9**	**-444.1**	**1,698.8**
Liabilities	**2,285.9**	**-492.5**	**1,793.4**
Equity and liabilities	**3,839.6**	**-492.5**	**3,347.1**

NOTE 1. IMPACT OF IFRS 11, JOINT ARRANGEMENTS, CONTINUED

Comprehensive income statement, 1 February 2013 to 31 July 2013

DKKm	Based on previous accounting policies	Impact of IFRS 11	Based on new accounting policies
Net revenue	218.8	-36.8	182.0
External direct project costs	-142.1	1.4	-140.7
Value adjustment of investment properties, net	0.0	-0.6	-0.6
Gross profit/loss	**76.7**	**-36.0**	**40.7**
Other external expenses	13.5	-0.1	13.4
Staff costs	32.8	-	32.8
Depreciation and impairment of non-current assets	0.9	-	0.9
Operating profit/loss	**29.5**	**-35.9**	**-6.4**
Income from investments in joint ventures	-	24.4	24.4
Income from investments in associates	0.8	-	0.8
Financial income	2.7	1.6	4.3
Financial expenses	-57.3	6.2	-51.1
Profit/loss before tax	**-24.3**	**-3.7**	**-28.0**
Tax on profit/loss for the period	5.8	-3.7	2.1
Profit/loss for the period	**-30.1**	**-**	**-30.1**

Cash flow statement 1 February 2013 to 31 July 2013

Cash flows from operating activities	43.1	-23.8	19.3
Cash flows from investing activities	6.8	20.4	27.2
Cash flows from financing activities	-53.0	7.3	-45.7
Changes in cash and cash equivalents	**-3.1**	**3.9**	**0.8**
Cash and cash equivalents, beginning of year	31.2	-25.0	6.2
Foreign-exchange adjustments of cash and cash equivalents	-0.6	0.3	-0.3
Cash and cash equivalents, end of period	**27.5**	**-20.8**	**6.7**

NOTE 2. SEGMENT INFORMATION

The internal reporting in TK Development is split into the business units development, asset management and discontinuing activities. The segment information has been disclosed accordingly.

DKKm	Development	Asset management	Discontinuing activities	Unallocated	Total
31 Jul 2014					
Net revenue, external customers	**76.9**	**32.7**	**84.7**	**0.0**	**194.3**
Profit/loss before tax	**24.9**	**33.8**	**-6.3**	**-47.6**	**4.8**
Segment assets	**1,190.4**	**1,541.3**	**306.0**	**167.0**	**3,204.7**
Segment liabilities	**377.7**	**950.8**	**79.1**	**243.2**	**1,650.8**

DKKm	Development	Asset management	Discontinuing activities	Unallocated	Total
31 Jul 2013					
Net revenue, external customers	141.8	32.9	7.3	0.0	182.0
Profit/loss before tax	10.1	24.4	-8.0	-54.5	-28.0
Segment assets	1,131.7	1,719.7	408.0	169.9	3,429.3
Segment liabilities	530.2	1,011.1	198.7	333.6	2,073.6

NOTE 3. EXTERNAL DIRECT PROJECT COSTS

	H1 2014/15	H1 2013/14	Full year 2013/14
Project costs	**140.9**	137.8	227.4
Impairment losses on projects in progress or completed projects	**4.6**	2.9	8.9
Reversal of impairment losses on projects in progress or completed projects	**0.0**	0.0	-17.6
External direct project costs, total	**145.5**	140.7	218.7

NOTE 4. SHARE-BASED PAYMENT

For a more detailed description of the Group's incentive schemes, reference is made to the Group's 2013/14 Annual Report.

The development in outstanding warrants is shown below:

Number of warrants	31 Jul 2014	31 Jan 2014	31 Jul 2013
Outstanding warrants, beginning of year	**615,461**	930,315	930,315
Allocated during the financial year (adjustment)	**0**	171,461	0
Lapsed due to termination of employment	**0**	-40,000	-24,000
Expired during the financial year	**0**	-446,315	-446,315
Outstanding warrants, end of period	**615,461**	615,461	460,000
Number of warrants exercisable at the reporting date	**615,461**	0	0
Share-based payment recognized in the profit/loss (DKK million)	**0.1**	0.6	0.3

NOTE 5. LIQUIDITY RESERVES

	31 Jul 2014	31 Jan 2014
The liquidity reserves break down as follows:		
Cash and cash equivalents	**10.9**	6.1
Unutilized credit facilities	**52.4**	4.7
Total	**63.3**	10.8
Deposited funds for later release	**72.8**	46.0
Total liquidity reserve	**136.1**	56.8

NOTE 6. OTHER RESERVES

	Special reserve	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 2013	0.0	-0.1	-0.7	6.1	5.3
Capital decrease	588.9	0.0	0.0	0.0	588.9
Other comprehensive income					
Exchange-rate adjustment, foreign operations	0.0	0.0	0.0	-5.1	-5.1
Value adjustment of hedging instruments	0.0	0.0	-1.5	0.0	-1.5
Deferred tax on other comprehensive income	0.0	0.0	0.3	2.1	2.4
Other comprehensive income, total	0.0	0.0	-1.2	-3.0	-4.2
Other reserves at 31 July 2013	588.9	-0.1	-1.9	3.1	590.0
Other reserves at 1 February 2014	**588.9**	**-0.1**	**-2.6**	**1.5**	**587.7**
Special reserve transferred to distributable reserve	**-588.9**	**0.0**	**0.0**	**0.0**	**-588.9**
Other comprehensive income					
Exchange-rate adjustment, foreign operations	**0.0**	**0.0**	**0.0**	**-5.4**	**-5.4**
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**	**0.1**	**0.0**	**0.0**	**0.1**
Deferred tax on other comprehensive income	**0.0**	**0.0**	**0.0**	**-1.6**	**-1.6**
Other comprehensive income, total	**0.0**	**0.1**	**0.0**	**-7.0**	**-6.9**
Other reserves at 31 July 2014	**0.0**	**0.0**	**-2.6**	**-5.5**	**-8.1**

Other reserves amounted to DKK 588.9 million at 31 January 2014 and concerned a special fund that arose in connection with the capital reduction implemented in June 2013, when the denomination of the Group's shares was changed from DKK 15 to DKK 1. This reserve can be used only following a resolution passed at the General Meeting. At the Company's Annual General Meeting on 30 April 2014, the proposal to transfer the special reserve of DKK 588.9 million to distributable reserves was adopted.

The reserve for value adjustment of financial assets available for sale 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 unrealized losses on forward-exchange transactions and interest-rate hedging transactions concluded to hedge future transactions.

The reserve for foreign-exchange adjustments comprises all foreign-exchange adjustments arising on the translation of financial statements for 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 recognized in other comprehensive income in respect of the relevant subsidiary are transferrd to the profit or loss.

NOTE 7. CHANGES IN CONTINGENT ASSETS AND CONTINGENT LIABILITIES

There have been no significant changes in the Group's contingent assets and contingent liabilities since the most recently published Annual Report.

NOTE 8. TRANSACTIONS WITH RELATED PARTIES

The Company has no related parties with a controlling interest.

The Company has the following related parties:

- Board of Directors and Executive Board (and their related parties)
- Joint ventures and associates.

	31 Jul 2014	31 Jan 2014	31 Jul 2013
Board of Directors and Executive Board (and their related parties)			
Holding of shares, in terms of number (balance)	**30,773,964**	26,519,562	11,307,769
Obligation towards Executive Board, employee bonds (balance)	**0.5**	0.5	1.5
Fees for Board of Directors	**0.7**	1.5	0.8
Salaries, etc., Executive Board	**2.4**	6.0	2.7
Interest expenses, project finance loans from Board of Directors and Executive Board	**0.0**	1.3	1.1
Project finance loans from Board of Directors and Executive Board (balance)	**0.0**	0.0	20.7
Repayment, project finance loans from Board of Directors and Executive Board	**0.0**	-20.7	0.0
Accrued interests, project finance loans from Board of Directors and Executive Board (balance)	**0.0**	0.0	0.2
Joint ventures			
Fees from joint ventures	**10.2**	2.8	1.3
Interest income from joint ventures	**2.1**	6.9	3.1
Interest expenses to joint ventures	**-1.3**	-2.5	-1.9
Receivables from joint ventures (balance)	**121.4**	145.8	200.5
Payables to joint ventures (balance)	**59.5**	20.7	52.2
Associates			
Interest income from associates	**0.1**	0.0	0.2
Receivables from associates (balance)	**16.8**	16.6	23.8

No security or guarantees had been furnished for balances owing to or by related parties at the reporting date or at 31 January 2014. Receivables and payables are settled by payment in cash. No losses were realized on receivables from related parties. No impairment was made in H1 2014/15 to provide for any probable losses on such receivables (H1 2013/14: DKK 0.0 million).

NOTE 9. FINANCIAL INSTRUMENTS

TK Development has no significant financial instruments that are measured at fair value.

During the period under review, no changes were made to the classification within the fair-value hierarchy. There have been no changes in the Group's situation or the financial markets that materially affect the disclosures regarding financial instruments measured at fair value as appearing from the Group's Annual Report for 2013/14.

COMPANY INFORMATION

TK Development A/S

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24256782

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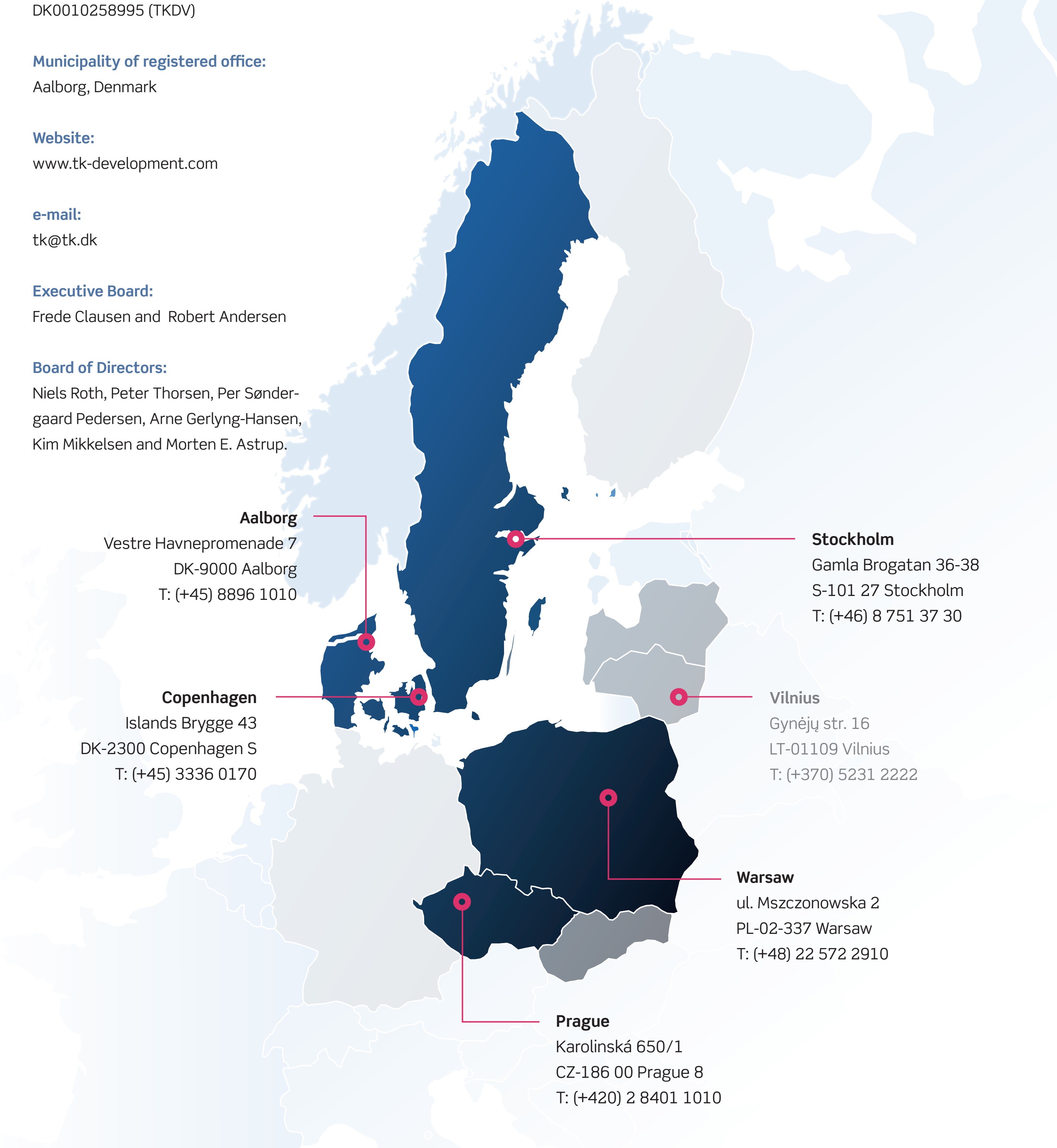
Executive Board:
Frede Clausen and Robert Andersen

Board of Directors:
Niels Roth, Peter Thorsen, Per Søndergaard Pedersen, Arne Gerlyng-Hansen, Kim Mikkelsen and Morten E. Astrup.

The Group's mission

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 the productive and creative liaison between tenants and investors.



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