ILLUSTRATION:
STRÆDET, KØGE, DENMARK

TK DEVELOPMENT A/S | CVR NO. 24256782
COMPANY ANNOUNCEMENT NO. 6/2015 | 27 MARCH 2015

PRELIMINARY ANNOUNCEMENT OF FINANCIAL STATEMENTS
2014/15

(1 February 2014 - 31 January 2015)

TK development

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SUMMARY

RESULTS FOR 2014/15

- In 2014/15 TK Development recorded results of DKK 36.7 million*) before tax, excluding discontinuing activities, against DKK 3.9 million*) in 2013/14. The results for the year are in line with expectations.

- The Group's total results after tax amounted to DKK -37.7 million against DKK -49.0 million in 2013/14.

- The balance sheet total amounted to DKK 2,845.2 million at 31 January 2015 against DKK 3,347.1 million at 31 January 2014. Consolidated equity totalled DKK 1,509.4 million versus DKK 1,553.7 million at 31 January 2014, corresponding to a solvency ratio of 53.1 % (31 January 2014: 46.4 %).

- The cash flows for the year amounted to DKK 17.4 million against DKK 0.4 million the year before. Net interest-bearing debt amounted to DKK 1,000.4 million at 31 January 2015 against DKK 1,435.1 million at 31 January 2014.

- With effect from 1 February 2014, the Group implemented IFRS 11, Joint Arrangements, which resulted in changes to the Group's accounting policies. The Group's partly owned enterprises that are jointly controlled with other parties, and which were previously 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

The following plots of land were sold in the 2014/15 financial year:

- TK Development previously owned an attractively located project area of about 37,000 m^2 at Teglholmen in Copenhagen. This project area was sold at a profit to private investors in 2014/15.

- In 2014/15 TK Development entered into an agreement to sell a building lot of 13,000 m^2 at Amerika Plads, Copenhagen, to A.P. Møller - Mærsk A/S. The selling price amounts to DKK 97.5 million, and TK Development's ownership interest is 50 %. The handover to A.P. Møller - Mærsk A/S is expected to take place in mid-2015, and the profit on the sale will thus impact TK Development's results in 2015/16.

Alfa Laval, office building, Aalborg, Denmark

In addition, the following development projects have been sold and initiated:

- In Barkarby in the northwestern part of Stockholm, TK Development has developed a 20,000 m^2 retail park. The retail park has been sold on a forward-funding basis and handed over to a fund managed by Cordea Savills. The retail park premises have been let to such tenants as XXL (sports store), Clas Ohlson, Intersport, Toys"R"Us, Burger King, Pizza Hut and the fitness chain Nordic Wellness. Construction began in August 2013 and was completed in January 2015. The project was handed over to the investor in January 2015, thus impacting results positively in 2014/15.

- TK Development previously owned a property of almost 3,000 m^2 at Vasevej in Birkerød, rented by SuperBest. This property was sold and handed over to a private property company in 2014/15, and the selling price corresponds to the carrying amount. Moreover, a number of minor projects have been sold, including several superstores in Denmark.

- TK Development has entered into cooperation with AP Pension regarding the development of about 12,500 m^2 at Amerika Plads, lot C, primarily for residential use. In 2014/15 the building site was handed over to a newly established, jointly owned company, in which AP Pension has a 50 % ownership interest. Udviklingsselskabet By & Havn I/S and TK Development own the remaining 50 % in equal shares. TK Development's share of profit on the sale of this building site was recognized in 2014/15. The aim is to build about 120 high-quality apartments for sale to private owners. Construction is scheduled to start in mid-2015. The profits anticipated on the development, construction and sale of the project will be recognized upon handover of the apartments

*) Adjusted for tax withheld from "Income from investments in joint ventures".

to the respective buyers, expected to take place from the beginning of 2017.

- In Esbjerg, Denmark, TK Development owns a plot earmarked for the construction of a new shopping centre, BROEN, of about 29,800 m². Having received good backing from future tenants, the Group has concluded lease agreements for more than 60 % of the premises. A building permit has been granted for the project, but before construction can start, the project must undergo a validation and approval procedure to ensure safe railway operations, etc. (CSM approval). Several delays in the validation process have postponed project startup. The validation report is now expected to be available in spring 2015, with construction to start immediately afterwards. After the reporting date, TK Development has concluded a conditional agreement with CapMan Real Estate, which will join the project at its current stage, with a 65 % ownership interest, and thus participate in completing its development. The agreement is subject to the condition that the CSM approval is obtained.

- 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. 49 % of the units have been sold in advance. Construction is progressing as planned, and handover to the buyers is scheduled for spring 2016. The residential units are being sold as owner-occupied apartments to private users.

- 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 about 61 % of the premises have been signed. Construction started in May 2014, and the opening is scheduled for autumn 2015. TK Development receives fee income from the jointly owned company for developing, letting and managing the construction of the project.

- In 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.

- TK Development is developing a project in Køge, Strædet, of about 34,300 m², excluding parking facilities. The project is being built immediately next to Køge Station and the town centre shopping area. The total project, to be executed in three phases, will comprise a retail project of about 19,000 m²; public service facilities of about 9,000 m², including a town hall and rehabilitation centre; and residential premises of about 6,300 m². In addition, the project will comprise parking facilities of about 13,000 m². The retail project, complete with the parking facilities of about 13,000 m², has been sold conditionally to the Finnish company Citycon based on a 6.25 % return. This sale is expected to impact results positively in the 2017/18 financial year upon handover of the completed project to Citycon. In addition, an agreement has been made with Køge Municipality regarding its takeover of building rights for both the town hall and rehabilitation centre. Construction of the first phase was initiated in March 2015.

- The Group's project portfolio in the property development segment comprised 351,000 m² at 31 January 2015 (31 January 2014: 405,000 m²).

ASSET MANAGEMENT

- Management has previously announced its aim to sell one or more major completed projects, as such sales could contribute significantly to the Group's free cash resources, reduce its balance sheet total and reinforce solvency.

- TK Development has sold 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.

- In addition, TK Development has sold its 20 % stake in the Futurum Hradec Králové shopping centre in the Czech Republic, also to Meyer Bergman. The selling price for the entire centre, including the hypermarket section, which TK Development has acquired together with the other owners, GE Capital and Heitman, for about EUR 12 million as part of the deal, amounts to EUR 87.6 million, which is on a par with the carrying amount.

- In 2014/15 TK Development made a DKK 44.5 million writedown for impairment of the Group's Sillebroen shopping centre in Frederikssund. The shopping centre was written down because Management has decided to change the letting concept, including to introduce alternative concepts, and thus expects the net rent potential to be lower than previously estimated.

- Following these sales, the total portfolio of properties that are under asset management and thus generate cash flow comprised 85,200 m² and amounted to DKK 1,256.1 million at 31 January 2015, including joint venture projects, compared to DKK 1,934.2 million at 31 January 2014. The portfolio reduction of DKK 678.1 million is primarily attributable to the sales completed.

- The annual net rent from the current leases in the total portfolio corresponds to a return on the carrying amount of 4.4 %. This figure reflects a large spread in the returns on individual centres, as particularly local tenants are recording difficulties. Based on full occupancy, the return on the carrying amount is expected to reach 6.7 %. The current letting situation is affected by vacancies, short-term rent discount agreements and improvement initiatives that have not yet materialized.

DISCONTINUING ACTIVITIES

- TK Development's activities in Germany, Finland, the Baltic States and Russia are being phased out.

- The results before tax of the discontinuing activities amounted to DKK -54.1 million in 2014/15 against DKK -38.9 million in 2013/14, of which DKK -17.3 million derives from current operations, DKK -14.6 million from losses recognized on completed sales, and DKK -22.2 million from impairment losses on the remaining assets.

- Management accords strict priority to phasing out those of the Group's activities that are categorized as discontinuing activities, and has chosen to implement sales at a price below the carrying amount. In order to speed up the phase-out, Management has moreover chosen to write down the remaining assets by an amount of DKK 22.2 million.

- Since 31 January 2014 the balance sheet total for the discontinuing activities has been reduced by 32 %, amounting to DKK 250.3 million at 31 January 2015. The reduction relates mainly to the handover of the first phase of the DomusPro Retail Park project in Vilnius, which has been sold in advance to the investor, and the sale of a German investment property.

- The Group had the following discontinuing activities at 31 January 2015:
  - In Germany: an investment property and two minor plots of land.
  - In Finland: a minor plot of land.
  - In the Baltic States: a retail park project, see below, and two plots of land.
  - In Russia: a minor project for letting.

- 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 is being built in 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. The second phase of the project of about 3,800 m² has been fully let, and construction started at the beginning of 2015.

- 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.

MARKET CONDITIONS

- It is Management's general assessment that the Group's markets are showing signs of recovery. There is a general sense of optimism in the property markets, with better opportunities than before for financing the purchase of real property and a fair amount of investor interest. The historically low interest level has contributed to increasing interest in real property as an asset class, particularly among institutional investors.

- In Management's opinion, the determining variables in property development – land prices, construction costs, rental rates and selling prices – have once more reached a level enabling projects to be executed at a satisfactory profit.

- The Group's markets are characterized by expectations for moderate to respectable growth and a moderate rise in private consumption, although varying in strength from country to country. Climbing Internet sales are expected to intensify competition in the retail trade sector in the years to come.

- TK Development has the competencies to execute large and complex development projects – retail, office, residential and mixed – and will continue to prioritize such projects. At the same time, TK Development will focus on executing more small-scale projects with a fairly short completion time on which the Group can generate reasonable earnings without tying up a large amount of capital for a prolonged period. Such projects will typically be combined residential and retail projects. Management expects residential projects to account for a larger share of the Group's portfolio in future because the Group wishes to exploit the attractive project opportunities within the residential segment.

FINANCIAL ISSUES

- In 2014/15 TK Development sold its 75 % stake in the Fashion Arena Outlet Center in Prague and its 20 % stake in the Futurum Hradec Králové shopping centre, also in the Czech Republic. In addition, TK Development has completed a number of other sales. Overall, these sales mean that the Group has considerably reduced its interest-bearing debt, while substantially strengthening its financial platform.

- Net interest-bearing debt amounted to DKK 1,000.4 million at 31 January 2015 against DKK 1,435.1 million at 31 January 2014.

- At 31 January 2015 project credit facilities of DKK 0.5 billion were due to expire prior to the end of January 2016. These credits have largely been extended after the reporting date.

- TK Development has a general agreement with the Group's main banker about operating and project credits. The agreement is usually renegotiated once a year and runs until 1 May 2015. After the reporting date, the agreement was extended until 1 May 2016.

OUTLOOK FOR 2015/16

- Management anticipates positive results of about DKK 40 million before tax, excluding discontinuing activities, for the 2015/16 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 2015/16.

The expectations mentioned in this announcement, 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", particularly the valuation of the Group's project portfolio, as described under "Business risks" and "Risks related to the presentation of financial statements".

Strædet, Køge, Denmark

CONSOLIDATED FINANCIAL HIGHLIGHTS AND KEY RATIOS

DKKm	2010/11	2011/12	2012/13	2013/14	**2014/15**
FINANCIAL HIGHLIGHTS					
Net revenue	531.2	309.2	567.6	330.7	**854.7**
Value adjustment of investment properties, net	1.3	0.5	-13.5	-9.5	**-3.5**
Gross profit/loss	165.9	119.3	-129.7	102.5	**93.3**
Operating profit/loss (EBIT)	37.5	-10.4	-230.6	10.7	**12.3**
Income from investments in joint ventures	70.9	54.7	-32.5	37.5	**30.1**
Financing, etc.	-39.0	-65.1	-71.8	-86.9	**-57.9**
Profit/loss before tax and writedowns, etc.	43.6	-3.9	-6.8	-36.6	**42.1**
Profit/loss before tax	69.6	11.6	-332.5	-42.8	**-25.2**
Profit/loss for the year	73.6	27.0	-493.3	-49.0	**-37.7**
Profit/loss for the year before tax, forward-looking strategy	-	-	-	3.9	**36.7**
Comprehensive income for the year	71.7	6.7	-487.6	-55.5	**-44.4**
Balance sheet total	4,188.4	4,182.9	3,509.3	3,347.1	**2,845.2**
Other fixtures and fittings, tools and equipment	6.8	4.7	2.5	1.3	**1.0**
Investment properties	197.6	197.6	167.3	103.2	**78.1**
Total project portfolio	2,775.0	2,830.0	2,394.7	2,334.6	**2,121.7**
Equity	1,866.0	1,876.4	1,389.7	1,553.7	**1,509.4**
Cash flows for the year	2.8	-24.3	-29.7	0.4	**17.4**
Net interest-bearing debt, end of year	1,740.6	1,737.7	1,659.7	1,435.1	**1,000.4**
KEY RATIOS					
Return on equity (ROE)	4.3 %	1.4 %	-30.2 %	-3.4 %	**-2.5 %**
EBIT margin	7.1	-3.4	-40.6	3.2	**1.4**
Solvency ratio (based on equity)	44.6 %	44.9 %	39.6 %	46.4 %	**53.1 %**
Equity value in DKK per share	32.0	32.2	23.9	15.8	**15.4**
Price/book value (P/BV)	0.5	0.3	0.4	0.4	**0.6**
Number of shares, end of year	42,065,715	42,065,715	42,065,715	98,153,335	**98,153,335**
Average numbers of shares, adjusted	35,095,222	42,065,715	42,065,715	74,870,019	**98,153,335**
Earnings per share (EPS) in DKK	1.5	0.5	-8.5	-0.7	**-0.4**
Dividend in DKK per share	0	0	0	0	**0**
Listed price in DKK per share	16	10	9	7	**9**
KEY RATIOS ADJUSTED FOR WARRANTS					
Return on equity (ROE)	4.3 %	1.4 %	-30.2 %	-3.4 %	**-2.5 %**
Solvency ratio (based on equity)	44.6 %	44.9 %	39.6 %	46.4 %	**53.1 %**
Equity value in DKK per share	32.0	32.2	23.9	15.8	**15.4**
Diluted earnings per share (EPS-D) in DKK	1.5	0.5	-8.5	-0.7	**-0.4**

The calculation of key ratios was 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 and IAS 32, Financial Instruments (offsetting financial assets and liabilities).

In 2014/15 TK Development recorded results of DKK 36.7 million**) before tax, excluding discontinuing activities, against DKK 3.9 million in 2013/14. The results for the year are in line with expectations.

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 7.8 million.

The Group's total results after tax amounted to DKK -37.7 million against DKK -49.0 million in 2013/14.

The balance sheet total amounted to DKK 2,845.2 million at 31 January 2015 against DKK 3,347.1 million at 31 January 2014. Consolidated equity totalled DKK 1,509.4 million versus DKK 1,553.7 million at 31 January 2014, corresponding to a solvency ratio of 53.1 % (31 January 2014: 46.4 %).

The results for 2014/15 and the balance sheet at 31 January 2015, broken down by business segment, appear from the tables below.

The activities within each individual business segment are described in more detail on pages 26-36.

- The property development segment is described on pages 26-30. The description includes information about the development potential of TK Development's project portfolio, including an outline of the individual development projects.

RESULTS 2014/15 (DKKM)

Profit/loss	2014/15	Property development	Asset management	Discontinuing	Unallocated
Revenue	854.7	701.9	63.5	89.3	-
Gross profit/loss	93.3	128.6	3.4	-38.7	-
Costs, excl. depreciation and amortization	80.4	-	-	3.0	77.4
Operating profit/loss	12.3	128.6	3.4	-41.7	-78.0
Income from investments in joint ventures*)	30.1	11.6	26.3	-	-7.8
Financing, net	-57.9	-3.4	-42.6	-2.1	-9.8
Profit/loss before tax**)	-25.2	137.3	-12.8	-54.1	-95.6
Tax on profit/loss for the year	12.5				
Profit/loss for the year	**-37.7**				

*) 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 earnings expectations for 2014/15, which were 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 36.7 million before tax, excluding discontinuing activities, have been calculated as pre-tax results of DKK -25.2 million adjusted for losses on discontinuing activities of DKK 54.1 million and tax on the results of joint ventures of DKK 7.8 million.

BALANCE SHEET STRUCTURE AT 31 JAN 2015 (DKKM)

Balance sheet	31 Jan 2015	Property development	Asset management	Discontinuing	Unallocated
Assets					
Investment properties	78.1	-	-	78.1	-
Investments in joint ventures	171.9	105.7	66.2	-	-
Non-current receivables	128.9	61.5	67.4	-	-
Other non-current assets	166.4	1.9	1.4	14.1	149.0
Projects in progress or completed	2,121.7	886.3	1,082.1	153.3	-
Current receivables	104.7	80.1	19.7	4.8	0.1
Cash, cash equivalents, escrow accounts, etc.	73.5	36.6	13.1	-	23.8
Assets	**2,845.2**	**1,172.1**	**1,249.9**	**250.3**	**172.9**
Equity and liabilities					
Equity	**1,509.4**	**812.3**	**405.0**	**198.1**	**94.0**
Credit institutions	1,195.3	288.9	815.7	38.0	52.7
Other liabilities	140.5	70.9	29.2	14.2	26.2
Equity and liabilities	**2,845.2**	**1,172.1**	**1,249.9**	**250.3**	**172.9**
Solvency ratio	**53.1 %**	**69.3 %**	**32.4 %**	**79.1 %**	**54.4 %**

- The asset management segment is described on pages 31-34. 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 35-36, 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 2014/15 consolidated financial statements and parent financial statements for TK Development A/S have been presented in compliance with the International Financial Reporting Standards, as adopted by the EU, and in accordance with Danish disclosure requirements for listed companies.

The consolidated financial statements and parent financial statements for 2014/15 have been presented in accordance with the financial reporting standards (IFRS/IAS) and IFRIC interpretations applicable for financial years beginning at 1 February 2014.

The consolidated financial statements and the parent financial statements are presented in DKK, which is the presentation currency for the Group's activities and the functional currency of the Parent Company.

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 clarification in IAS 32, Financial Instruments, regarding the offsetting of financial assets and financial liabilities has resulted in a restatement of the comparative figures in the five-year summary, as the previous offsetting practice does not meet the more specifically defined criteria for offsetting.

The implementation of IFRS 11, Joint Arrangements, has resulted in changes to the Group's accounting policies. The comparative figures have been restated accordingly. Therefore, the consolidated financial statements also present a statement of financial position (balance sheet) as at the beginning of the comparative year in accordance with the requirements of IAS 1.

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.

Effects 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 concluded that all the partly owned enterprises that are jointly controlled with other parties, and which were previously included in the consolidated financial statements by pro-rata consolidation, were to be classified as joint ventures with effect from 1 February 2014.

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 was 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 2013/14 and on the balance sheet at 31 January 2014 appear from note 1 in the Annual Report.

UNCERTAINTY IN RECOGNITION AND MEASUREMENT

When applying the Group's accounting policies in practice, Management makes a number of accounting estimates and judgments that materially affect the financial statements, particularly as concerns the measurement of the Group's ongoing and completed projects and the Group's deferred tax assets. For a more detailed description, please see note 3 in the Annual Report.

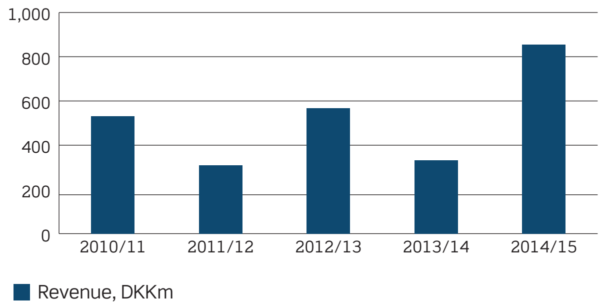
INCOME STATEMENT

Revenue

The revenue for 2014/15 totalled DKK 854.7 million against DKK 330.7 million in 2013/14, equal to an increase of 158 %.

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

Development in revenue:



Gross margin

The gross margin for the 2014/15 financial year amounted to DKK 93.3 million against DKK 102.5 million in 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 as well as impairment losses, etc., primarily related to the Group's discontinuing activities. In addition, the gross margin includes a DKK 44.5 million writedown for impairment of the Group's Sillebroen shopping centre in Frederikssund due to the centre's revised letting concept, and thus lower expectations for the net rent potential than before.

Handed-over projects

In the 2014/15 financial year TK Development sold a number of projects. The most important sales are described in more detail in the section below "Significant project sales in 2014/15".

Included in the gross margin in Q1:

Profits on the sale and handover of a few superstores in Denmark to private investors.

- Handover of the first phase of the Group's retail park project, DomusPro in Vilnius; see the description under "Discontinuing activities".
- Profit on the sale of the Group's 75 % stake in the Fashion Arena Outlet Center in the Czech Republic to Meyer Bergman (included in the results of joint ventures).

Included in the gross margin in Q2:

- Profit on the sale of about 7,200 m² building rights at Østre Teglgade in Copenhagen to a private investor.
- Fee income generated in connection with the startup of the Group's shopping centre project in Jelenia Góra in Poland.
- Loss on the sale of a share of the Group's plot of land in Bytom, Poland, to Decathlon; see the description under "Property development".

Included in the gross margin in Q3:

- Sale of a share (fitness facilities) of the Group's completed property in Brønderslev, which has been handed over to the investor. Management revalued the property in Q3 in connection with entering into the agreement about this partial sale and letting the last rental unit.
- Fee income on several projects.
- The sale of a German investment property on the outskirts of Berlin (sold at the carrying amount).

Included in the gross margin in Q4:

- Profit on the sale of the Group's Swedish retail park Barkarby Gate of about 20,000 m² to a fund managed by Cordea Savills.
- Profit on the sale of the Group's remaining building rights for about 30,000 m² at Østre Teglgade to a private investor.
- Profit on the sale of building rights at Amerika Plads, lot C, to a joint venture in which AP Pension has a 50 % stake for the purpose of developing a residential project to be sold as owner-occupied apartments to private users.
- Sale of the retail section – let to SuperBest – of the Group's project at Vasevej in Birkerød to a private property company (sold at the carrying amount); see the description under "Property development".
- Sale of the first phase of a retail project at Marsvej to a private investor (sold at the carrying amount); see the de-

scription under "Property development".

- Loss on the sale of a minor plot of land in Finland.
- Loss on the sale of the Group's share of a minor shopping centre in Germany.
- Sale of the Group's 20 % stake in Futurum Hradec Králové in the Czech Republic to Meyer Bergman (included in the results of joint ventures).

Staff costs and other external expenses

Staff costs and other external expenses amounted to DKK 80.4 million for 2014/15 against DKK 90.4 million in 2013/14, a reduction of about 11 %.

Staff costs amounted to DKK 56.5 million against DKK 63.8 million the year before, a decline of about 11 %. The number of employees totalled 88 at 31 January 2015 (31 January 2014: 90), including employees working at operational centres.

Other external expenses amounted to DKK 23.9 million, a 10 % reduction compared to 2013/14.

Results of joint ventures

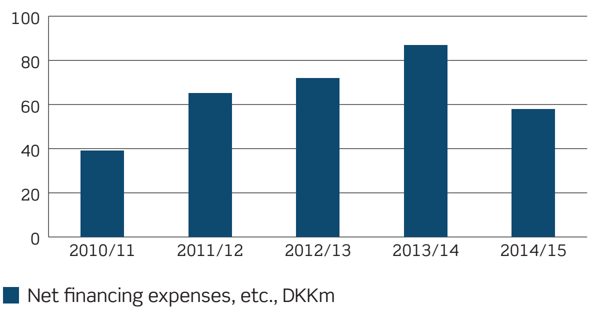
The results of joint ventures amounted to DKK 30.1 million against DKK 37.5 million the year before.

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. Thus, the results include the profit on the sale of the Fashion Arena Outlet Center, Prague, the Czech Republic.

Financing

TK Development realized net financing expenses of DKK 57.9 million against DKK 86.9 million in 2013/14. The decline is largely attributable to the interest effect of the capital increase implemented in September 2013, the effect of interest margin reductions obtained on several major credits, and the effect of the sale of several plots of land and the two Czech projects, the Fashion Arena Outlet Center and Futurum Hradec Králové.

Development in net financing expenses



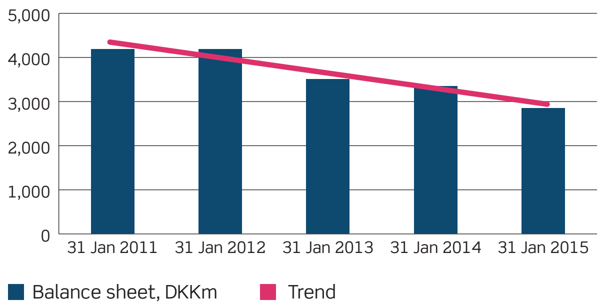
Corporate income tax

Tax on the results for the year amounts to DKK 12.5 million, and tax withheld from the results of joint ventures amounts to DKK 7.8 million. Thus, total tax payments for 2014/15 amount to DKK 20.3 million. The effective tax rate should be viewed in light of the fact that the tax asset calculated for the year in respect of discontinuing activities was recognized at DKK 0. In addition, the tax assets in a few of the Group's foreign companies have been written down where the utilization of these tax assets within the next few years is not considered realistic.

BALANCE SHEET

The Group's balance sheet total amounted to DKK 2,845.2 million, which is a decline of DKK 501.9 million compared to 31 January 2014.

Development in balance sheet total



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. Based on the impairment test made, Management has found no indications of impairment of goodwill.

Investment properties

TK Development's investment properties consisted of only one German investment property at 31 January 2015. The value of this property amounts to DKK 78.1 million compared to DKK 103.2 million at 31 January 2014, at which time the Group still had two German investment properties. The property is described in more detail in the section "Discontinuing activities" below.

Investments in joint ventures

The net investment in joint ventures amounted to DKK 171.9 million at 31 January 2015 against DKK 470.5 million at 31 January 2014. The decline is essentially attributable to the sale of the Group's ownership shares of the two Czech centres, the Fashion Arena Outlet Center and Futurum Hradec Králové.

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 consisted mainly of the following at 31 January 2015:

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).

Asset management projects:

- 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 114.7 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 January 2015, which could have an adverse effect on the Group's results of operations and financial position.

Projects in progress or completed

The total project portfolio came to DKK 2,121.7 million against DKK 2,334.6 million at 31 January 2014. The decline is mainly a combined result of an increase in the Group's portfolio of ongoing projects and a decrease due to the sale of projects, including plots of land.

Total prepayments based on forward-funding agreements amounted to DKK 5.0 million against DKK 59.1 million at 31 January 2014. The decline is attributable to the handover of the Swedish retail project Barkarby Gate, which has been sold to the investor on the basis of forward funding.

The Group's total portfolio of completed projects and investment properties, excluding projects and investment properties in joint ventures, amounted to DKK 1,185 million at 31 January 2015 (31 January 2014: DKK 1,272 million), and the Group's net interest-bearing debt amounted to DKK 1,000 million (31 January 2014: DKK 1,435 million).

With a carrying amount of DKK 2,121.7 million at 31 January 2015, projects in progress and completed projects account for a significant share of the Group's balance sheet total, of which the carrying amount of projects written down to net realizable value amounted to DKK 1,549.0 million at 31 January 2015. Thus, as a large share of the Group's ongoing and completed projects has been written down to the estimated net realizable value, the valuation is subject to uncertainty. If the actual course of an individual project deviates from the expected development, this may necessitate changes to the impairment recognized, which could have a material adverse effect on the Group.

Cash and cash equivalents

Cash and cash equivalents amounted to DKK 23.6 million against DKK 6.1 million at 31 January 2014. TK Development's total cash resources, see note 31 in the Annual Report, came to DKK 268.3 million against DKK 56.8 million at 31 January 2014.

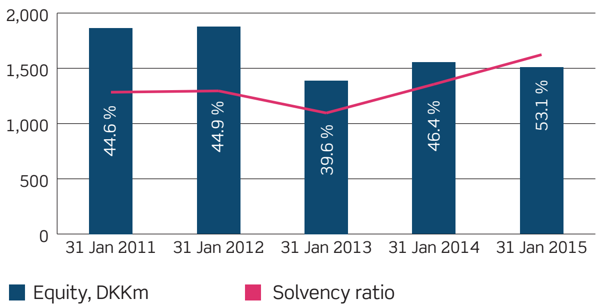
Equity

The Group's equity came to DKK 1,509.4 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 6.7 million related to foreign subsidiaries and joint ventures as well as hedging instruments.

The solvency ratio amounts to 53.1 %.

Equity and solvency



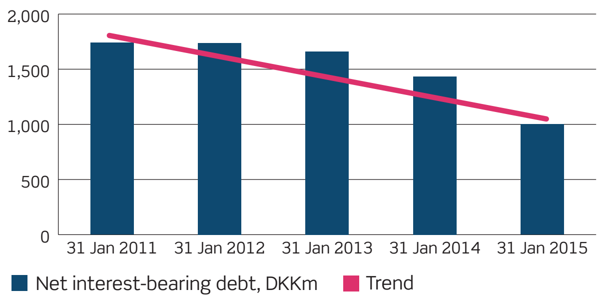
Non-current liabilities

The Group's non-current liabilities represented DKK 19.8 million against DKK 94.6 million at 31 January 2014. The payables to joint ventures of DKK 20.7 million existing at the beginning of the financial year were settled during the year under review.

Current liabilities

The Group's current liabilities represented DKK 1,316.0 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.

Development in net interest-bearing debt



CASH FLOW STATEMENT

The Group's cash flows from operating activities were positive in the amount of DKK 23.6 million (2013/14: negative in the amount of DKK 25.3 million). This amount includes a reduction in funds tied up in projects following project sales, an increase in funds tied up in receivables, lower debt, 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 414.9 million (2013/14: positive in the amount of DKK 106.8 million), due mainly to the sale of the Group's 75 % stake in the Fashion Arena Outlet Center, Prague, the sale of the Group's 20 % stake in Futurum Hradec Králové, also in the Czech Republic, and the sale of a German investment property.

Cash flows from financing activities were negative in the amount of DKK 421.1 million (2013/14: negative in the amount of DKK 81.1 million). The negative cash flows result from a reduction in payables to credit institutions.

Overall, cash flows for the year are positive in the amount of DKK 17.4 million against DKK 0.4 million in the year before.

SIGNIFICANT PROJECT SALES IN 2014/15

TK Development handed over of a number of sold projects to investors, with an associated impact on results, in the 2014/15 financial year. The most significant projects handed over are described below.

Barkarby Gate, retail park, Stockholm, Sweden

In Barkarby in the northwestern part of Stockholm, TK Development has developed a 20,000 m² retail park. The retail park has been sold on a forward-funding basis and handed over to a fund managed by Cordea Savills. The current occupancy rate is 96 % (Q3 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. Construction began in August 2013 and was completed in January 2015. The project was handed over to the investor in January 2015, thus impacting results positively in 2014/15.

Østre Teglgade, Copenhagen, Denmark

TK Development previously owned an attractively located project area of about 37,000 m² at Teglholmen. This project area was sold at a profit to private investors in 2014/15.

Fashion Arena Outlet Center, Prague, Czech Republic

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 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 and made a substantial contribution to the Group's free cash resources. This sale forms part of Management's objective to sell one or more major completed projects.

Futurum Hradec Králové, shopping centre, Czech Republic

In the fourth quarter of 2014/15, TK Development – together with GE Capital and Heitman – sold Futurum Hradec Králové in the Czech Republic to Meyer Bergman. TK Development has a 20 % ownership interest in the centre, but receives a performance-driven share of the property value. As part of the deal, TK Development, GE Capital and Heitman bought the hypermarket, which has been let to Tesco, at a price of about EUR 12 million. The selling price for the total centre, including the hypermarket section, amounts to EUR 87.6 million, which is on a par with the carrying amount. This sale is a step towards realizing Management's objective to sell one or more major completed projects, and has made a significant contribution to the Group's free cash resources.

EXECUTION OF STRATEGIC GOALS

As previously announced, in March 2013 Management resolved to revise the Group's strategy and business model and adjust its market focus. The goal was to execute these adjustments within a period of two years from the time of making the resolution.

Management is of the opinion that the execution of these adjustments has generally proceeded satisfactorily. The current status in terms of meeting the strategic goals, now that the two-year strategy period has ended, is 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 has progressed satisfactorily. The goal has not yet been fully attained due to a few outstanding issues.
  - In the Baltic States Management has chosen to keep on a small staff to develop and execute the individual remaining projects in order to retain their maximum value. Project development is proceeding, with the letting, sale and execution of the remaining projects expected to take a couple of years.
  - TK Development previously expected to keep the Group's project in Moscow, Russia, for a medium-long period. However, in light of the current market conditions in Russia, Management now believes that TK Development will have to keep the project for some time yet.
  - In Germany the development of the remaining investment property is taking longer than anticipated. Work is proceeding on a development plan for the property aimed at optimizing and subsequently selling it. Therefore, Management expects the time horizon for disposing of this property to be slightly longer.

Amerika Plads, felt C, Copenhagen, Denmark

- 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 reduced through the sale of land and the initiation of projects. This process has progressed satisfactorily and according to plan for many of the projects.
  - The portfolio of unsold projects not initiated has been reduced by about DKK 0.5 billion.
  - The process will be continued so as to reduce the portfolio as much as possible in the years ahead.

- 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 53.1 % at 31 January 2015.
  - Although this target has been met, Management will continue to focus on selling assets once the Group has achieved the best balance between selling price and expected future use of resources, based on an assessment of the possibilities for alternative capital use.

- 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 the full impact was achieved in the 2014/15 financial year.

- Financing costs are to be normalized as a result of the initiatives implemented.
- The interest payable on several major credits has been reduced.
- Current market conditions are pointing in the direction of declining interest margins, and Management will continuously seek to reduce the Group's financing costs by optimizing loans and renegotiating interest margins.

During the two-year strategy period that has recently ended, Management focused on reducing the balance sheet total, achieving a satisfactory solvency ratio and building a satisfactory financial platform. This has reduced the focus on new project opportunities and means that the volume of new projects generating earnings in the short term is insufficient to enable the Group to record normalized and satisfactory earnings. The initiatives implemented in the past two years have enabled the Group to build an improved basis for focusing more intensely on new project opportunities and future earnings in the Group. As regards the earnings outlook for 2015/16, reference is made to the description above.

Management attaches great weight to the Group's solvency and aims to maintain a constant minimum solvency level of about 40 %.

FINANCIAL ISSUES

As described above under "Significant project sales in 2014/15", in the year under review TK Development sold its 75 % stake in the Fashion Arena Outlet Center in Prague and its 20 % stake in the Futurum Hradec Králové shopping centre, also in the Czech Republic. In addition, TK Development has completed a number of other sales. Overall, these sales mean that the Group has considerably reduced its interest-bearing debt, while substantially strengthening its financial platform.

Net interest-bearing debt amounted to DKK 1,000.4 million at 31 January 2015 against DKK 1,435.1 million at 31 January 2014.

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 2015 project credit facilities of DKK 0.5 billion were due to expire prior to the end of January 2016. These credits have largely been extended after the reporting date.

TK Development has a general agreement with the Group's main banker about operating and project credits. The agreement is usually renegotiated once a year and runs until 1 May 2015. After the reporting date, the agreement was extended until 1 May 2016.

PARENT COMPANY, TK DEVELOPMENT A/S

In 2014/15 TK Development A/S, the Parent Company, realized results before tax of DKK -32.4 million against DKK -72.0 million in 2013/14. The results after tax amounted to DKK -49.3 million against DKK -86.8 million the year before.

In addition, the Company's earnings consist mainly of net financing income from loans to subsidiaries. The results also include writedowns made in 2014/15 for impairment of investments in group enterprises in the amount of DKK 100.0 million (2013/2014: DKK 180 million). Accumulated impairment relating to investments in group enterprises amounted to DKK 1,150.2 million at 31 January 2015 (31 January 2014: DKK 1,050.2 million).

At 31 January 2015, the balance sheet total amounted to DKK 2,028.7 million, a decline of DKK 89.9 million relative to the year before. Equity totalled DKK 1,952.1 million at 31 January 2015, a decline of DKK 49.2 million relative to 31 January 2014.

OUTLOOK FOR 2015/16

Management anticipates positive results of about DKK 40 million before tax, excluding discontinuing activities, for the 2015/16 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 2015/16.

The expectations mentioned in this announcement, 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", 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

In relation to the Group's planned shopping centre project, BROEN, in Esbjerg, after the reporting date TK Development has concluded a conditional agreement with CapMan Real Estate, which will join the project at its current stage, with a 65 % ownership interest, and thus participate in completing its development. The agreement is subject to the condition that CSM approval of the project is obtained.

At 31 January 2015 project credit facilities of DKK 0.5 billion were due to expire prior to the end of January 2016. These credits have largely been extended after the reporting date.

TK Development has a general agreement with the Group's main banker about operating and project credits. The agreement is usually renegotiated once a year and runs until 1 May 2015. After the reporting date, the agreement was extended until 1 May 2016.

Shopping centre, Jelenia Góra, Poland

Apart from this, no significant events of relevance to the Company have occurred after the reporting date.

THE BOARD OF DIRECTORS

The Board of Directors is currently composed of six members. After last year's Annual General Meeting, a meeting was held for the purpose of electing officers, with Niels Roth being elected as the Chairman, and Peter Thorsen being elected as the Deputy Chairman of the Board of Directors. At this year's Annual General Meeting, the Board of Directors will propose that the Board of Directors should remain composed of six members. Per Søndergaard Pedersen will not stand for re-election at the forthcoming Annual General Meeting. The remaining board members are prepared to stand for re-election, and the Board of Directors further proposes that Henrik Heideby be elected to take the vacant seat on the Board.

Henrik Heideby, former Group CEO and President of PFA Pension, now works as a professional board member. Henrik Heideby's core competencies include management in Denmark and internationally, financing, risk management, asset management and retail trade. Henrik Heideby will be considered an independent member of the Board of Directors.

In connection with nominating Henrik Heideby as a candidate for the vacant board seat, the Board of Directors has placed particular emphasis on his broad management experience and financial expertise.

DIVIDENDS

The Board of Directors recommends that the Annual General Meeting resolve not to distribute dividends for the 2014/15 financial year.

TRANSACTIONS WITH RELATED PARTIES

During the year under review, no significant or unusual transactions were made with related parties.

The full Annual Report is downloadable from TK Development's website, www.tk-development.com, as from 1 April 2015.

It is Management's general assessment that the Group's markets are showing signs of recovery. There is a general sense of optimism in property markets, with better opportunities than before for financing the purchase of real property and a fair amount of investor interest. The historically low interest level has contributed to increasing interest in real property as an asset class, particularly among institutional investors.

In Management's opinion, the determining variables in property development – land prices, construction costs, rental rates and selling prices – have once more reached a level enabling projects to be executed at a satisfactory profit.

The Group's markets are characterized by expectations for moderate to respectable growth and a moderate rise in private consumption, although varying in strength from country to country. Climbing Internet sales are expected to intensify competition in the retail trade sector in the years to come.

TK Development has the competencies to execute large and complex development projects – retail, office, residential and mixed – and will continue to prioritize such projects. At the same time, TK Development will focus on executing more small-scale projects with a fairly short completion time on which the Group can generate reasonable earnings without tying up a large amount of capital for a prolonged period. Such projects will typically be combined residential and retail projects. Management expects a larger share of the Group's portfolio to consist of residential projects in future because the Group wishes to exploit the attractive project opportunities within the residential segment.

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 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 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 years to come, which will benefit the retail trade sector. However, climbing Internet sales are considered to contribute to fiercer competition in 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. Management has observed that investors are also showing interest in projects in major towns outside capital cities, and that 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 good performance record, customer influx and revenue will also be key to making investors feel secure about the investment risk. The required rates of return for prime locations are relatively low, while 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 the return requirement has again become satisfactory. 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 low return requirements for prime locations, 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

Management is of the opinion that it is now possible to obtain project finance again. However, 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. When granting project finance credits, the banks continue to require relatively high borrower equity, but recently these requirements have become less stringent.

DENMARK

Economic growth is on the rise in Denmark. Consumer confidence is increasing, although consumers continue to take a cautious approach, thus dampening private consumption. There are expectations for moderate growth in the years ahead. In recent years, the unemployment rate has been fairly stable and is expected to decline slightly in the years to come.

Overall, the historically low interest level, real wage increases and the expectations for slightly lower unemployment figures and improved labour market conditions mean that domestic demand is anticipated to pick up in the years to come.

In Management's opinion, there is a general sense of optimism in the Danish property market, with better opportunities than before for financing the purchase of real property and a fair amount of investor interest.

In Denmark TK Development's focus is on three segments – retail, office and residential – based on the wish to exploit the opportunities for developing real property in the office and residential segments to an even greater extent than before.

Investors are showing a good amount of interest in the Group's retail, office and residential projects at attractive locations in major towns and cities. At the same time, investor interest in secondary towns is waning. Location and quality are the two key determinants of investment decisions. The Group can obtain satisfactory selling prices for prime-location properties where the risk of vacancies is relatively limited, while selling prices for properties in secondary locations are under pressure. Foreign investors are showing mounting interest in investing in properties in major towns and cities, with Copenhagen being the preferred location. Institutional investors and other professional investors need options for placing their funds. This paves the way for setting up new project partnerships with these investors with a view to cooperation on project execution.

Particularly in the retail letting market, tenants also focus on the right location. Both supermarket chains and retail chains are still willing to expand if the location is right, although their decision-making processes are protracted. The rental level for primary locations is expected to be fairly stable, whereas the rental level for secondary locations will also remain under pressure in the years ahead.

In the office market, a respectable level of activity and interest in projects in major towns and cities has been recorded. Projects in prime locations, such as those in the Group's waterfront areas, appeal to tenants and investors alike, and the Group expects to create interesting office projects in the years to come. An example of such locations is the Group's site at Stuhrs Brygge in Aalborg, where TK Development conditionally sold a 6,000 m² office building to PensionDanmark in February 2014, with the premises being let to the international Alfa Laval Group.

The residential market in Denmark holds wide appeal, particularly in the cities. There is demand for both rental dwellings and owner-occupied dwellings in major towns and cities, which are recording substantial population growth. The rental level for rental housing is currently relatively high and expected to remain stable in the period ahead. Residential rental properties are also attracting great investor interest, and the market for developing and selling housing to private owner-occupants has also become attractive. TK Development is currently working on several residential projects and will continue to do so in the years to come.

Denmark – startup in 1989	2013	2014	2015e	2016e
GDP (% yr./yr.)	-0.5	0.8	1.7	2.1
Private consumption (% yr./yr.)	0.0	0.3	1.7	2.1
Unemployment (%)	7.0	6.6	6.5	6.4

(Source: The European Commission, European Economic Forecast, Winter 2015)

SWEDEN

The Swedish market continues to benefit from the strong Swedish economy and high purchasing power. The growth rate in 2014 surpassed the 2013 rate, and private consumption is expected to continue expanding and rising in the years to come. Unemployment is expected to decline slightly in the years ahead.

The property market in Sweden is characterized by optimism, good opportunities for procuring project finance at low interest rates and high investor interest.

As in previous years, TK Development will focus on the retail segment in Sweden. Retail chains are interested in attractive rental premises, although tenants' decision-making processes are also protracted in the Swedish market. Retail chains are still expanding, and several new foreign chains have entered the Swedish market.

Project location continues to be the paramount consideration for tenants, and the gap between primary and secondary locations has widened in recent years and continues to do so. The trend is clearly for retail chains to expand in cities, particularly Stockholm and Gothenburg, but also in other major towns in Sweden. Stockholm continues to record high annual population growth. This results in a demand for new retail establishments and retail store extensions, as concerns both retail parks and shopping centres.

Both local and international investors are showing a high level of interest, particularly in prime locations, and the return requirement, which is fairly low for these projects, is expected to remain stable in the period ahead.

Sweden is still considered to be the most transparent and interesting market in the Nordic region, and given the continued retail expansion, the Swedish market is highly interesting for TK Development. As in previous years, TK Development intends to focus on developing prime-location superstores and shopping centres in major towns and cities, with Stockholm and Gothenburg being the primary areas of interest.

Sweden – startup in 1997	2013	2014	2015e	2016e
GDP (% yr./yr.)	1.3	1.8	2.3	2.6
Private consumption (% yr./yr.)	1.9	2.5	2.6	2.6
Unemployment (%)	8.0	7.8	7.7	7.5

(Source: The European Commission, European Economic Forecast, Winter 2015)

POLAND

The positive development in the Polish economy from 2013 has continued, with Poland recording a respectable economic growth rate in 2014. Economic activity is characterized by strong domestic demand, which is largely offsetting the negative effects of the geopolitical uncertainty in Russia/Ukraine on the Polish economy.

This favourable trend is anticipated to continue in the years ahead, with respectable growth and declining unemployment rates. Moreover, private consumption is expected to rise, driven by such factors as anticipated real wage increases and lower unemployment, along with an interest rate that is expected to remain low in the years to come. Internet sales currently account for a fairly small percentage of retail sales compared to the Group's other markets, and must therefore be expected to escalate over the years ahead.

In Management's opinion, the geopolitical uncertainty in Russia/Ukraine still entails a risk of failing economic growth, which could lead to more difficult market conditions.

In Poland TK Development focuses on both the retail segment and the residential segment.

Strong national and international retail chains are still looking to expand at a controlled pace, with location being the key focus as in the Group's other markets. Generally, prime-location retail premises in major towns and cities are in high demand. This puts tenants in a position to renegotiate and improve the lease terms for secondary-location premises, or even to vacate their premises in such locations, and puts the rental level for secondary locations under pressure.

In the years to come, investors are expected to focus chiefly on major towns and cities, primarily Warsaw, where they are continuing to show reasonable interest in prime-location projects or in projects with development potential. International investors dominate the Polish market.

The exodus to major towns and cities in Poland has pushed up demand for new dwellings and made the residential market in Poland interesting. The market for developing housing for sale to private owner-occupants is particularly interesting, while the market for residential rental property is a less well-known investment option and therefore not yet considered interesting. In the residential segment in Warsaw, the demand for housing is high, and during the financial year TK Development regularly concluded agreements for the sale of apartments in its ongoing residential project in Bielany/Warsaw.

The residential market in Warsaw is driven by stable to slightly rising prices, a low interest level and confidence in sustained economic growth. The total volume of property sales currently exceeds the supply of new housing. In the years to come, TK Development will focus on developing and completing the Group's residential project in Bielany and on executing several minor residential projects, also in Warsaw.

Poland - startup in 1995	2013	2014	2015e	2016e
GDP (% yr./yr.)	1.7	3.3	3.2	3.4
Private consumption (% yr./yr.)	1.0	3.0	3.1	3.2
Unemployment (%)	10.3	9.1	8.8	8.3

(Source: The European Commission, European Economic Forecast, Winter 2015)

CZECH REPUBLIC

The economy in the Czech Republic underwent a positive development in 2014, once again recording growth after a few years of negative growth and falling private consumption. Moreover, private consumption is expected to grow and expand moderately in the years to come, with an unchanged level of unemployment.

TK Development will also concentrate on the retail segment in the years to come. In Management's opinion, there will be a demand for outlet centres as well as for converting and revitalizing existing centres. TK Development is currently investigating the opportunities for developing a new outlet centre.

Investors are showing a fair amount of interest in investing in real property, particularly in prime-location retail projects for which the prices are showing a slightly increasing trend. International funds focus on major projects, while local investors are showing interest in minor projects.

Czech Republic - startup in 1997	2013	2014	2015e	2016e
GDP (% yr./yr.)	-0.7	2.3	2.5	2.6
Private consumption (% yr./yr.)	0.4	1.4	1.9	2.1
Unemployment (%)	7.0	6.1	6.0	5.9

(Source: The European Commission, European Economic Forecast, Winter 2015)

The Group's mission

The overall mission of TK Development is to create added value by developing real property. The Group operates in the property development and services environments, and specializes in being the creative and result-oriented link between tenants and investors.

Fundamental values

TK Development bases its operations on a number of fundamental values that are the Group's hallmarks. They define the framework for the actions of TK Development's employees and the values that TK Development wants to signal.

- Good business sense
- Being result-oriented
- Innovation and creativity
- Being trustworthy
- Keeping it simple
- Commitment.

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.

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.

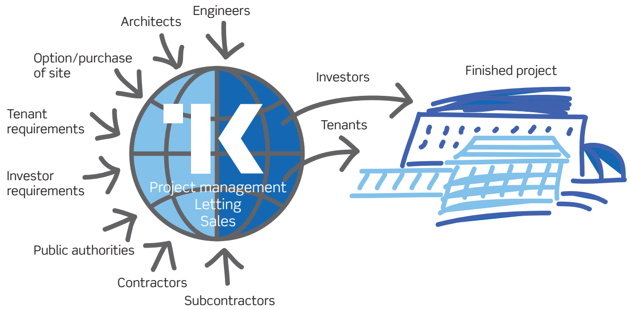
BUSINESS CONCEPT

The Group's primary business area is the development of real property, termed property development, and the Group's secondary business area is asset management.

PROPERTY DEVELOPMENT

The Group has a large, strong network forged on the basis of long-standing, close business relationships with tenants and investors, and regularly enters into contracts with these business partners. The Group is predominantly a knowledge-based service provider and has specialized in being the productive and creative liaison between tenants, investors, architects, construction companies and other business partners.

TK Development wants to be the preferred property development partner in the retail segment as well as an attractive business partner within the development of office and residential property projects, with the interaction with customers, tenants and investors being based on know-how and mutual respect.



In collaboration with tenants and investors, TK Development plans and arranges the construction of new buildings, and the expansion and conversion of real property based on tenant needs and investor requirements. The Group develops the projects, which involves letting the premises, managing construction and concluding contracts with construction companies and subcontractors for the execution of the building works.

TK Development has the competencies to execute large and complex development projects and will continue to prioritize such projects. At the same time, TK Development will focus on executing more small-scale projects with a fairly short completion time on which the Group can generate reasonable earnings without tying up a large amount of capital for a prolonged period. Such projects will typically be combined residential and retail projects.

In terms of segments, the Group focuses on the development of shopping centres, superstores, office buildings and corporate headquarters and related mixed and multifunctional projects as well as housing in Poland and Denmark. In light of the continued population growth in major towns and cities, and thus the long-term ongoing need for new dwellings, Management will attach greater priority in future to developing and executing residential projects in major towns and cities, particularly Warsaw and Copenhagen.

In Denmark TK Development's focus in the years to come will therefore be on the retail segment as well as the office and residential segments, based on the wish to exploit the opportunities for developing real property in the office and residential segments to an even greater extent than before. In its foreign markets, the Group will continue basing its activities on the retail segment as the primary segment. Moreover, the Group will focus on developing residential projects in Poland.

	DK	SE	PL	CZ
Shopping centres	■	■	■	■
Stores/superstores	■	■	■	■
Shopping-street properties	■		■	
Offices	■		■	
Mixed	■	■	■	■
Residential	■		■	

The Group's primary focus is real property development, which may be based on several models:

- For the Group's own account, with or without advance project sales, where the Group can either finance the projects on its own books or procure staged financing from the buyer in step with project completion, also termed forward funding.
- Together with business partners during the construction period.
- Services for third parties.

Customer relations

The Group's principal customers consist of tenants and investors. TK Development continuously strives to create new, improved services to make the Group an even more attractive business partner.

Tenants

Over the years, TK Development has built close partnership relations with a large number of companies, including in particular retail chains looking to set up new stores.

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

Over the years, TK Development has developed and executed a number of office projects, primarily corporate headquarters. Thus the Group has wide experience in developing attractive office projects that match the requirements of tenants and investors alike.

Investors

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

The Group has in-depth knowledge of investor needs and requirements. Among other things, TK Development offers standardized, international contracts and a smooth process from initiation to delivery.

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

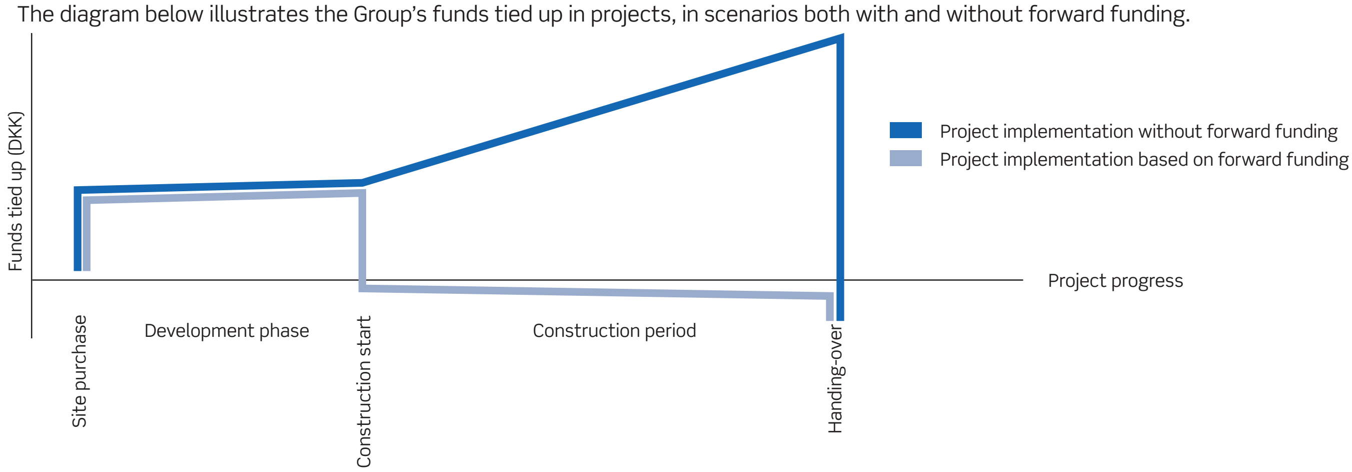
Project and risk management

New projects are initiated based on a careful assessment of their earnings potential viewed in light of project complexity, completion time, tied-up capital, including balance sheet and cash flow impact, and other use of resources. The assessment includes deliberations about project location, regulatory matters, pre-letting, construction matters and market conditions.

Limiting risks

A number of management tools contribute to ensuring a satisfactory project process. Construction is typically not initiated until satisfactory pre-construction letting has been achieved for at least 60 % of the project. If the project is sold, construction will not be initiated until the Group anticipates being able to meet such investor requirements as would allow final com-

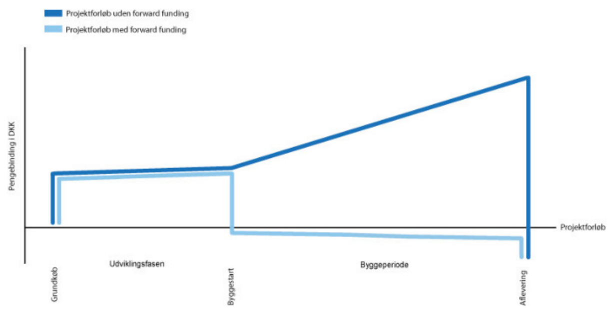
The diagram below illustrates the Group's funds tied up in projects, in scenarios both with and without forward funding.



pletion of the project sale. Meeting these requirements typically falls within the Group's sphere of competencies.

Forward funding

TK Development aims to secure the sale of projects at an early stage, and the Group considers it important to expand investor commitment by having the investors fund the project during the construction process (forward funding) where possible. Forward-funding agreements with investors are usually concluded before construction startup, thus ensuring that the funds tied up in the Group's projects are kept at an absolute minimum, which also reduces the balance sheet total and minimizes the risk.



Green building

The Group is experiencing increasing demand for green buildings from both tenants and investors. TK Development offers to construct green buildings as and when requested by the Group's customers. Several of the Group's projects have been constructed as green buildings and certified according to the BREEAM standards or equivalent.

Environment

TK Development is keenly aware that the public eye is sharply focused on environmental optimization throughout the construction process. Public concerns include the reduction of CO_2 emissions and the sustainability of building projects.

When the Group acquires sites for its projects, the land is examined to determine any contamination. If a plot of land is contaminated, the Group will clean up the land for its intended use before starting construction or refrain from buying the relevant plot.

When developing projects, the Group strives to achieve an optimum balance between environmental and social concerns while also generating revenue for the Group. The choice of materials, design, energy consumption and environmental impact all form part of such considerations.

The Group aims to complete projects without causing unnecessary environmental impact. TK Development cooperates with tenants and investors to establish appropriate environmental solutions when developing and implementing new projects. For instance, the Group seeks to create finished projects with low energy consumption and a good indoor climate that will provide a comfortable working environment for future employees.

ASSET MANAGEMENT

Asset management is TK Development's secondary business area. This business area consists of owning, operating, running in, maturing and optimizing completed projects for a medium-long operating period whose length matches the potential for being able to add value.

In relation to new projects, the Group can choose to initiate projects with a view to construction and subsequent startup and maturing over a short span of years. Such projects will typically be classified as investment properties.

This is a natural consequence of the fact that the development process for some projects is not optimally finalized until they have been matured and run in. The portfolio of investment properties generated by this element will ensure both a positive operating margin and a positive cash flow, viewed in isolation. After the maturing process, the project returns can be even better documented and higher prices obtained.

Investment properties can be developed either for the Group's own account or in project development joint ventures with co-investors that wish to participate in both the construction and maturing phases. By entering into joint ventures, the Group will achieve more effective placement of its equity financing of projects under development, better risk spread, and more efficient use of the Group's staff resources and competencies.

The Group owns a few investment properties and a number of completed projects. These properties and projects fall into the Group's asset management segment.

KNOWLEDGE RESOURCES

TK Development develops projects of a high standard. Together with the employees' knowledge and qualifications, the Group's close relations with tenants and investors play an essential role in minimizing the risks of individual projects. This combination is the prerequisite for developing projects that generate satisfactory earnings for tenants and investors alike, as well as satisfactory earnings for the Group on individual projects.

Employees

The employees' knowledge and competencies are essential to TK Development's value creation, and TK Development continuously strives to secure the best match between employees' competencies and the specific job requirements of the property development business. The Group's employees work within individual, specialized areas: project developers, letting managers, legal and financial project controllers, and engineers.

Education

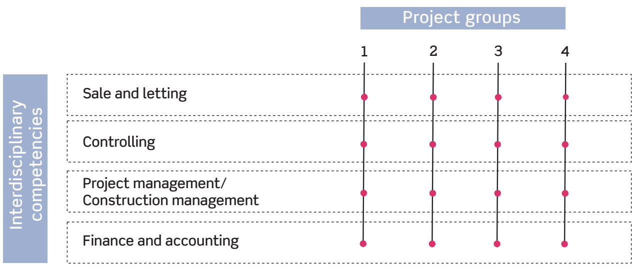
To raise the employees' level of expertise to an even higher level and thus reinforce TK Development's value creation, the Group has continuous focus on training and education. The aim is to strengthen the Group in the development phases that are critical to maximizing the value of each individual project.

In addition to improving the Group's knowledge resources, education helps cement TK Development's position as an attractive workplace for both existing and future employees.

Project organization

TK Development believes it is important to give employees an inspiring workplace where individual projects afford them the opportunity to accumulate knowledge and experience that can be passed on throughout the organization and thus continuously improve the Group's collective know-how and skills.

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

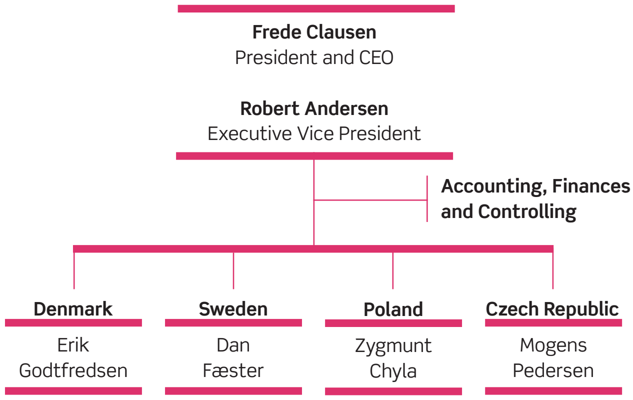


The matrix organization means that all the Group's peak competencies, covering the progress of a project from blueprint to completion, exist in the project group that carries through the individual project from A to Z.

Organization, management and employees

TK Development's organization and management structure are based on branch offices managed by divisional managers (senior vice presidents). The Group's international management team consists of the above-mentioned group of persons, as well as functional managers in the individual countries.

The Group's management structure (excluding discontinuing activities) is shown below:

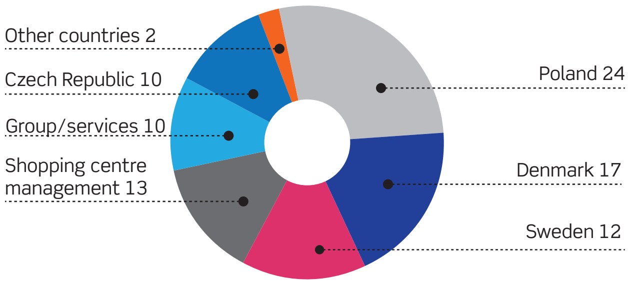


Organizational focus on segments

To underpin the segmentation chosen, the business activities are organized so as to best ensure management focus on both property development and asset management activities. The members of the Executive Board attempt as far as possible to focus primarily on their own individual business areas, while taking into account that the Executive Board members are jointly responsible for the day-to-day management of the overall business activities. TK Development has several years' experience in asset management and increasingly focuses on this area, including utilization of the Group's competencies and employee know-how to ensure continued progress in maturing the completed projects.

Breakdown of the Group's employees

At 31 January 2015 the Group employed a total of 88 persons, broken down as follows:



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

PROPERTY DEVELOPMENT

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:	2014/15: DKK 701.9 million (2013/14: DKK 252.8 million)
Gross profit/loss:	2014/15: DKK 128.6 million (2013/14: DKK 61.6 million)
Results of joint ventures:	2014/15: DKK 11.6 million (2013/14: DKK 5.9 million)
Balance sheet total:	31 Jan 2015: DKK 1,172.1 million (31 Jan 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, Management focuses on new projects and project opportunities aimed at generating satisfactory future returns for the Company's shareholders.

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 for the 2014/15 financial year amounted to DKK 128.6 million against DKK 61.6 million in 2013/14. The results of joint ventures amounted to DKK 11.6 million against DKK 5.9 million in 2013/14.

The development potential of the project portfolio represented 351,000 m² at 31 January 2015, of which sold projects accounted for 45,000 m² and remaining projects for 306,000 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 Jan 2015
Sold			
Completed	15	2	0
In progress	17	10	94
Not initiated	6	0	44
Total	**38**	**12**	**138**
Remaining			
Completed	38	6	49
In progress	198	206	183
Not initiated	901	887	739
Total	**1,137**	**1,099**	**971**
Net project portfolio	**1,175**	**1,111**	**1,109**
Forward funding	370	59	5
Gross project portfolio	1,545	1,170	1,114
Forward funding in % of gross carrying amount of sold projects	90.7 %	83.1 %	3.5 %

Table 1

By means of forward funding, the Group reduces the funds tied up in the portfolio of sold projects. Forward funding has fallen since 31 January 2014 due to the handover of the Group's Swedish Barkarby Gate retail project, sold to the investor on the basis of forward funding.

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

m² ('000)	31 Jan 2013	31 Jan 2014	31 Jan 2015
Sold			
Completed	4	0	0
In progress	3	21	10
Not initiated	0	0	35
Total	**7**	**21**	**45**
Remaining			
Completed	3	0	3
In progress	20	21	32
Not initiated	422	363	271
Total	**445**	**384**	**306**
Total project portfolio	**452**	**405**	**351**
Number of projects	**37**	**36**	**39**

Table 2

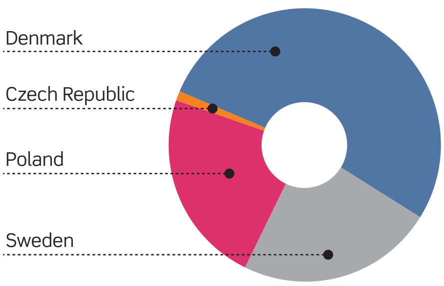
PROJECT OUTLINE

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
Completed							
Ahlgade	Holbæk	DK	Mixed	1,200	100 %	October 2013	October 2014
Smallegade	Frederiksberg	DK	Residential	900	60 %	Early 2014	End-2014
Shopping centre, Frýdek Místek	Frýdek Místek	CZ	Retail	1,480	10 %	Autumn 2013	November 2014
In progress							
Amerika Plads, underground car park	Copenhagen	DK	Car park	16,000	50 %	2004	Continuously
Retail park, Marsvej, phase 1	Randers	DK	Retail	550	100 %	September 2014	2015
Alfa Laval, Østre Havn	Aalborg	DK	Office	3,000	[1] 50 %	March 2014	Mid-2015
Residential park, Bielany, phase 2	Warsaw	PL	Residential/ services	14,850	100 %	June 2014	Spring 2016
Shopping centre, Jelenia Góra	Jelenia Góra	PL	Retail	7,320	30 %	May 2014	Autumn 2015
Not initiated							
BROEN, shopping centre	Esbjerg	DK	Retail	29,800	100 %	Spring 2015	Spring 2017
Amerika Plads, lot C	Copenhagen	DK	Mixed	3,125	25 %	2015	2017
Amerika Plads, lot A	Copenhagen	DK	Office	6,500	50 %	-	-
Vasevej	Birkerød	DK	Residential	1,900	100 %	-	-
Aarhus South, phase 2	Aarhus	DK	Retail	2,800	100 %	2015	2016
Ejby Industrivej	Copenhagen	DK	Office	12,900	100 %	-	-
Østre Havn/Stuhrs Brygge	Aalborg	DK	Mixed	33,000	[1] 50 %	Continuously	Continuously
Retail park, Marsvej, phase 2	Randers	DK	Retail	2,150	100 %	2015	2015
Strædet	Køge	DK	Mixed	34,300	100 %	2015	Spring 2017
The Kulan commercial district	Gothenburg	SE	Mixed	45,000	100 %	2017	2019
Retail park, Söderhamn	Söderhamn	SE	Retail	10,000	100 %	2016	2017
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 2	Most	CZ	Retail	2,000	100 %	-	-
Property development, total floor space				**approx. 281,000**			

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

Geographical segmentation of the development potential in square metres:



COMPLETED PROJECTS

Ahlgade, Holbæk, Denmark

TK Development has developed residential and retail premises of about 3,100 m² 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 Jack & Jones and Vila, as well as Imerco (Q3 2014/15: 100 %). Construction began in October 2013 and was completed in October 2014. The project has been developed in a joint venture with a contractor. In November 2014 TK Development bought the retail section from the jointly owned company for the purpose of reselling it to an investor.

Residential project, Smallegade, Frederiksberg, Denmark

In a joint venture with a contractor and other partners, TK Development has developed apartments for young people totalling about 1,500 m² at Smallegade, Frederiksberg. Construction has been completed, and the apartments were ready for occupation in December 2014. The premises have been fully let. After the reporting date, TK Development has entered into an agreement to sell its share of the joint venture to one of the other owners.

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 consists of about 60 retail stores. TK Development receives fee income for letting and managing the construction of the project and related services. The current occupancy rate is 96 % (Q3 2014/15: 96 %), and lease agreements have been concluded with such tenants as Billa, Intersport, H&M, New Yorker and Euronics. Construction started in autumn 2013, and the shopping centre opened in November 2014.

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. Car park occupancy and operations will be optimized by developing projects in the remaining lots A and C. The total parking facility is expected to be sold upon completion. For a description of Amerika Plads, lots A and C, please see the section "Projects not initiated" below.

Retail park, Marsvej, Randers, Denmark

The Group owns a plot of land on Marsvej in Randers, intended for a retail development project of about 3,700 m². The first phase of about 1,550 m² has been let to jem & fix and Petworld. Both retail units have been conditionally sold to private investors. Construction started in September 2014. The Jem & fix premises were completed in January 2015 and handed over to the investor at the end of the financial year. The handover of the Petworld premises is scheduled for the beginning of 2015. The second phase has now been fully let, and construction will start in spring 2015.

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

In 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.

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 49 % of the units have been sold in advance (Q3 2014/15: 41 %). 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 is being 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 about 61 % of the floor space have been signed (Q3

2014/15: about 52 %). 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 receives fee income from the jointly owned company for developing, letting and managing the construction of the project.

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. Having received good backing from future tenants, the Group has concluded lease agreements for more than 60 % of the premises.

A building permit has been granted for the project, and a contamination cleanup process is ongoing, along with preliminary construction works. Before construction can start, the project must undergo a validation and approval procedure to ensure safe railway operations, etc. (CSM approval). Several delays in the validation process have postponed project startup. The validation report is now expected to be available in spring 2015, with construction to start immediately afterwards.

After the reporting date, TK Development has concluded a conditional agreement with CapMan Real Estate, which will join the project at its current stage, with a 65 % ownership interest, and thus participate in completing its development. The agreement is subject to the condition that the CSM approval is obtained. Discussions have previously been held with PFA regarding the sale of a share of the project at its current stage. TK Development is still in dialogue with PFA, which has indicated its interest in the project as a long-term investor following its completion.

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.

Lot A of about 13,000 m² has been sold to A.P. Møller - Mærsk A/S for a selling price amounting to DKK 97.5 million. The handover to A.P. Møller - Mærsk A/S is expected to take place in mid-2015, and the profit on the sale will thus impact TK Development's results in 2015/16.

DLU has now entered into cooperation with AP Pension about developing lot C of about 12,500 m², of which about 12,000 m² is earmarked for residential construction and about 500 m² for ground-floor business premises targeting the general public. The partnership executing the project is owned 50/50 by AP Pension and DLU. The aim is to build about 120 high-quality apartments for sale to private owners. The partnership has obtained an approval in principle from the public authorities, with construction scheduled to start in mid-2015. The building site was handed over to the jointly owned company in 2014/15. The profits anticipated on the development, construction and sale of the project will be recognized upon handover of the apartments to the respective buyers, expected to take place from the beginning of 2017.

Vasevej, Birkerød, Denmark

TK Development previously owned a property of almost 3,000 m² at Vasevej in Birkerød, rented by SuperBest. This property was sold and handed over to a private property company in 2014/15. TK Development is working on the development of a residential project in the remaining area.

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.

Development of town centre, Strædet, Køge, Denmark

TK Development is developing a project in Køge, Strædet, of about 34,300 m², excluding parking facilities. The project is being built immediately next to Køge Station and the town centre shopping area. The total project, to be executed in three phases, will comprise a retail project of about 19,000 m²; public service facilities of about 9,000 m², including a town hall and rehabilitation centre; and residential premises of about 6,300 m². In addition, the project will comprise parking facilities of about 13,000 m².

The retail project, covering approx. 19,000 m², will comprise retail stores of about 11,700 m², office premises/fitness facilities of about 2,900 m², plus service space/restaurants and a cinema of about 4,400 m². The retail project, complete with the parking facilities of about 13,000 m², has been sold conditionally to the Finnish company Citycon. The project will be handed over to the investor upon completion of construction, and the sale to Citycon is thus anticipated to impact results positively in the 2017/18 financial year. The selling price is expected to amount to about DKK 560 million, based on a return of 6.25%.

In addition, an agreement has been made with Køge Municipality regarding its takeover of building rights for both the 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. A number of lease agreements with anchor tenants, including Irma and Fakta, are in place, and a lease agreement has been concluded with Nordisk Film Biografer regarding the establishment of a six-screen cinema.

Construction of the first phase was initiated in March 2015. The first phase comprises 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 5,700 m², an extension of about 3,300 m² to the existing town hall, and an approx. 4,500 m² underground car park, which has been let to Apcoa Parking.

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, but it has been delayed and is not expected to be adopted until autumn 2016. 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

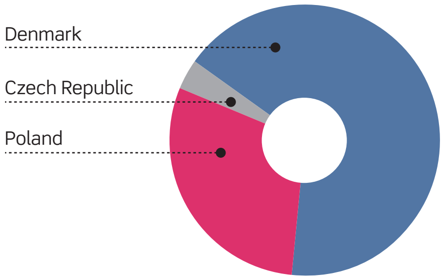
TK Development sold a share of its plot at the Plejada shopping centre in Bytom, centrally located in the Katowice region, to Decathlon in 2014/15, which helps boost interest and development potential in the area. It is anticipated that a retail park with total leasable space of about 21,400 m² will 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.

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:	2014/15: DKK 63.5 million (2013/14: DKK 67.5 million)
Gross profit/loss:	2014/15: DKK 3.4 million (2013/14: DKK 58.3 million)
Results of joint ventures:	2014/15: DKK 26.3 million (2013/14: DKK 39.4 million)
Balance sheet total:	31 Jan 2015: DKK 1,249.9 million (31 Jan 2014: DKK 1,694.5 million)
Number of employees at centres:	31 Jan 2015: 13 (31 Jan 2014: 14)

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



The gross margin for asset management amounted to DKK 3.4 million in 2014/15 against DKK 58.3 million in 2013/14. The gross margin has been impacted in part by a DKK 44.5 million writedown for impairment of the Sillebroen shopping centre in Frederikssund. The writedown has been made due to the centre's revised letting concept, and thus lower expectations for the net rent potential than before. In addition, rental income dropped in 2014/15 compared to the preceding year, in part because of increased vacancy rates in a few of the centres.

The results of joint ventures in the asset management segment amounted to DKK 26.3 million against DKK 39.4 million the year before. The results of joint ventures realized in 2014/15 include the profit on the sale of the Fashion Arena Outlet Center and a minor negative value adjustment related to the costs defrayed in connection with the sale of Futurum Hradec Králové. The net rental income of joint ventures has dropped as a natural consequence of the sales completed.

The Group's properties in the asset management segment comprised the following seven properties at 31 January 2015:

	Country	Type	TKD's ownership interest	Project area (m²)	Current occupancy rate
Projects in joint ventures					
Investment properties					
Galeria Tarnovia, Tarnów	Poland	Shopping centre	30 %	16,500	84 %
Other completed projects					
Ringsted Outlet	Denmark	Outlet centre	50 %	13,200	72 %
Projects in wholly owned companies					
Other completed projects					
Sillebroen, Frederikssund	Denmark	Shopping centre	100 %	*) 26,400	91 %
Galeria Sandecja, Nowy Sącz	Poland	Shopping centre	100 %	17,300	94 %
Most Retail Park	Czech Republic	Retail park	100 %	6,400	69 %
Aabenraa	Denmark	Retail park	100 %	4,200	71 %
Brønderslev	Denmark	Retail property	100 %	1,200	100 %
Total				**85,200**	

*) Including an agreed 4-screen cinema for Nordisk Film of about 1,400 m².

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, based on an assessment of the possibilities for alternative capital use.

The total portfolio of properties in the asset management segment, including joint venture properties, amounted to DKK 1,256.1 million at 31 January 2015 against DKK 1,934.2 million at 31 January 2014. The decline is largely attributable to the sale of the two Czech centres, the Fashion Arena Outlet Center and Futurum Hradec Králové.

The annual net rent from the current leases in the total portfolio corresponds to a return on the carrying amount of 4.4 % (2013/14: 6.7 %), which reflects a large spread in the returns on individual centres, as local tenants in particular are generally experiencing difficulties. Based on full occupancy, the return on the carrying amount is expected to be 6.7 % (2013/14: 7.9 %). The falling rate of return is primarily attributable to the sale of the Fashion Arena Outlet Center and Futurum Hradec Králové. The current letting situation is still affected by vacancies, short-term rent discount agreements with tenants and improvement initiatives that have not yet materialized.

The individual properties developed as described below.

SILLEBROEN, SHOPPING CENTRE, FREDERIKSSUND, DENMARK

Opening	**March 2010**
Leasable area *)	**26,400 m², including about 5,000 m² of supermarket units**
Occupancy rate	**91 % (Q3 2014/15: 91 %)**
Footfall 2014	**3.1 million**

*) Including an agreed 4-screen cinema for Nordisk Film of about 1,400 m².

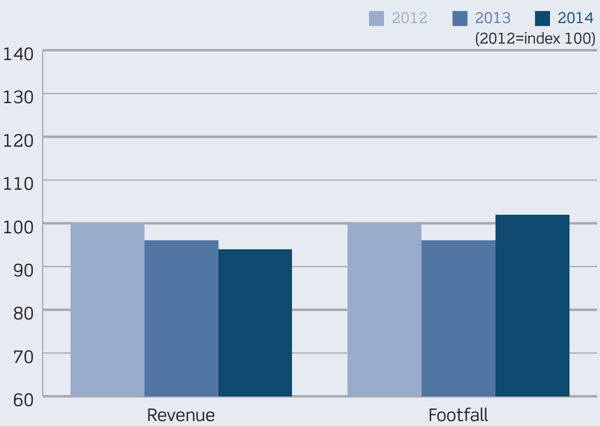
The Sillebroen shopping centre opened in spring 2010. Due to the financial and economic crisis, the running-in and maturing phase took longer than expected, and as announced on several occasions, a number of tenants are recording difficulties, particularly local tenants. Despite an increase in footfall to about 3.1 million in 2014, the shopping centre's revenue declined slightly to index 99 in 2014 compared to 2013. Since the centre opened, the occupancy rate has ranged from about 90 to 92 %.

The general picture is that chain stores are managing satisfactorily, and at the end of 2014 and the beginning of 2015 Management negotiated extensions of the lease agreements with several major tenants.

Management finds it relevant to increase the customer flow, and thus the shopping centre revenue, in order to improve the prospects of attracting new tenants that can establish viable business units. As part of these efforts, TK Development has entered into an agreement with Nordisk Film Biografer about the establishment of a cinema of about 1,400 m² in the Sillebroen shopping centre. Management considers this an important step towards increasing customer flow and revenue in the rest of the centre. The centre will have to be extended to accommodate the cinema, and this extension is expected to take place over the next 15 months.

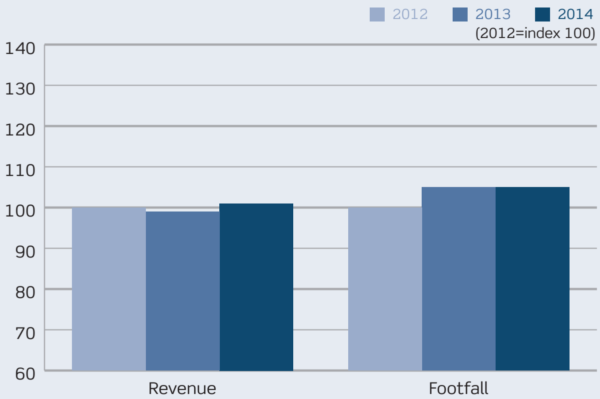
Apart from the cinema, Management will establish rental units based on alternative concepts that will help increase the occupancy rate and contribute to creating an integrated and viable centre.

The change in letting concept prompted Management's decision in January 2015 to write down the value of the Sillebroen shopping centre by DKK 44.5 million as Management expects the net rent potential to fall below previous estimates on account of the new concept and other factors.



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

GALERIA TARNOVIA, SHOPPING CENTRE, TARNÓW, POLAND



Opening	**November 2009**
Leasable area	**16,500 m², including a supermarket of about 2,000 m²**
Occupancy rate	**84 % (Q3 2014/15: 87 %)**
Footfall 2014	**1.9 million**

TK Development owns 30 % of the centre. The centre's revenue increased slightly in 2014 compared to 2013, and its annual footfall is on a par with 2013. The occupancy rate has dropped to 84 % following the closing of a few stores. The general picture is that chain stores are managing satisfactorily, while local tenants are experiencing difficulties.

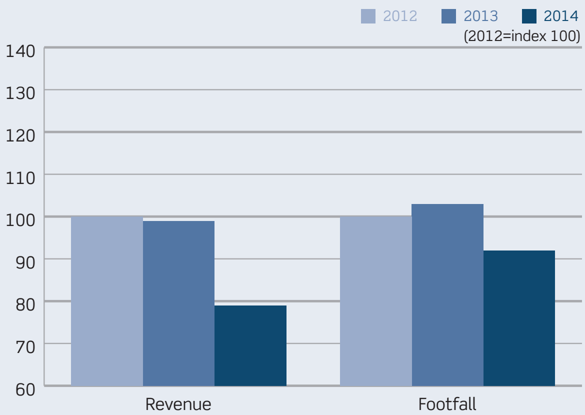
In the autumn of 2014, an agreement was made with the previous supermarket operator regarding its vacation of the premises. At the same time, a new lease agreement for the premises was made with Carrefour. Carrefour took over the lease at the end of October 2014 and is the centre's current supermarket operator, which is expected to contribute to increasing footfall and revenue in the centre.

Negotiations are ongoing with several tenants, both in connection with the extension of lease agreements and the reletting of vacant premises. The rental level is generally 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.

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

GALERIA SANDECJA, SHOPPING CENTRE, NOWY SĄCZ, POLAND



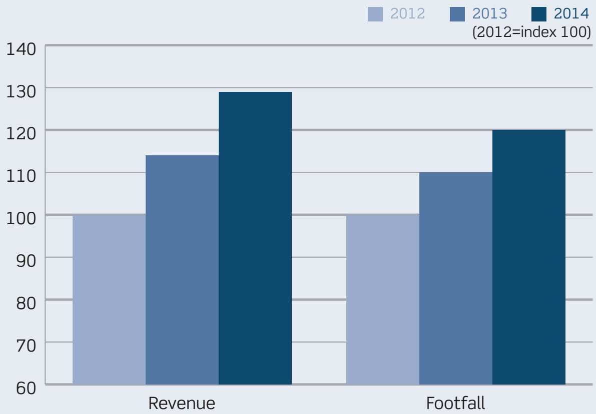
Opening	**October 2009**
Leasable area	**17,300 m², including a 5,000 m² hypermarket**
Occupancy rate	**94 % (Q3 2014/15: 94 %)**
Footfall 2014	**2.2 million**

The opening of a competing centre in Nowy Sącz in autumn 2013 has affected the operation of Galeria Sandecja. In 2014 the revenue index was 80 and the footfall index 90 compared to 2013. The change in the competitive situation has put the rental level under pressure, and some tenants have chosen to vacate their premises in connection with the renegotiation of their lease agreements. Subsequently, lease agreements have been concluded with new tenants, and the centre has once more reached an occupancy rate of 94 %.

Work is proceeding on a long-term centre plan to regain satisfactory revenue and footfall levels within the next few years. The initial focus is on creating a strong mix of tenants on the ground floor. Thus, a lease agreement has been concluded with Rossmann, which will open for business in April 2015, and negotiations are ongoing with other potential tenants. Moreover, efforts are being made to relaunch the first floor with discount stores in order to secure a better customer flow. Some of the first-floor premises have been let for this purpose, and negotiations with potential tenants for the remaining premises are ongoing.

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

RINGSTED OUTLET, RINGSTED, DENMARK



Opening	**March 2008**
Leasable area	**13,200 m²**
Occupancy rate	**72 % (Q3 2014/15: 72 %)**
Footfall 2014	**1.3 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 2014. Footfall increased about 10 % and revenue about 14 % compared to the year before.

Efforts to drive up the occupancy rate have proved successful, resulting in a substantial increase in 2014 and the conclusion of lease agreements with a number of strong tenants.

Thus, a number of new stores opened for business in 2014, with Stiletto opening in February, LEGO Wear in March and Hunkemöller, POMPdeLUX and Desigual in August. The latest newcomers are Olsen and Samsonite, which opened in October and November, respectively. OBH Nordica will be opening an outlet in March 2015.

Competition has become fiercer since the opening of a new outlet centre nearer Copenhagen. However, the new outlet centre has not had a negative effect on Ringsted Outlet so far.

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, Samsonite.

MOST RETAIL PARK, PHASE 1, 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. The occupancy rate for the first phase dropped to 57 % in the first half of 2014/15 after several tenants had vacated their premises on expiry of their lease agreements. Subsequently, the occupancy rate has increased by 12 percentage points, partly because an existing tenant has extended its premises. The current occupancy rate is 69 % (Q3 2014/15: 69 %). Efforts are under way to let the vacant premises, and a constructive dialogue has been established with potential tenants.

RETAIL PARK, AABENRAA, DENMARK

TK Development built a retail park of approx. 4,200 m² in Aabenraa in 2009. The occupancy rate for the retail park is 71 % (Q3 2014/15: 71 %). 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 efforts are being made to sell the property to private investors.

RETAIL PROPERTY, BRØNDERSLEV, DENMARK

TK Development has developed retail stores and other services of about 2,400 m² at Mejlstedgade in Brønderslev. The premises have been let to Sportmaster, Fitness World and Intersport, among other tenants. A share of the property (Fitness World, approx. 1,200 m²) was sold and handed over to a private investor in 2014/15. Attempts are being made to sell the rest of the property, which is fully let, to a private investor.

TK Development has 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 is phasing out its activities in Finland, Germany, the Baltic States and Russia. The phase-out is being carried out as quickly as possible, while at the same time taking into account that the countries in question have projects that need to be handled in such a way as to retain maximum value.

Discontinuing activities	
Countries:	Germany, Finland, Lithuania, Latvia and Russia
Revenue:	2014/15: DKK 89.3 million (2013/14: DKK 10.4 million)
Gross profit/loss:	2014/15: DKK -38.7 million (2013/14: DKK -17.4 million)
Balance sheet total:	31 Jan 2015: DKK 250.3 million (31 Jan 2014: DKK 367.7 million)
Number of employees:	31 Jan 2015: 2 (31 Jan 2014: 2)

The results before tax of the discontinuing activities amounted to DKK -54.1 million in 2014/15 against DKK -38.9 million in 2013/14, of which DKK -17.3 million derives from current operations, DKK -14.6 million from losses recognized on completed sales, and DKK -22.2 million from impairment losses on the remaining assets.

Management accords strict priority to phasing out those of the Group's activities that are categorized as discontinuing activities, and has chosen to implement sales at a price below the carrying amount. In order to speed up the phase-out, Management has moreover chosen to write down the remaining assets by an amount of DKK 22.2 million.

Since 31 January 2014 the balance sheet total for the discontinuing activities has been reduced by 32 %, amounting to DKK 250.3 million at 31 January 2015. The reduction relates mainly to the handover of the first phase of the DomusPro Retail Park project in Vilnius, which has been sold in advance to the investor, and the sale of a German investment property.

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

In Germany TK Development sold another of its investment properties in 2014/15, with only one investment property remaining at 31 January 2015, viz. a combined commercial and residential rental property in Lüdenscheid in western Germany. The valuation of this property was DKK 78.1 million at 31 January 2015 following a value adjustment of DKK -2.9 million in the 2014/15 financial year. As was the case at 31 January 2014, the valuation is based on a return requirement of 6.5 % p.a. calculated on the basis of a discounted cash-flow model over a ten-year period and recognition of the terminal value in year ten. 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.

Moreover, the Group sold its share of a minor shopping centre in 2014/15, and following this sale TK Development merely owns two plots of land in addition to the above-mentioned investment property.

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

FINLAND

In the fourth quarter of 2014/15, TK Development resold the Group's plot of land in Kaarina to the municipality. A loss recognized in the third quarter of 2014/15 was recorded on this sale. Following the sale, the Group's activities in Finland at 31 January 2015 merely comprised one plot of land in Tammerfors which allows for the construction of a retail park of about 5,400 m². TK Development has entered into a lease agreement with Plantagen regarding the establishment of a 2,000 m² retail store on the land. The aim is to sell the project as soon as possible at its current stage.

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, phase 2	Vilnius (LT)	Retail	3,800
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 11,300 m² is being developed.

Construction of the first phase of about 7,500 m^2 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 the first quarter of 2014/15. The selling price is based on a return requirement of 8.5 %. The second phase of the project of about 3,800 m^2 has been fully let, with construction starting in spring 2015 and the handover to the buyer to take place upon completion in 2016. In addition, TK Development has the option of developing and constructing a third phase, to consist of housing of about 3,900 m^2 and retail stores of about 850 m^2, or, in the alternative, office premises of 2-3,000 m^2. Both options are currently being investigated.

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.

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

COVENANTS RELATED TO CREDIT FACILITIES

The Group has given its main banker an undertaking to comply with a solvency ratio covenant of minimum 30 % at group level, measured in connection with the presentation of interim and annual reports.

LIQUIDITY COVENANT

The Group has used covenants for quite some years. In short, the liquidity covenant expresses that the Group's cash resources – to enable the Group to cover liabilities requiring substantial liquidity - must at any time correspond to the fixed costs for the next six-month period, excluding funds received as proceeds from projects sold, but including project liabilities materializing within the next six months.

The covenant represents a liquidity target for the whole Group and a commitment to the Group's main banker.

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

The covenant is expressed as follows:

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

where

L = The TK Development Group's free cash resources in the form of deposits with banks and the value of listed Danish government and mortgage bonds with a term to maturity of less than five years.

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

E = The planned impact on cash resources from the projects which the TK Development Group is obliged to complete within six months, including the new/expanded project, taking into account committed project credit facilities from financial institutions and forward funding.

O = The TK Development Group's cash non-project-related capacity costs for the following six months less management fees falling due within six months. In addition, pre-agreed project fees from final and binding agreements with project investors falling due within six months are to be set off against the amount.

R = Interest accruing on the TK Development Group's operating credit facilities for the following six months.

The Group's solvency and liquidity covenants were both met during the year under review.

RISK MANAGEMENT

In connection with determining TK Development's strategy and overall goals, the Board of Directors and Executive Board have identified the most significant business risks and seek continuously to ensure efficient risk management. A focal point of the Group's risk management policy is a keen awareness on only initiating projects whose expected earnings will match the project's complexity, completion time, tied-up capital and other use of resources.

Management has a consistently strong focus on the Group's financial management and on strengthening the financial platform, including managing and optimizing TK Development's loan-taking. TK Development's sale of its 75 % stake in the Fashion Arena Outlet Center in Prague and its 20 % stake in Futurum Hradec Králové, also in the Czech Republic, has freed up substantial cash resources, which have been used in part to reduce payables to credit institutions, and in part to strengthen the Group's financial platform.

Another core element of the Group's risk management is the solvency and liquidity targets adopted for the Group.

The Board of Directors regularly considers issues relating to the project portfolio, properties, market conditions, financing, IT and staffing as part of its broader assessment of potential risks and scarcity factors.

Reports to the Board of Directors are submitted on an ongoing basis with respect to the Group's risk issues, which also constitute an important element in the decision-making basis for all major projects.

RISK ISSUES IN GENERAL

Property market conditions in the countries in which the Group operates have in recent years been affected by the financial and economic crisis, which has resulted in lower prices for property and reduced access to financing. Particularly the Danish market has been subject to uncertainty for a prolonged period, partly because of a weakened financial sector.

In Management's opinion, market conditions have picked up in the Group's business areas, enabling it once more to execute projects based on normalized earnings. The Group's markets are characterized by expectations for financial growth and rising consumer confidence, although varying in strength from country to country. Moreover, private consumption is anticipated to expand in the years to come. In this phase of the business cycle, where economic growth is on the rise, some uncertainty, although diminishing, persists in the property markets, and the decision-making process of tenants, investors and financing sources remains lengthy and carefully considered.

Economic and financial trends on the individual markets will materially affect TK Development's ability to realize its strategy, and a worsening of these trends may have a material adverse effect on the Group's future development, results of operations, cash flows and financial position.

The most important risks for the Group, apart from general risks, are described below.

FINANCIAL RISKS

Financing and liquidity risks

Having sufficient cash resources is essential for TK Development. Access to project financing, which has remained difficult for a prolonged period, poses the greatest challenge to the property sector. Management is of the opinion that project finance options are available again. However, 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. When granting project finance credits, the banks continue to require relatively high borrower equity, but a degree of leniency has recently emerged.

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, with due consideration for the liquidity covenants adopted by Management.

The Group's short-term debt to credit institutions consists of operating and project credits. TK Development has a general agreement with the Group's main banker about operating and project credits. The agreement is usually renegotiated once a year and runs until 1 May 2015. After the reporting date, the agreement was extended until 1 May 2016.

In addition, the Group has entered into project-financing agreements with various banks in Denmark and abroad and will continue to rely on being able to conclude such financing agreements. Project credits are usually granted with different terms to maturity, depending on the specific project.

Of the Group's total interest-bearing debt at 31 January 2015, only DKK 0.5 million is due to mature before 31 January 2016. These credits have largely been extended after the reporting date.

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

The Group has undertaken towards its main banker to comply with certain conditions (liquidity and solvency covenants). The conditions may, among other things, restrict opportunities to launch new business activities and in case the conditions are not complied with, the operating and project credit facilities may be terminated.

Many of the Group's loan agreements contain provisions giving the banks a discretionary option to terminate the agreement. In such cases, maintaining financing depends on the bank's subjective assessment of the quality and profitability of the facility in question, as well as the value of the security provided by the Group. If the Group fails to meet its commitments under such agreements with its banks, the agreements risk being terminated. There is a risk that TK Development will not have adequate capital resources to meet substantial repayment demands.

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

Interest-rate risks

A substantial share of the Group's interest-bearing debt consists of floating-rate loans. Accordingly, increasing interest rates will push up the Group's interest expenses. An interest-rate fluctuation of 1 percentage point on the floating-rate loans will have a direct post-tax impact of about DKK 6 million on TK Development. In addition, rising interest rates would, all other things being equal, affect investor return requirements and by extension real property prices.

Currency risks

TK Development's Danish subsidiaries operate almost exclusively in DKK, while the foreign subsidiaries generally operate in their local currency or alternatively EUR. As far as possible, the Group attempts to minimize the currency risk by concluding related agreements in the same currency. For instance, it aims to conclude purchase and sales agreements, construction contracts and financing agreements regarding a single project in the same currency. Currency fluctuations may materially affect the Group's future development, results of operations, cash flows and financial position. The most important currency risks are assessed to relate mainly to foreign subsidiaries' net results, intercompany balances and foreign-exchange adjustments of the Group's investments in foreign subsidiaries.

BUSINESS RISKS

Retail trade developments

Negative developments in the retail sector, for example due to economic trends or increased Internet sales, may result in lower demand for retail rental premises, and thus lower rental income and property prices, which could have an adverse effect on the Group.

Property prices and rental income

The Group is affected by price fluctuations in the various property markets in which it operates, as well as by general economic trends. Part of the Group's project portfolio and some of its investment properties have thus been under earnings pressure during the financial and economic crisis. Rental levels for part of the project portfolio have also been under pressure. Such fluctuations affect the value, including the selling price, of the Group's portfolio of land, ongoing and completed projects, investment properties, and the potential for developing new projects. Falling prices on land and property and falling rental levels may have a major adverse effect on the Group.

Investment properties and completed projects

The Group's investment properties and completed projects are essentially subject to the same risks, primarily risks related to rental conditions and property prices, and their value may decline substantially relative to the carrying amount in the balance sheet.

Discontinuing activities

In March 2013 the Group decided to phase out its activities in Finland, Germany, the Baltic States and Russia. The phase-out is being carried out as quickly as possible, although taking into account that 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. 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.

Agreements with tenants

Apart from the risk attaching to lease agreements, which primarily comprises the ability of tenants to live up to the terms and conditions of a lease agreement, including particularly the obligation to pay, there is a letting risk attaching to those of the Group's leases that expire while the Group owns the underlying investment properties/completed projects. If the Group fails to renew these agreements, fails to enter into new leases, or if the agreements can be entered into only on less favourable terms and conditions, it could have a material adverse effect on the Group.

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

Development activities

TK Development's primary business area is property development, and the Group functions as the creative liaison between tenants, investors, architects, construction companies and other business partners when developing projects.

Projects are only initiated after a careful assessment of their earnings potential viewed in light of project complexity, completion time, tied-up capital, and other use of resources.

Where agreements with investors and contractors, for example, have not been brought into alignment, the Group assumes an extra project development risk in that that it may have to rectify defects or other matters that the contractor is either not obliged or not able to address.

Agreements with investors

The Group's customers on the investment side are private individuals, property companies and institutional investors. To the extent possible, the Group seeks to reduce its tied-up capital and risks relating to ongoing projects by applying forward funding from investors, which means that one or more investors undertake to provide funding as project construction progresses. When concluding forward-funding agreements, the investor and the Group come to an agreement on a well-defined project before construction starts. Subsequently, the investor has a liquidity commitment throughout the construction period and is consulted on major decisions. These principles ensure that the Group's risks from construction startup are largely limited to the letting risk attaching to any remaining unlet premises and the risk of construction budget overruns.

In agreements with institutional investors, the overriding risk relates to the Group's ability to deliver on time and in accordance with specifications. Even though a sales agreement regarding a project has been concluded, a number of major risks and conditions may still be attached to the project, which could lead to termination of a sales agreement on account of breach by one of the parties.

In cases where a sales agreement is concluded before all lease agreements in the project have been finalized, the Group undertakes a calculated risk that the remaining premises cannot be let on terms and conditions that ensure a satisfactory return. The Group also assumes a counterparty risk, including with respect to, but not limited to, tenants and investors.

For such sold projects, construction will not be initiated until the Group expects to be able to meet the requirements from the investor which finalize the project sale. These requirements usually fall within the Group's spheres of competency. If the sale cannot be completed anyway, it could have a material adverse effect on the Group's future performance, results of operations, cash flows and financial position.

Regulatory approvals

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

Compliance with time schedules

The Group bases its individual projects on overall and detailed time schedules. Time is a crucial factor in complying with agreements concluded with tenants and investors and a significant factor in ensuring that the individual projects progress according to plan and, accordingly, that the Group generates the earnings expected. Postponing an individual project may, for instance, mean that lease agreements lapse, tenants become entitled to compensation and, ultimately, that an investor is no longer under an obligation to buy the project.

Environmental matters

Before buying plots of land or existing properties for its projects, the Group assesses the contamination risk. In case of known or suspected contamination, the Group may, for example, include a caveat to this effect in the contract, either requiring guarantees from the seller or possibly requiring that the seller clean up the land for its future purpose or defray the costs of such clean-up. Alternatively, the Group may decide not to acquire the land or property. If the land is insufficiently cleaned up or an assessed need for clean-up prves wrong, this could have an adverse effect on the Group.

Third-party agreements

A major portion of the Group's business consists of concluding agreements with development partners, investors, tenants and contractors for property development projects.

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

Insurance risks

The Group reviews its overall insurance plan at least once a year, and Management believes the Group has necessary and adequate insurance against all relevant and usual risks. The Group is not insured against loss, damage or injury caused by natural disasters (including floods, earthquakes, etc.), wars, terrorist attacks, etc.

RISKS RELATED TO THE PRESENTATION OF FINANCIAL STATEMENTS

When applying the Group's accounting policies in practice, Management makes a number of significant accounting estimates and judgments that materially affect the Annual Report, particularly as concerns the measurement of various assets. A significant part of the Group's balance sheet consists of ongoing and completed projects on which any indications of impairment are determined based on a specific assessment of each individual project, including existing project budgets and the expected future development potential. If the actual course of a project deviates from the expected development, this could have an adverse effect on the Group.

TAX MATTERS FOR THE GROUP

Deferred tax assets

A deferred tax asset of DKK 114.7 million has been recognized in the balance sheet at 31 January 2015. The tax asset relates mainly to tax loss carryforwards in the various subsidiaries. Valuation is based on the existing rules for carrying forward losses and joint taxation or group contributions and the assumption that each subsidiary is a going concern. A change in the conditions and assumptions for carrying forward losses and joint taxation/group contributions could result in the value of the tax asset being lower than that computed at 31 January 2015. Management has performed the valuation of the tax asset on the basis of available budgets and profit forecasts for a five-year period. For the first three years, budgets are based on an evaluation of specific projects in the Group's project portfolio. For the following two years, the profit forecasts are based on specific projects in the project portfolio with a longer time horizon than three years as well as various project opportunities. This includes making provision for the risk that projects are not implemented and the risk that project profits fall below expectations.

A change in the terms and assumptions for budgets and profit forecasts, including time estimates, could result in the value of the tax asset being lower than that computed at 31 January 2015, which could have a material adverse effect on the Group's results of operations and financial position.

Joint taxation

The Group was previously jointly taxed with its German subsidiaries for a number of years. The retaxation balance in respect of the jointly taxed German companies amounted to DKK 389.4 million at 31 January 2015. Full retaxation would trigger a tax charge of DKK 97.4 million at 31 January 2015. Tax has not been provided on the retaxation balance, because Management does not plan to make changes in the Group that would result in full or partial retaxation. If Management takes a different view, this could have a material adverse effect on the Group.

LEGAL RISKS

TK Development constantly enters into agreements with a range of contracting parties, such as investors, contractors, tenants, etc. These agreements involve opportunities and risks that are assessed and identified prior to contract conclusion. From time to time, the Group is involved in disputes and lawsuits. The Group is not a party to any lawsuits that, either individually or collectively, are expected to materially affect the Group's earnings.

Senior Vice President indicted by the Polish police

In June 2006 the Senior Vice President in charge of the Group's Polish branch office was charged by the Polish police with irregularities related to obtaining regulatory approval (zoning permission) for the Polish Galeria Biala shopping centre project in Bialystok. The Polish prosecution service subsequently indicted the Senior Vice President, and the case is currently being tried. During the entire process, Group Management has been unable to find any irregularities in connection with the project, and still fails to comprehend that the Senior Vice President could be involved in the alleged practices.

If, contrary to Management's expectations, the Senior Vice President is convicted, this might damage the Group's reputation and thus adversely affect its activities and earnings.

Litigation

TK Development is currently party to the following lawsuit/arbitration case that is of relevance due to its scope:

In the summer of 2002, De Samvirkende Købmænd, a trade association of grocery retailers, filed a complaint with the Nature Protection Board of Appeal (Naturklagenævnet) in respect of the City of Copenhagen's approval of the layout of the Field's department store. In particular, the claim asserted that the Field's department store is not one department store, but that it consists of several individual stores. The Nature Protection Board of Appeal made its decision in the matter in December 2003, after which the department store layout was approved. De Samvirkende Købmænd subsequently took out a writ against the Nature Protection Board of Appeal before the Danish High Court. At the beginning of 2011, the High Court gave judgment in favour of De Samvirkende Købmænd. Neither the owner of the centre nor any company in the TK Development Group is a direct party to the case, but the High Court's judgment may have the effect that the Field's department store will have to be redesigned following negotiations with the relevant local authorities. As a result of the judgment, the owner of Field's may have to incur the financial burden of causing the necessary changes to the building layout, and in that connection it cannot be ruled out that a claim may be made against the Group. Regardless of the judgment, Management still believes the risk of this case to be negligible.

SHAREHOLDERS

SHARE INFORMATION

Stock exchange	Nasdaq Copenhagen
Index	SmallCap
Share capital	DKK 98,153,335
Share denomination	DKK 1
Number of shares	98,153,335
Share classes	One
Number of votes per share	One
Bearer security	Yes
Voting right restrictions	No
Share transfer restrictions	No
ISIN code	DK0010258995

Shareholders and their holdings

The number of registered shareholders decreased from 7,231 at the beginning of the year to 6,871 at the end of the year. The registered shareholders represented 91.54 % of the share capital at 31 January 2015 (31 January 2014: 91.11 %).

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

Shareholders holding more than 5 %	Ownership and voting interest in %
Storm Real Estate ASA, 100 New Bond Street, London W1S 1SP, United Kingdom	11.07 %
Strategic Capital ApS, Islands Brygge 79 C, 2300 Copenhagen S, Denmark	10.19 %
Dava 1 ApS, c/o Kurt Daell, Lysagervej 25, 2920 Charlottenlund, Denmark	10.02 %
Kirk & Thorsen Invest A/S, represented by Peter Thorsen, Toldvagten 2, 7100 Vejle, Denmark	5.98 %

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

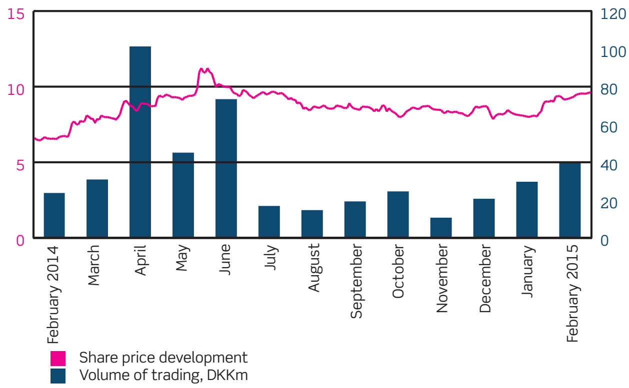
	Number of shares *)	Ownership and voting interest in %	Change for the year in number of shares
Board of Directors:			
Niels Roth	2,575,127	2.62 %	0
Peter Thorsen	5,867,220	5.98 %	1,675,000
Per Søndergaard Pedersen	652,186	0.66 %	0
Arne Gerlyng-Hansen	104,533	0.11 %	0
Kim Mikkelsen	10,000,000	10.19 %	184,967
Morten E. Astrup	10,865,175	11.07 %	564,959
Executive Board:			
Frede Clausen	568,023	0.58 %	0
Robert Andersen	326,667	0.33 %	0
Total	**30,958,931**	**31.54 %**	**2,424,926**

*) The holdings include all shares held by all members of the entire household as well as companies controlled by the above-named persons.

Share price development

On 31 January 2015 TK Development A/S' shares were listed at a price of DKK 9.0 per share with a nominal value of DKK 1, equal to a market value of DKK 883 million.

The price of TK Development A/S shares developed as follows during the year under review:



Volume of trading

During the year under review, the share was traded on 247 days, with a total trading volume of DKK 408 million against DKK 250 million the year before. 19,790 trades were completed (2013/14: 11,425 trades), covering a total of 46,083,595 shares (2013/14: 34,743,730 shares).

CAPITAL AND SHARE STRUCTURE

TK Development A/S' shares are not divided into several share classes, and no shares are subject to special rights or restrictions. Each share confers one vote on the holder. TK Development's Articles of Association contain no restrictions governing share ownership, the number of shares that a shareholder may hold or share transferability. As all shareholders thus have equal rights, the Board of Directors believes that the share structure chosen is the most appropriate one.

The Company's Management reviews the Group's capital structure on a regular basis, as well as the need for any adjustments. Management's overall aim is to provide a capital structure that supports the Group's earnings potential, while at the same time ensuring the best possible relation between equity and loan capital and thus maximizing the return for the Company's shareholders. In Management's opinion, the present capital and share structure fulfils this aim.

SHAREHOLDERS' AGREEMENTS

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

RULES REGARDING ALTERATIONS TO THE COMPANY'S ARTICLES OF ASSOCIATION

The Articles of Association of TK Development A/S can only be altered following a resolution adopted at a General Meeting in compliance with the Danish Companies Act. Requests for the inclusion of a specific proposal in the agenda of the Annual General Meeting shall be submitted in writing by shareholders to the Board of Directors. If the request is submitted no later than six weeks before the date of the General Meeting, the shareholder is entitled to have the proposal included in the agenda. If the Board of Directors receives the request later than six weeks before the Annual General Meeting, the Board of Directors will determine whether the request has been made sufficiently early to permit its inclusion in the agenda.

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

SHARE-BASED INCENTIVE SCHEMES

2011 scheme

In June 2011 the Board of Directors granted 125,000 warrants to the Executive Board and 375,000 warrants to other executive staff members, a total of 500,000 warrants. Following the capital reduction and capital increase implemented in September 2013, the number of warrants allocated was adjusted by 171,461 warrants. The number of outstanding warrants totalled 615,461 at the reporting date.

Under the four-year warrant scheme, warrants can be exercised at the earliest three years after the grant date, and any shares subscribed for are subject to an additional lock-up period of up to two years. Warrants comprised by the incentive scheme may be exercised within three six-week windows, of which only one window remains, viz. the six weeks following publication of the preliminary announcement of financial statements for the 2014/15 financial year.

The subscription price per share of nominally DKK 1, before any deduction for dividends, has been fixed at DKK 21.8 in the last exercise window.

The main condition for exercising these warrants is that the employee has not given notice to terminate his or her employment before having exercised the warrants allocated.

The Group's total expenses for the incentive scheme amount to DKK 2.0 million, being charged to the income statement over a period of 35 months.

	Number of warrants 2011 scheme
Board of Directors	0
Executive Board:	
Frede Clausen	86,636
Robert Andersen	86,636
Other executive staff	442,189
Total	**615,461**

DIVIDENDS AND DIVIDEND POLICY

TK Development's long-term policy is to distribute a portion of the year's profit as dividends or alternatively via a share repurchase programme. This will always be done with due regard for the Group's capital structure, solvency, cash resources and investment plans.

ANNUAL GENERAL MEETING

The General Meeting of shareholders is the supreme authority in all corporate matters of TK Development A/S, subject to the limitations provided by Danish law and TK Development A/S' Articles of Association. The Annual General Meeting must be held in the municipality where TK Development A/S' registered office is located sufficiently early to permit compliance with the Company's applicable time limits for the holding of General Meetings and the filing of Annual Reports. General Meetings are convened by the Board of Directors. The Annual General Meeting will be held at 3 p.m. on 28 April 2015 at Aalborg Kongres & Kultur Center, Radiosalen, Aalborg.

Extraordinary General Meetings are held following a resolution by the shareholders in General Meeting or the Board of Directors or at the request of the auditors of TK Development A/S or at the written request of shareholders collectively holding not less than 5 % of the total share capital.

All business transacted at General Meetings, with the exception of alterations to the Articles of Association or a resolution to dissolve the Company, is decided by a simple majority of votes unless otherwise provided by current legislation; see Article 6 of the Company's Articles of Association.

REGISTERED SHARES

All shares are registered in book-entry form in accounts maintained in the computer system of VP Securities A/S, Weidekampsgade 14, PO Box 4040, 2300 Copenhagen S, Denmark, and must be held and managed through a Danish bank or other institution authorized to be registered as the custodian of the shares. The shares must be issued to named holders and may not be transferred to bearer.

THE BOARD OF DIRECTORS' POWERS

Powers to issue new shares

The Board of Directors is authorized to increase the share capital by issuing new shares having a total nominal value of DKK 63,098,573 with a pre-emptive right for the Company's existing shareholders. In 2013 the Board of Directors exercised this authorization in respect of DKK 56,087,620, with the remaining authorization amounting to DKK 7,010,953. The increase of the share capital can be implemented against cash payment only.

Moreover, the Board of Directors is authorized to increase the Company's share capital by one or more issues during the period ending on 30 June 2015 by up to nominally DKK 659,818, without any pre-emptive rights for the Company's existing shareholders. This authorization is to be used for implementing the capital increases resulting from the exercise of warrants under the existing incentive scheme.

The authorization for the Board of Directors to subscribe for capital amounts to 7.8 % of the Company's share capital.

Moreover, at the Annual General Meeting in April 2015, the Board of Directors will recommend that the General Meeting authorize the Board of Directors to increase the Company's share capital by up to a total of nominally DKK 9,815,333, equal to 10 % of the share capital, without any pre-emptive rights for the Company's existing shareholders. The Board of Directors wants this authorization in order to be able to optimize the Group's financing and capital structure.

Treasury shares

At the Annual General Meeting in May 2010, the Board of Directors was authorized, on behalf of the Company, to acquire treasury shares having a nominal value of not more than 10 % of the share capital in order to optimize the Group's capital structure. The authorization is valid for a period of five years from the adoption of the resolution at the Annual General Meeting. At the Annual General Meeting in April 2015, the Board of Directors will recommend that the General Meeting extend the authorization by a five-year period for the Board of Directors, on behalf of the Company, to acquire treasury shares having a nominal value of not more than 10 % of the total share capital in order for the Board to continue having this option to optimize the Group's capital structure.

RULES ON INSIDER TRADING

TK Development's Management and employees are only allowed to trade in the Company's shares during the six-week period after the publication of annual and quarterly reports and any other comprehensive announcements of financial results. If Management or employees are in possession of inside information that may influence the pricing of TK Development's shares, they may not trade in the shares even during the six-week period. The Company keeps a register of the shares held by insiders, including any changes in their portfolios, and discloses this information in accordance with existing legislation.

INVESTOR RELATIONS

TK Development aims to keep its shareholders and investors up-to-date on all relevant matters. Therefore, Management has adopted a communication strategy and IR policy to help underpin open and clear communication with all stakeholders, including the disclosure of information based on the principle of equal treatment of investors.

The Company's website, www.tk-development.com, includes all company announcements issued for the past five years, updated share prices and information about the Group's projects in progress. When investor presentations are published in connection with the announcement of annual and half-year financial results, they are also made available at the Company's website. All investor information is published in both Danish and English.

During the three-week lead-up to the quarterly presentation of financial statements, the Company does not issue statements pertaining to market-related and financial matters or to the Company's current development and position. In these silent periods in terms of IR communications, the Company's Management strives wherever possible to refrain from holding meetings for investors and similar activities.

Moreover, there is a direct link from TK Development A/S' website to the Nasdaq Copenhagen website (www.nasdaqomxnordic.com), which contains further information about the TK Development A/S share. Reference is also made to the description of corporate governance at the Company's website, www.

tk-development.com.

FINANCIAL CALENDAR

Financial calendar	
Annual Report 2014/15	1 April 2015
Annual General Meeting	28 April 2015
Interim Report Q1 2015/16	17 June 2015
Interim Report H1 2015/16	16 September 2015
Interim Report Q1-Q3 2015/16	17 December 2015

TK Development's Board of Directors and Executive Board continue to focus on the recommendations for corporate governance, and the Board of Directors reassesses its policies for compliance with the recommendations at least once a year. In a few areas, the Company does not comply with the recommendations, but instead provides an explanation of its reasons for not complying with a specific recommendation. The Board of Directors is of the opinion that TK Development A/S lives up to the existing Recommendations on Corporate Governance.

A detailed review of the Board of Directors' policies for compliance with the recommendations issued by the Committee on Corporate Governance is available at www.tk-development.com/cg_2014_15.

The Committee recommendations not followed are listed below:

Corporate social responsibility

In light of the Company's size and activities and the Group's operating markets, the Board of Directors has decided not to adopt policies for corporate social responsibility. The Board will regularly assess the need for policies in this area.

Retirement age

TK Development attaches greater weight to competencies than to age and therefore has not fixed a retirement age limit for the members of the Board of Directors.

Audit committee

The Board of Directors believes that auditing is an issue that concerns all board members. For this reason, and given the complexity of the accounting procedures and the size of the Board of Directors, it has been considered appropriate not to set up an actual audit committee, but to let all board members function jointly as the audit committee.

Nomination committee

The Board of Directors has decided not to establish a nomination committee because, given its size, the Board of Directors finds that these tasks are best handled by the Board as a whole.

Content of remuneration policy

So far, the Board of Directors has decided not to set limits for how high a portion of the total remuneration may be constituted of variable components, as the amount of bonus will only be paid if a minimum 8 % return on equity is achieved. Until further notice, the amount of bonus is expected to account for a minor portion only relative to the fixed pay elements.

As bonus is only paid if a minimum 8 % return on equity is achieved for an individual financial year, the Board of Directors assesses that the remuneration policy ensures constant alignment between the interests of the Executive Board and the shareholders. It has therefore been found unnecessary to establish criteria ensuring that the vesting period for variable pay elements, wholly or in part, is longer than one financial year.

THE BOARD OF DIRECTORS

Composition and rules regarding appointments and replacements

According to the Articles of Association, the Board of Directors must be composed of not less than four nor more than seven members. The Board of Directors is currently composed of six members elected by the General Meeting. Management considers the composition of the Board of Directors to be appropriate relative to the Company's current activities and requirements. In Management's opinion, the current members of the Board of Directors have the financial, strategic and commercial expertise required by an international business such as TK Development. The members of the Board of Directors are elected at the General Meeting of shareholders to serve for a term of one year at a time. Retiring board members are eligible for re-election.

The Board of Directors' competencies cover a wide spectrum, including strategic management, international relations, capital structure, the property sector, the retail trade, risk assessment and control, investor relations, business development as well as accounting and financial expertise.

The professional qualifications of the members of the Board of Directors are listed individually under the heading "The Board of Directors".

The Board of Directors considers all its members, with one exception, to be independent of the Company. Per Søndergaard Pedersen is not considered independent because he was previously a member of the Company's Executive Board and has held a seat on the Board of Directors for more than 12 years. Per Søndergaard Pedersen will not stand for re-election at the Annual General Meeting in April 2015.

Self-evaluation

Once a year the Board of Directors systematically evaluates its work and competencies with a view to continuously improving and streamlining its work.

The Chairman is in charge of this internal evaluation of the Board of Directors. To date, the Board of Directors has chosen to conduct a qualitative evaluation in the form of interviews and open, constructive dialogue with all members present at the same time. The evaluation is based on a predetermined list of subjects, including communication and collaboration, results achieved compared to targets set, short- and long-term composition of the Board of Directors, and the competencies of its members as well as any need for knowledge and skills development. Other relevant issues are considered on an ad-hoc basis. The mutual confidence of the members in each other automatically leads to a free exchange of opinions, and each member is encouraged to take an active part in discussions. If desired by any member or the Chairman, the members can be interviewed individually on any specific subject.

In the 2014/15 financial year the Board of Directors carried out an evaluation of the performance of its board duties. Management considers the composition of the Board of Directors to be appropriate relative to the Company's current activities and requirements. In Management's opinion, the current members of the Board of Directors have the financial, strategic and commercial expertise required by an international business such as TK Development. Moreover, the number of board members is considered appropriate, given the Company's needs. In the 2013/14 financial year it was decided to improve communication with the market, for one thing by changing the Group's internal and external reporting. In the Board of Directors' opinion, the results of this change have been satisfactory.

Number of Board of Directors meetings

The Board of Directors held seven board meetings in the 2014/15 financial year.

REMUNERATION OF THE BOARD OF DIRECTORS

The members of the Board of Directors are paid a fixed fee and are not covered by the Company's bonus and incentive schemes. No separate fee is paid for audit committee work as all members of the Board of Directors sit on this committee. Members of the Board of Directors are paid a basic fee. The Chairman is paid three times the basic fee, while the Deputy Chairman is paid twice the basic fee. As part of the cost cuts previously implemented by the Group, the basic fee for 2013/14 was reduced to DKK 160,000, and this lower fee level was maintained in 2014/15. Together with its proposal for adoption of the Annual Report for 2014/15, the Board of Directors will recommend to the Annual General Meeting that the basic fee be maintained at the current level of DKK 160,000 for 2015/2016.

REMUNERATION OF THE EXECUTIVE BOARD

Remuneration policy

Every year the Board of Directors assesses and determines the remuneration payable to the Executive Board members, based on the recommendation of the Chairman and Deputy Chairman. The overall pay package and its composition are determined by the results achieved, the Executive Board's competencies and the Board of Directors' wish to ensure that the Company can continue to attract, retain and motivate qualified executives. In this connection, the Board of Directors takes the Company's situation and general development into account. Every year, the Board of Directors reviews the remuneration payable to the Executive Board by comparing it to that payable to executive boards of other comparable companies with international activities.

The Executive Board's remuneration consists of a fixed and a variable portion. The variable remuneration consists of a short-term and a long-term incentive scheme. The overall pay package consists of a fixed salary, bonus, defined-contribution pension of 2 % of the basic salary and other benefits, including a company-provided car, telephone, IT solution and newspaper, as well as health insurance and warrants.

The remuneration policy appears from the Company's website, www.tk-development.com.

Remuneration

As part of the cost cuts implemented by the Group in January 2012, the remuneration of the Executive Board was reduced by 20 % for a 24-month period starting on 1 February 2012. Warrants were not granted to the Executive Board in 2013 and 2014. The remuneration of each individual member of the Executive Board appears from the Group's Annual Report. The remuneration for 2014/15 was also based on the guidelines adopted at the General Meeting in 2011, as no changes have been made to these guidelines. However, a two-year agreement has been made with the Executive Board, according to which a further 20 % of the Executive Board's annual fixed remuneration is not paid during the term of the agreement, equal to a 36 % reduction compared to the remuneration paid in the 2011/12 financial year. The agreement applies to the period from 1 May 2013 to 30 April 2015. During that period, the reduced fixed annual salary will amount to DKK 2.7 million for Frede Clausen and DKK

2.0 million for Robert Andersen. Up to two-thirds of the remuneration withheld during the two-year period will be paid when the Group meets specific operational targets, fixed as part of the previously described two-year transformation process that consists of realizing the initiatives adopted under the revised strategy. Warrants will not be granted to the Executive Board in 2015 either.

Retention and severance programmes

Under the Executive Board's service agreements, the individual Executive Board member may give notice of termination no later than three months after the occurrence of an extraordinary event (change of control), such termination to take effect 12 months after notice has been given. The Executive Board member may demand to be released from his or her duties during the period of notice, with the usual remuneration being payable during such period.

The Executive Board members are not subject to any other special severance terms. The term of notice for Executive Board members is 12 months on the part of the Company and six months on the part of the member.

It is company policy to ensure that Executive Board members have an incentive to work dedicatedly in the interests of the Company and its shareholders in the event of a merger, takeover bid or other extraordinary situations. Against this background, the Board of Directors may decide, on the basis of a specific assessment, to pay a retention bonus whereby Executive Board members receive a special consideration, however, not exceeding 12 months' fixed salary, for example in the event that the Company merges with another company or if another company takes over all the Company's activities, subject to the General Meeting's approval.

AUDIT COMMITTEE

The Board of Directors believes that auditing is an issue that concerns all board members. For this reason, and given the complexity of the accounting procedures, it has been considered appropriate not to set up an actual audit committee, but to let all board members function jointly as the audit committee. The terms of reference of the audit committee have been laid down, and, basically, four meetings are held each year.

The Company website contains information about the most important activities during the year, the number of audit committee meetings held and the terms of reference of the audit committee.

STATUTORY ANNUAL STATEMENT ON DIVERSITY

TK Development has chosen to present its Statutory Annual Statement on Diversity on its website instead of in the Management Commentary.

The Statement on Diversity is available at www.tk-development.com/diversity_2014_15.

STATUTORY ANNUAL CORPORATE GOVERNANCE STATEMENT

TK Development has chosen to present its Statutory Annual Corporate Governance Statement on its website instead of in the Management Commentary.

The Corporate Governance Statement is available at www.tk-development.com/cgs_14_15.

STATUTORY ANNUAL CORPORATE SOCIAL RESPONSIBILITY STATEMENT; SEE SECTION 99A OF THE DANISH FINANCIAL STATEMENTS ACT

In addition to carrying on profitable business activities, TK Development intends to adhere to and expand the Group's ethical, social and environmental responsibilities as a business corporation.

TK Development fundamentally endorses the UN's ten social responsibility principles, but has not acceded to the UN Global Compact.

In light of the Company's size and activities and the Group's operating markets, the Board of Directors has decided not to adopt policies for the voluntary integration of corporate social responsibility or human rights and climate policies. The Board of Directors will regularly assess the need for policies in this area.

THE BOARD OF DIRECTORS

Name	Took office	Term of office ends	Birthday	Independence [1]
Niels Roth (Chairman)	2007	April 2015	July 1957	Independent
Peter Thorsen (Deputy Chairman)	2012	April 2015	March 1966	Independent
Per Søndergaard Pedersen	2002	April 2015	March 1954	Not independent [2]
Arne Gerlyng-Hansen	2013	April 2015	March 1956	Independent
Kim Mikkelsen	2013	April 2015	October 1968	Independent
Morten E. Astrup	2013	April 2015	July 1975	Independent

[1] See section 3.2.1 in the Recommendations on Corporate Governance prepared by NASDAQ OMX Copenhagen.
[2] Has served on the Board of Directors for more than 12 years and was previously a member of the Company's Executive Board.

NIELS ROTH

Chairman of the Board of Directors

Born	July 1957
Joined the Board of Directors	2007
Term of office ends	April 2015

Education

1983 MSc (Economics).

Employment

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

Special competencies

Financial markets, capital structure, investment, accounting, investor relations.

Executive Board member

Zira Invest II ApS; Zira Invest III ApS.

Chairman of the Board of Directors

Fast Ejendom Danmark A/S; Friheden Invest A/S; Investeringsforeningen SmallCap Danmark; Porteføljeselskab A/S; SmallCap Danmark A/S.

Member of the Board of Directors

Arvid Nilssons Fond; A/S Rådhusparken; A/S Sadolinparken; Kirk Kapital A/S; Realdania.

Board committees and other posts

None.

PETER THORSEN

Deputy Chairman

Born	March 1966
Joined the Board of Directors	2012
Term of office ends	April 2015

Education

1992 MSc (Business Administration and Auditing).

Employment

1992-1994 Accountant, More Stevens.
1994-1997 Marketing Manager, Group CFO & International Controller, KEW Industri A/S.
1997-1997 Finance Manager, Electrolux Hvidevarer A/S.
1997-1998 Finance Manager, Marwi International A/S (Incentive A/S).
1998-2000 CEO, Basta Group A/S.
2001-2005 CEO, Bison A/S.
2005-2008 CEO, Louis Poulsen Lighting A/S.
2007-2008 Group Chief Executive, Targetti Poulsen.
2008- CEO, Kirk & Thorsen Invest A/S.

Special competencies

Strategic management, accounting and finances, business development.

Executive Board member

EBP Holding A/S; Kirk & Thorsen A/S; Kirk & Thorsen Invest A/S; Modulex Holding ApS.

Chairman of the Board of Directors

Biblioteksmedier A/S; BoConcept A/S; BoConcept Holding A/S; Genan A/S; Genan Business & Development A/S; Genan Holding A/S; Genan Invest A/S; Modulex A/S.

Member of the Board of Directors

Droob ApS; EBP Holding A/S; Kirk & Thorsen A/S; Kirk & Thorsen Invest A/S; Starco Europe A/S.

Board committees and other posts

Chairman of the Executive Committee, Sct. Maria Hospice.

PER SØNDERGAARD PEDERSEN

Born	March 1954
Joined the Board of Directors	2002
Term of office ends	April 2015

Education

Trained with Sparekassen Nordjylland (Spar Nord Bank).

Employment

1983-1986	Head of the business department at Sparekassen Nordjylland headquarters, Østeraa branch.
1986-1989	Regional manager, Sparekassen Nordjylland, Hasseris branch.
1989-2002	CEO, TK Development A/S.

Special competencies

Retail trade, property sector, financial markets, business development, investor relations.

Executive Board member

A.S.P. Ejendom ApS; JA Plastindustri Holding A/S; PSP Holding ApS; PSPSH Holding ApS.

Chairman of the Board of Directors

AG I A/S; Arne Andersen A/S; Athene Group A/S; Bjørk & Maigård Holding ApS; Conscensia A/S; Conscensia Holding A/S; dansk boligstål a/s; EIPE Holding A/S; GLC Management Invest ApS; Global Car Leasing A/S; Global Car Splitleasing A/S; Ib Andersen A/S; Ib Andersen A/S Øst; Ib Andersen Ventilation A/S; J.A. Plastindustri A/S; K/S Waren; Lindgaard A/S – Rådgivende Ingeniører F.R.I.; Nowaco A/S; P.J. Skovværktøj ApS; Restaurant Fusion A/S; Tech-Tool A/S.

Member of the Board of Directors

A.A. Frederikshavn A/S; Arkitekterne Bjørk & Maigård ApS; Arne Andersen, Vrå A/S, Byggegrunde; Discovery A/S; Ejendomsmægleraktieselskabet Thorkild Kristensen; Ejendomsmægleraktieselskabet Thorkild Kristensen Bolig; Ejendomsmægleraktieselskabet Thorkild Kristensen, Blokhus; Ejendomsmægleraktieselskabet Thorkild Kristensen Erhverv; Exclusive Travel Collection ApS; Hjallerup Maskinforretning A/S; Homekit A/S; Investeringsforeningen SmallCap Danmark; JA Plastindustri Holding A/S; K/S Danske Dagligvarebutikker; Peacock A/S; PL Holding Aalborg A/S; P L Invest, Aalborg ApS; Porteføljeselskab A/S; Remergy A/S (Deputy Chairman); SmallCap Danmark A/S; ST Holding Aalborg A/S; Systemteknik A/S (Deputy Chairman); Tech2Tech ApS; Tom Anton Andersen Reklamebureau A/S; Tom Anton Holding A/S; Ungbo Danmark A/S; Ungbo Danmark, Aalborg A/S; Ungbo Danmark, Holding A/S; Ungbo Danmark, København A/S; Ungbo Danmark, Odense A/S; Ungbo Danmark, Projekt A/S; Ungbo Danmark, Randers A/S; Wahlberg VVS A/S.

Board committees and other posts

None.

ARNE GERLYNG-HANSEN

Born	March 1956
Joined the Board of Directors	2013
Term of office ends	April 2015

Education

1981	Law graduate from the University of Copenhagen.
1984	Attorney-at-law.

Employment

1981-1983	The law office of Advokaterne Amaliegade 4, Copenhagen K.
1983-2004	The law office of Nielsen Nørager, Frederiksberggade 16, Copenhagen K.
1985-1992	Tutor and associate professor in the law of obligations at the University of Copenhagen.
2004-	CEO, Harald Nyborg A/S.

Special competencies

Retail trade, law, management and business development.

Executive Board member

Arpema ApS; Arpema Holding ApS; ApS KBUS 8 NR. 2454; Dacabo-HN Komplementarselskab; Divan 6 A/S; Ejby Industrivej 3-29 A/S; Harald 1 ApS; Harald Fix A/S; Harald Glostrup Komplementaranpartsselskab; Harald Nyborg A/S; Harald Slagelse Komplementaranpartsselskab; Harald-Gladsaxe Komplementaranpartsselskab; HN Research Holding A/S; K/S Harald Skåne I; Komplementarselskabet Skerrisvej, Brande; Lady & Kid A/S; Skerris Holding A/S.

Chairman of the Board of Directors

Habro a/s; Habro Finans a/s; Habro Fondsmæglerselskab a/s; Habro Fund Management a/s; Habro Holding ApS.

Member of the Board of Directors

A/S Daells Bolighus; ApS KBUS 8 NR. 2454; Bernstorff Slot ApS (Deputy Chairman); Company Water A/S; Company Water International A/S; Dacabo-HN Komplementarselskab; Danish Bottling Company A/S; Divan 6 A/S; Ejby Industrivej 3-29 A/S; Harald 1 ApS; Harald 2000 A/S; Harald Auto A/S; Harald Fix A/S; Harald Glostrup Komplementaranpartsselskab; Harald Nyborg Byggeselskab ApS; Harald Parat I Komplementarselskab; Harald Research A/S; Harald Skåne I ApS; Harald Slagelse Komplementaranpartsselskab; Harald-Gladsaxe Komplementaranpartsselskab; HN Research Holding A/S; jem & fix A/S; K/S Dacabo; K/S Fraugde; K/S Harald Gladsaxe; K/S Harald Glostrup; K/S Harald Parat I; K/S Harald Skåne I; K/S Harald Slagelse; K/S Lady & Kid; K/S Skerrisvej, Brande; Kid-Holding ApS; Komplementarselskabet Skerrisvej, Brande; Lady & Kid A/S; Skerris Holding A/S.

Board committees and other posts

Member of Sydbank's Committee of Representatives and of Community Council Funen.

KIM MIKKELSEN

Born	October 1968
Joined the Board of Directors	2013
Term of office ends	April 2015

Education

1989	Savings bank school 1.
1991	Savings bank school 2.
1991-1994	Graduate Diploma studies (Financing).

Employment

1994-1997	Swiss Bank Corp. – Head of Nordic Fixed Income Trading.
1997-1999	RBS Greenwich Capital - Director, Proprietary Trading.
1999-2002	SEB MERCHANT BANKING - Head of Mortgage Risk & Trading.
2003-2009	Nordic Asset Management A/S - CIO and majority owner.

Special competencies

Financial affairs, investment and management.

Executive Board member

København Håndbold A/S; Nordic Sports Management ApS; Nordic Wine Invest ApS; Proinvestor ApS; Strategic Capital ApS; Strategic Investments A/S; Strategic Venture Capital ApS.

Chairman of the Board of Directors

Hjemmehjælpen A/S.

Member of the Board of Directors

Innogie ApS; København Håndbold A/S; NTR Holding A/S; Proinvestor ApS; Storm Real Estate ASA, Norway; Strategic Investments A/S.

Board committees and other posts

Member of the Committee of Representatives, Fynske Bank; member of the audit committee, Storm Real Estate ASA, Norway.

MORTEN E. ASTRUP

Born	July 1975
Joined the Board of Directors	2013
Term of office ends	April 2015

Education

1990-1992	GCSE examinations, Institute Le Rosey, Rolle-Gstaad, Switzerland.
1992-1994	International Baccalaureate, Berg Videregående Skole, Norway.
1998	Exchange programme at City University, London.
1995-1999	Norwegian School of Management, Sandvika, Norway. Specialized in shipping - worked full time from 1997 while completing studies.

Employment

1997	Financial Director, InfoStream ASA, Oslo.
1997-2000	Financial Adviser, Ørn Rådgivning AS, Oslo.
1997-2006	Portfolio Manager, Ørn Norden AS, Oslo.
2006-	Founding partner and CIO, Storm Capital Management Ltd., London.

Special competencies

Real estate investments, financing and business development.

Executive Board member

Storm Capital Management Ltd., UK.

Chairman of the Board of Directors

Aconcagua Management Ltd., Bermuda; Neptune Properties AS, Norway; Storm Bond AS, Norway; Storm Bond Fund SICAV, Luxembourg; Storm Nordic Fund SICAV, Luxembourg; SurfSide Holding AS, Norway; Storm Capital Partners Ltd., British Virgin Islands; Svalbard Adventure Group AS, Norway.

Member of the Board of Directors

Bjørgvin AS, Norway; Storm Capital Management Ltd., UK; Storm Real Estate ASA, Norway (Deputy Chairman); Ørn Norden AS, Norway.

Board committees and other posts

None.

FREDE CLAUSEN

President and CEO
Born on 30 July 1959
Member of the Executive Board of TK Development A/S since 1992

Executive Board member
Frede Clausen Holding ApS.

Chairman of the Board of Directors
Ahlgade 34-36 A/S *; Ringsted Outlet Center P/S *; SPV Ringsted ApS *; Step Re CSP Invest I A/S *; Udviklingsselskabet Nordkranen A/S *.

Member of the Board of Directors
Euro Mall Luxembourg JV S.à r.l. *; Euro Mall Ventures S.à r.l. *; Kommanditaktieselskabet Danlink-Udvikling *; Komplementarselskabet Beddingen ApS *; Komplementarselskabet DLU ApS *; The Yard, Beddingen P/S *; K/S Købmagergade 59, st.; Palma Ejendomme A/S; PE Skagen ApS.

Board committees and other posts
None.

ROBERT ANDERSEN

Executive Vice President
Born on 3 April 1965
Member of the Executive Board of TK Development A/S since 2002

Executive Board member
Amerika Plads C P/S *; Komplementarselskabet Amerika Plads C ApS *; Ringsted Outlet Center P/S *; Ringsted Retail Company ApS *; SPV Ringsted ApS *; Palma Ejendomme A/S; PE Skagen ApS.

Chairman of the Board of Directors
None.

Member of the Board of Directors
Ahlgade 34-36 A/S *; Ejendomsselskabet Smallegade P/S *; Kommanditaktieselskabet Danlink-Udvikling *; Kommanditaktieselskabet Østre Havn *; Komplementarselskabet Beddingen ApS *; Komplementarselskabet DLU ApS *; Komplementarselskabet Smallegade ApS *; Ringsted Outlet Center P/S *; SPV Ringsted ApS *; The Yard, Beddingen P/S *; Udviklingsselskabet Nordkranen A/S *; Østre Havn Aalborg ApS *; Palma Ejendomme A/S; PE Skagen ApS.

Board committees and other posts
None.

*) The companies form part of the TK Development Group and are partly owned, directly or indirectly, by TK Development A/S.

The Board of Directors and Executive Board have today considered and adopted the Annual Report of TK Development A/S for the financial year from 1 February 2014 to 31 January 2015. The Annual Report is presented in accordance with the International Financial Reporting Standards (IFRS), as adopted by the EU, and in accordance with Danish disclosure requirements for annual reports prepared by listed companies.

In our opinion, the consolidated financial statements and parent financial statements give a true and fair view of the Group's and Company's financial position at 31 January 2015 and of the results of the Group's and Company's operations and cash flows for the financial year from 1 February 2014 to 31 January 2015.

Moreover, we consider the Management Commentary to give a fair presentation of the development in the Group's and Company's activities and financial affairs, the results for the year and the Company's and 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.

We recommend that the 2014/15 Annual Report be adopted by the Annual General Meeting of shareholders.

Aalborg, 27 March 2015

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

The Annual Report has been provided with the following Auditors' Report:

"To the shareholders of TK Development A/S
Report on the consolidated financial statements and parent financial statements
We have audited the consolidated financial statements and parent financial statements of TK Development A/S for the financial year 1 February 2014 - 31 January 2015, which comprise the income statement, statement of comprehensive income, balance sheet, statement of changes in equity, cash flow statement and notes, including the accounting policies, for the Group as well as for the Parent. The consolidated financial statements and parent financial statements are prepared in accordance with International Financial Reporting Standards as adopted by the EU and Danish disclosure requirements for listed companies.

Management's responsibility for the consolidated financial statements and parent financial statements
Management is responsible for the preparation of consolidated financial statements and parent financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the EU and Danish disclosure requirements for listed companies and for such internal control as Management determines is necessary to enable the preparation and fair presentation of consolidated financial statements and parent financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility
Our responsibility is to express an opinion on the consolidated financial statements and parent financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing and additional requirements under Danish audit regulation. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements and parent financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements and parent financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatements of the consolidated financial statements and parent financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of consolidated financial statements and parent financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Management, as well as the overall presentation of the consolidated financial statements and parent financial statements.

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

Our audit has not resulted in any qualification.

Opinion
In our opinion, the consolidated financial statements and parent financial statements give a true and fair view of the Group's and the Parent's financial position at 31 January 2015, and of the results of their operations and cash flows for the financial year 1 February 2014 - 31 January 2015 in accordance with International Financial Reporting Standards as adopted by the EU and Danish disclosure requirements for listed companies.

Statement on the management commentary
Pursuant to the Danish Financial Statements Act, we have read the management commentary. We have not performed any further procedures in addition to the audit of the consolidated financial statements and parent financial statements.

On this basis, it is our opinion that the information provided in the management commentary is consistent with the consolidated financial statements and parent financial statements.

Copenhagen, 27 March 2015

DELOITTE
Statsautoriseret Revisionspartnerselskab

René H. Christensen	**Jan Bo Hansen**
State-authorized public accountant	State-authorized public accountant"

INCOME STATEMENT

DKKm	2014/15	2013/14
Net revenue	**854.7**	330.7
External direct project costs	**-757.9**	-218.7
Value adjustment of investment properties, net	**-3.5**	-9.5
Gross profit/loss	**93.3**	102.5
Other external expenses	**23.9**	26.6
Staff costs	**56.5**	63.8
Total	**80.4**	90.4
Profit/loss before financing and depreciation	**12.9**	12.1
Depreciation and impairment of non-current assets	**0.6**	1.4
Operating profit/loss	**12.3**	10.7
Income from investments in joint ventures	**30.1**	37.5
Income from investments in associates	**-9.7**	-4.1
Financial income	**5.0**	8.6
Financial expenses	**-62.9**	-95.5
Total	**-37.5**	-53.5
Profit/loss before tax	**-25.2**	-42.8
Tax on profit/loss for the year	**12.5**	6.2
Profit/loss for the year	**-37.7**	-49.0

EARNINGS PER SHARE IN DKK

Earnings per share (EPS)	**-0.4**	-0.7
Diluted earnings per share (EPS-D)	**-0.4**	-0.7

COMPREHENSIVE INCOME STATEMENT

Profit/loss for the year	**-37.7**	-49.0
Items that may be re-classified to profit/loss:		
Foreign-exchange adjustments, foreign operations	**0.9**	-13.1
Value adjustments of hedging instruments	**0.2**	-2.3
Tax on other comprehensive income	**-2.4**	2.8
Other comprehensive income after tax from joint ventures	**-5.4**	6.1
Other comprehensive income for the year	**-6.7**	-6.5
Comprehensive income for the year	**-44.4**	-55.5

BALANCE SHEET

DKKm	31 Jan 2015	31 Jan 2014	1 Feb 2013
ASSETS			
Non-current assets			
Goodwill	**33.3**	33.3	33.3
Intangible assets	**33.3**	33.3	33.3
Other fixtures and fittings, tools and equipment	**1.0**	1.3	2.5
Property, plant and equipment	**1.0**	1.3	2.5
Investment properties	**78.1**	103.2	167.3
Investment properties	**78.1**	103.2	167.3
Investments in joint ventures	**171.9**	470.5	400.5
Investments in associates	**3.2**	2.6	1.7
Receivables from joint ventures	**124.2**	145.8	213.3
Receivables from associates	**4.7**	4.6	4.6
Other securities and investments	**14.2**	0.3	0.8
Financial assets	**318.2**	623.8	620.9
Deferred tax assets	**114.7**	121.6	126.2
Other non-current assets	**114.7**	121.6	126.2
Non-current assets	**545.3**	883.2	950.2
Current assets			
Projects in progress or completed	**2,121.7**	2,334.6	2,394.7
Trade receivables	**71.4**	25.6	45.8
Receivables from associates	**1.9**	12.0	19.0
Corporate income tax receivable	**0.1**	1.3	3.2
Other receivables	**19.4**	19.2	34.1
Prepayments	**11.9**	15.1	19.1
Receivables	**104.7**	73.2	121.2
Other securities and investments	**4.1**	4.0	4.3
Deposits in blocked and escrow accounts	**45.8**	46.0	32.7
Cash and cash equivalents	**23.6**	6.1	6.2
Current assets	**2,299.9**	2,463.9	2,559.1
ASSETS	**2,845.2**	3,347.1	3,509.3

BALANCE SHEET

DKKm	31 Jan 2015	31 Jan 2014	1 Feb 2013
EQUITY AND LIABILITIES			
Equity			
Share capital	**98.2**	98.2	631.0
Other reserves	**-7.9**	587.7	5.3
Retained earnings	**1,419.1**	867.8	753.4
Equity	**1,509.4**	1,553.7	1,389.7
Liabilities			
Credit institutions	**0.0**	52.0	0.0
Debt to joint ventures	**0.0**	20.7	22.4
Provisions	**0.5**	0.0	2.3
Deferred tax liabilities	**19.3**	21.9	23.9
Other debt	**0.0**	0.0	1.5
Non-current liabilities	**19.8**	94.6	50.1
Credit institutions	**1,195.3**	1,566.6	1,925.0
Trade payables	**49.1**	53.4	53.9
Corporate income tax	**6.9**	5.7	5.0
Provisions	**15.0**	9.6	13.1
Other debt	**43.9**	56.2	62.1
Deferred income	**5.8**	7.3	10.4
Current liabilities	**1,316.0**	1,698.8	2,069.5
Liabilities	**1,335.8**	1,793.4	2,119.6
EQUITY AND LIABILITIES	**2,845.2**	3,347.1	3,509.3

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 year	0.0	0.0	-49.0	-49.0
Other comprehensive income for the year	0.0	-6.5	0.0	-6.5
Total comprehensive income for the year	0.0	-6.5	-49.0	-55.5
Capital decrease	-588.9	588.9	0.0	0.0
Capital increase	56.1	0.0	0.0	56.1
Premium on capital increase	0.0	174.4	0.0	174.4
Costs of share issue	0.0	-11.6	0.0	-11.6
Premium on capital increase transferred to distributable reserves	0.0	-162.8	162.8	0.0
Share-based payment	0.0	0.0	0.6	0.6
Equity at 31 January 2014	98.2	587.7	867.8	1,553.7
Profit/loss for the year	**0.0**	**0.0**	**-37.7**	**-37.7**
Other comprehensive income for the year	**0.0**	**-6.7**	**0.0**	**-6.7**
Total comprehensive income for the year	**0.0**	**-6.7**	**-37.7**	**-44.4**
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 January 2015	**98.2**	**-7.9**	**1,419.1**	**1,509.4**

CASH FLOW STATEMENT

DKKm	2014/15	2013/14
Operating profit/loss	**12.3**	10.7
Adjustments for non-cash items:		
Value adjustment of investment properties, net	**3.5**	9.5
Depreciation and impairment	**64.3**	-7.5
Share-based payment	**0.1**	0.6
Provisions	**5.9**	-5.6
Foreign-exchange adjustment	**-5.8**	-11.6
Increase/decrease in investments in projects, etc.	**138.2**	59.9
Increase/decrease in receivables	**-42.9**	33.6
Changes in deposits on blocked and escrow accounts	**0.2**	-13.4
Increase/decrease in payables and other debt	**-76.3**	-9.3
Cash flows from operations	**99.5**	66.9
Interest paid, etc.	**-72.8**	-101.9
Interest received, etc.	**4.6**	8.4
Corporate income tax paid	**-7.7**	1.3
Cash flows from operating activities	**23.6**	-25.3
Investments in equipment, fixtures and fittings	**-0.2**	-0.2
Sale of investment properties	**21.4**	54.3
Dividend from associates	**0.0**	2.0
Increase/decrease in receivables from joint ventures	**21.5**	53.8
Sale of joint ventures	**397.1**	6.5
Investments in joint ventures	**-11.0**	-10.3
Purchase of securities and investments	**-14.1**	-0.1
Sale of securities and investments	**0.2**	0.8
Cash flows from investing activities	**414.9**	106.8
Raising of project financing	**40.3**	25.8
Reduction of project financing/repayments, credit institutions	**-461.4**	-325.8
Capital increase	**0.0**	230.5
Costs of share issue	**0.0**	-11.6
Cash flows from financing activities	**-421.1**	-81.1
Cash flows for the year	**17.4**	0.4
Cash and cash equivalents, beginning of year	**6.1**	6.2
Foreign-exchange adjustment of cash and cash equivalents	**0.1**	-0.5
Cash and cash equivalents at year-end	**23.6**	6.1

The figures in the cash flow statement cannot be inferred from the consolidated financial statements alone.

TK Development A/S

CVR no.:
24256782

ISIN code:
DK0010258995 (TKDV)

Municipality of registered office:
Aalborg, Denmark

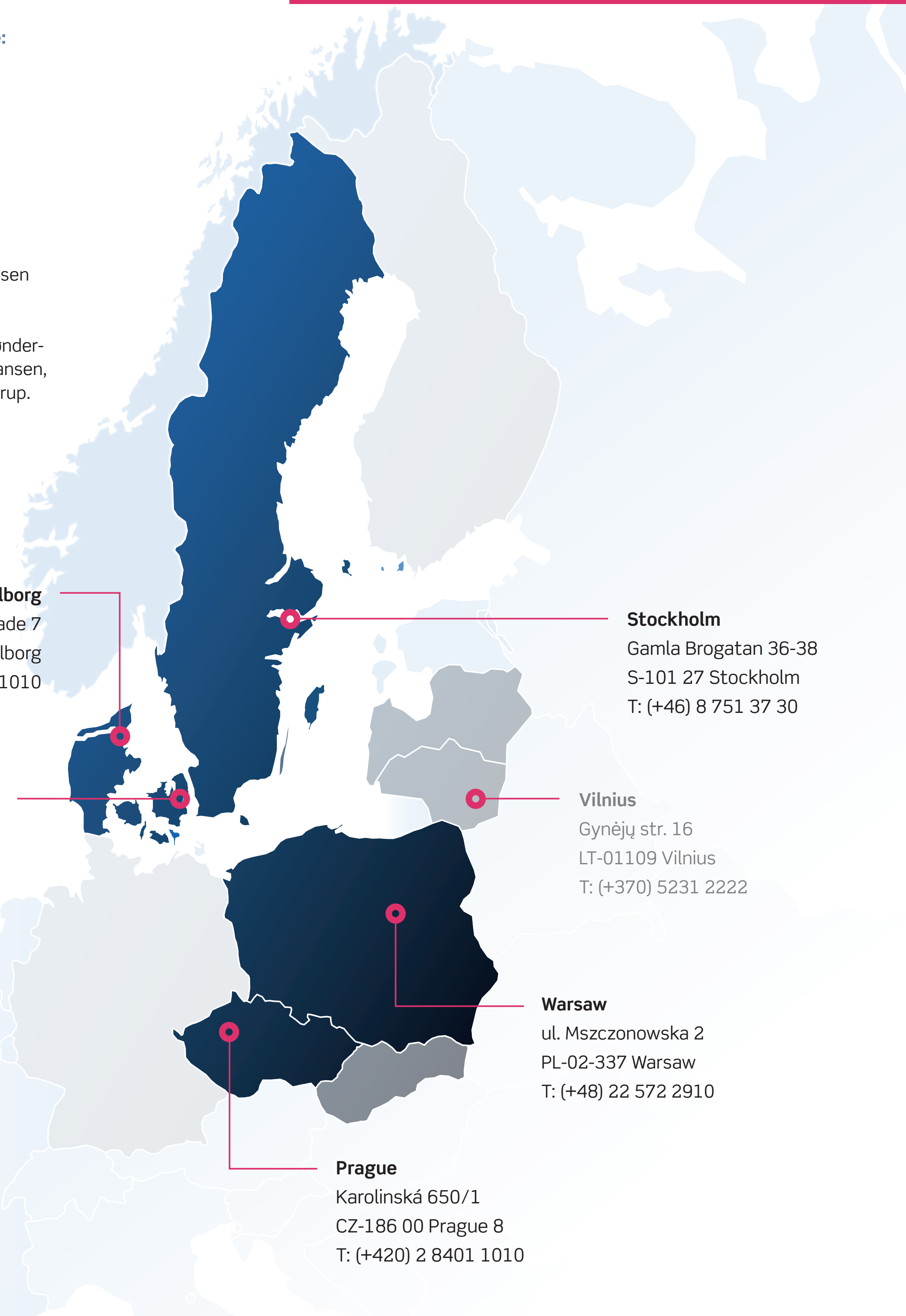
Website:
www.tk-development.com

e-mail:
tk@tk.dk

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 Annual General Meeting will be held at 3 p.m. on 28 April 2015 at Aalborg Kongres & Kultur Center, Radiosalen, Europa Plads 4, DK-9000 Aalborg.



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