ILLUSTRATION:
BROEN, SHOPPING CENTRE
ESBJERG, DENMARK

TK DEVELOPMENT A/S | CVR NO. 24256782
COMPANY ANNOUNCEMENT NO. 10/2015 | 17 JUNE 2015

INTERIM REPORT Q1
2015/16

(1 February 2015 - 30 April 2015)

TK development

TABLE OF CONTENTS

SUMMARY

RESULTS FOR THE FIRST QUARTER OF 2015/16

- In the first quarter of 2015/16, TK Development recorded results of DKK -3.8 million*) before tax, excluding discontinuing activities, against DKK 12.7 million*) in the first quarter of 2014/15.

- The Group's total results after tax amounted to DKK -6.7 million against DKK 7.3 million in the first quarter of 2014/15.

- The balance sheet total amounted to DKK 2,863.3 million at 30 April 2015 against DKK 2,845.2 million at 31 January 2015. Consolidated equity totalled DKK 1,513.8 million versus DKK 1,509.4 million at 31 January 2015, corresponding to a solvency ratio of 52.9 % (31 January 2015: 53.1 %).

- Cash flows for the period amounted to DKK -18.8 million against DKK 1.6 million in the same period the year before. Net interest-bearing debt amounted to DKK 997.4 million at 30 April 2015 against DKK 1,000.4 million at 31 January 2015.

PROPERTY DEVELOPMENT

The sales completed by TK Development in the first quarter of 2015/16 included the following:

- 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, Denmark. Construction has been completed, and the apartments were ready for occupation in December 2014. The premises have been fully let. In the first quarter of 2015/16, TK Development sold its share of the joint venture at a profit to one of the other owners.

- The Group owns a plot of land on Marsvej in Randers, Denmark, intended for a retail development project of about 3,700 m². The first phase of about 1,550 m² has been completed and let to jem & fix and Petworld. The Petworld premises were handed over to a private investor in the first quarter of 2015/16. The selling price corresponds to the carrying amount.

After the reporting date, TK Development has handed over the following sold projects to the investors:

- In the 2014/15 financial year, TK Development conditionally sold a 6,000 m² office project in Aalborg, Denmark. The project has been 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 was completed in April 2015, and the completed project was handed over to the investor in June 2015, as planned. Thus, earnings from the sale will be recognized in the second quarter of 2015/16.

PHOTO:
ALFA LAVAL, OFFICE BUILDING
AALBORG, DENMARK

- In the 2014/15 financial year, TK Development sold a lot of about 13,000 m² at Amerika Plads, Copenhagen, Denmark, 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 lot was handed over to A.P. Møller - Mærsk A/S in June 2015, and the profit on the sale will thus impact TK Development's results in the second quarter of 2015/16.

Moreover, TK Development has initiated the following major development projects:

- 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. The anchor tenants include Kvickly, H&M, Bahne, Fona, Imerco, Sportmaster and Gina Tricot.

  A building permit has been granted for the project. Before construction could start, the project had to undergo a validation and approval procedure to ensure safe railway operations, etc. (CSM approval). This CSM approval was obtained in May 2015. A contamination cleanup process and preliminary construction works have been ongoing during the past months, and the first turf was cut at the end of May 2015. The shopping centre is scheduled for completion in spring 2017.

  In the first quarter of 2015/16, TK Development conclud-

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

ed a conditional agreement with CapMan Real Estate, which was finally completed in May 2015. Thus, CapMan Real Estate has joined the project at its current stage, with a 65 % ownership interest, and will participate in completing its development. The sale will have no immediate impact on the Group's results. The project earnings relate to the earnings potential on the remaining 35 % ownership interest, to which must be added continuous fee income from letting and project development.

- TK Development is developing the Strædet project in Køge, Denmark, 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 349,000 m² at 30 April 2015 (31 January 2015: 351,000 m²).

ASSET MANAGEMENT

- The total portfolio of properties that are under asset management and thus generate cash flow comprised 85,200 m² and amounted to DKK 1,258.3 million at 30 April 2015, including joint venture projects, compared to DKK 1,256.1 million at 31 January 2015.

- 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 properties. Based on full occupancy, the return on the carrying amount is expected to reach 6.5 %. 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 of the discontinuing activities before tax amounted to DKK -2.4 million in the first quarter of 2015/16 against DKK -4.5 million in the first quarter of 2014/15. At 30 April 2015 the balance sheet total for the discontinuing activities amounted to DKK 247.1 million against DKK 250.3 million at 31 January 2015.

- The Group had the following discontinuing activities at 30 April 2015:
    - In Germany: an investment property and two minor plots of land; a total of DKK 103.9 million.
    - In Finland: a minor plot of land; a total of DKK 7.2 million.
    - In the Baltic States: a retail park project, see below, and two plots of land; a total of DKK 96.2 million.
    - In Russia: a minor project for letting; a total of DKK 23.6 million.

- 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 2014/15 financial year. 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

- Generally, property markets are characterized by optimism, better opportunities than before for financing property acquisitions 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 – are at a level that enables new 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.

FINANCIAL ISSUES

- Net interest-bearing debt amounted to DKK 997.4 million at 30 April 2015 against DKK 1,000.4 million at 31 January 2015.

- Project credit facilities of DKK 0.5 billion at 31 January 2015 that were due to expire prior to end-January 2016 were prolonged in the first quarter of 2015/16.

- TK Development has a general agreement with the Group's main banker about operating and project credits. In the first quarter of 2015/16, the agreement, which is usually renegotiated once a year, was extended until 1 May 2016.

OUTLOOK FOR 2015/16

- Management still 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 Interim Report, including earnings expectations, are naturally subject to risks and uncertainties, which may result in deviations from the expected results. Various factors may impact on expectations, as outlined in the section "Risk issues" in the Group's 2014/15 Annual Report, particularly the valuation of the Group's project portfolio, as described under "Business risks" and "Risks related to the presentation of financial statements".

Further information is available from Frede Clausen, President and CEO, tel. +45 8896 1010.

CONSOLIDATED FINANCIAL HIGHLIGHTS AND KEY RATIOS

DKKm	**Q1 2015/16**	Q1 2014/15	Full year 2014/15
FINANCIAL HIGHLIGHTS			
Net revenue	**40.7**	123.3	854.7
Value adjustment, investment properties, net	**0.0**	0.0	-3.5
Gross profit/loss	**15.6**	22.1	93.3
Operating profit/loss (EBIT)	**-4.0**	2.5	12.3
Income from investments in joint ventures	**8.0**	19.6	30.1
Financing, etc.	**-10.2**	-16.9	-57.9
Profit/loss before tax and writedowns, etc.	**-4.9**	6.3	42.1
Profit/loss before tax	**-5.9**	5.3	-25.2
Profit/loss for the period	**-6.7**	7.3	-37.7
Profit/loss before tax for the period, forward-looking strategy	**-3.8**	12.7	36.7
Comprehensive income for the period	**4.4**	1.3	-44.4
Balance sheet total	**2,863.3**	3,147.5	2,845.2
Property, plant and equipment	**0.9**	1.2	1.0
Investment properties	**78.3**	103.2	78.1
Total project portfolio	**2,168.2**	2,247.7	2,121.7
Equity	**1,513.8**	1,555.1	1,509.4
Cash flows for the period	**-18.8**	1.6	17.4
Net interest-bearing debt, end of period	**997.4**	1,338.3	1,000.4
KEY RATIOS			
Return on equity (ROE) *)	**-1.8 %**	1.9 %	-2.5 %
Solvency ratio (based on equity)	**52.9 %**	49.4 %	53.1 %
Equity value in DKK per share	**15.4**	15.8	15.4
Price/book value (P/BV)	**0.6**	0.6	0.6
Number of shares, end of period	**98,153,335**	98,153,335	98,153,335
Earnings per share (EPS) in DKK	**-0.1**	0.1	-0.4
Dividend in DKK per share	**0**	0	0
Listed price in DKK per share	**9**	9	9
KEY RATIOS ADJUSTED FOR WARRANTS			
Return on equity (ROE) *)	**-1.8 %**	1.9 %	-2.5 %
Solvency ratio (based on equity)	**52.9 %**	49.4 %	53.1 %
Equity value in DKK per share	**15.4**	15.8	15.4
Diluted earnings per share (EPS-D) in DKK	**-0.1**	0.1	-0.4

*) Annualized.

The calculation of key ratios is based on the 2015 guidelines issued by The Danish Finance Society.

In Q1 2015/2016 TK Development recorded results of DKK -3.8 million**) before tax, excluding discontinuing activities, against DKK 12.7 million in Q1 2014/15.

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 -0.3 million.

The Group's total results after tax amounted to DKK -6.7 million against DKK 7.3 million in Q1 2014/15.

The balance sheet total amounted to DKK 2,863.3 million at 30 April 2015 against DKK 2,845.2 million at 31 January 2015. Consolidated equity totalled DKK 1,513.8 million versus DKK 1,509.4 million at 31 January 2015, corresponding to a solvency ratio of 52.9 % (31 January 2015: 53.1 %).

The results for Q1 2015/16 and the balance sheet at 30 April 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 14-23.

- The property development segment is described on pages 14-18. The description includes information about the development potential of TK Development's project portfolio, including an outline of the individual development projects.

RESULTS Q1 2015/16 (DKKM)

Profit/loss	Q1 2015/16	Property development	Asset management	Discontinuing	Unallocated
Revenue	40.7	26.3	13.7	0.7	-
Gross margin	15.6	5.7	11.2	-1.3	-
Costs, excl. depreciation and amortization	19.5	-	-	0.6	18.9
Operating profit/loss	-4.0	5.7	11.2	-1.9	-19.0
Income from investments in joint ventures*)	8.0	7.4	0.3	-	0.3
Financing, net	-10.2	0.1	-8.9	-0.4	-1.0
Profit/loss before tax**)	-5.9	13.6	2.6	-2.4	-19.7
Tax on the profit/loss for the period	0.8				
Profit/loss for the period	**-6.7**				

*) 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 2015/16, 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 -3.8 million before tax, excluding discontinuing activities, have been calculated as pre-tax results of DKK -5.9 million adjusted for losses on discontinuing activities of DKK 2.4 million and tax on the results of joint ventures of DKK -0.3 million.

BALANCE SHEET STRUCTURE AT 30 APRIL 2015 (DKKM)

Balance sheet	30 Apr 2015	Property development	Asset management	Discontinuing	Unallocated
Assets					
Investment properties	78.3	-	-	78.3	-
Investments in joint ventures	170.5	105.1	65.4	-	-
Non-current receivables	137.9	70.1	67.8	-	-
Other non-current assets	163.9	2.2	1.5	13.0	147.2
Projects in progress or completed	2,168.2	931.7	1,083.9	152.6	-
Current receivables	64.3	40.1	20.9	3.2	0.1
Cash, cash equivalents, escrow accounts, etc.	80.2	64.3	9.7	-	6.2
Assets	**2,863.3**	**1,213.5**	**1,249.2**	**247.1**	**153.5**
Equity and liabilities					
Equity	**1,513.8**	**863.3**	**411.0**	**195.9**	**43.6**
Credit institutions	1,198.8	269.7	813.2	37.8	78.1
Other liabilities	150.7	80.5	25.0	13.4	31.8
Equity and liabilities	**2,863.3**	**1,213.5**	**1,249.2**	**247.1**	**153.5**
Solvency ratio	**52.9 %**	**71.1 %**	**32.9 %**	**79.3 %**	**28.4 %**

- The asset management segment is described on pages 19-22. 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 page 23, which provides more details about TK Development's properties and projects in the countries where Management has decided to phase out activities.

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

ACCOUNTING POLICIES

The Interim Report for Q1 2015/16 is presented in accordance with the International Financial Reporting Standards (IFRS), as adopted by the EU, and Danish disclosure requirements for listed companies.

The Interim Report has been presented in accordance with the financial reporting standards (IFRS/IAS) and IFRIC interpretations applicable for financial years beginning at 1 February 2015.

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

With effect from 1 February 2015, 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.

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 Interim Report, 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 2014/15 Annual Report.

INCOME STATEMENT

Revenue

The revenue for the period under review totalled DKK 40.7 million against DKK 123.3 million in Q1 2014/15. The revenue stems from the sale of projects, rental and fee income, etc.

Gross margin

The gross margin for Q1 2015/16 amounted to DKK 15.6 million against DKK 22.1 million in Q1 2014/15. The gross margin derives mainly from the operation of the Group's wholly owned completed projects, the operation of the Group's German investment property, profits on handed-over projects and fee income.

Handed-over projects

The projects handed over in Q1 2015/16 include the following:

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. In Q1 2015/16 TK Development sold its share of the joint venture at a profit to one of the other owners.

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 completed and let to jem & fix and Petworld. The Petworld premises were handed over to a private investor in Q1 2015/16. The selling price corresponds to the carrying amount.

In addition, TK Development has sold a few plots of land and generated fee income on a few projects.

Staff costs and other external expenses

Staff costs amounted to DKK 13.9 million against DKK 13.7 million in Q1 2014/15. The number of employees totalled 89 at 30 April 2015 (31 January 2015: 88), including employees working at operational centres.

Other external expenses for the period under review totalled DKK 5.6 million against DKK 5.8 million in Q1 2014/15.

Results of joint ventures

The results of joint ventures amounted to DKK 8.0 million in

Q1 2015/16 against DKK 19.6 million in the same period the year before. These results include the operation of the Group's partly owned completed projects, the operation of the Group's interests in projects classified as investment properties and profits, etc. on the sale of partly owned projects. For example, the profit on the sale of TK Development's ownership interest in the joint venture that developed residential units at Smallegade, Frederiksberg, Denmark, is included in these results.

Financing

TK Development realized net financing expenses of DKK 10.2 million against DKK 16.9 million in Q1 2014/15. The decline is largely attributable to the effect of selling several plots of land and major completed projects.

Corporate income tax

Tax on the results for the period amounts to DKK 0.8 million, and tax withheld from the results of joint ventures amounts to DKK -0.3 million. Thus, total tax payments for Q1 2015/16 amount to DKK 0.5 million. Tax payments should be viewed in light of the different tax rates applicable in the individual countries and the fact that the tax asset calculated for the period in respect of discontinuing activities was recognized at DKK 0.

BALANCE SHEET

The Group's balance sheet total came to DKK 2,863.3 million against DKK 2,845.2 million at 31 January 2015.

Goodwill

Goodwill amounted to DKK 33.3 million and is unchanged compared to 31 January 2015. Goodwill relates to the Group's property development and asset management activities in Poland and the Czech Republic. There are no indications of any need to impair the value of goodwill.

Investment properties

TK Development's investment properties consisted of only one German investment property at 30 April 2015, with a value of DKK 78.3 million against DKK 78.1 million at 31 January 2015. 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 170.5 million at 30 April 2015 against DKK 171.9 million at 31 January 2015.

The projects owned in joint ventures at 30 April 2015 consist mainly of the following:

Development projects:

- Jelenia Góra, Poland.
- Amerika Plads, Denmark: Underground car park and lots A and C.
- Østre Havn, Denmark, including Alfa Laval.

Asset management projects:

- Galeria Tarnovia, Tarnów, Poland.
- Ringsted Outlet, Denmark.

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 113.0 million in the balance sheet against DKK 114.7 million at 31 January 2015.

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 30 April 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 2,168.2 million against DKK 2,121.7 million at 31 January 2015. The increase is a combined result of a rise in the Group's portfolio of ongoing projects and a fall due to the sale of projects, including plots of land.

Total prepayments based on forward-funding agreements amounted to DKK 27.2 million against DKK 5.0 million at 31 January 2015. The increase is attributable to accumulated forward funding of ongoing projects.

The Group's total portfolio of completed projects and investment properties, excluding projects and investment properties in joint ventures, amounted to DKK 1,186 million at 30 April 2015 (31 January 2015: DKK 1,185 million), and the Group's net interest-bearing debt amounted to DKK 997 million (31 January 2015: DKK 1,000 million).

Cash and cash equivalents

Cash and cash equivalents amounted to DKK 6.0 million against DKK 23.6 million at 31 January 2015. TK Development's total cash resources, see note 4 in the Interim Report, came to DKK 183.6 million against DKK 268.3 million at 31 January 2015.

Equity

The Group's equity came to DKK 1,513.8 million against DKK 1,509.4 million at 31 January 2015.

Since 31 January 2015, equity has partly been affected by the results for the period and positive market-value adjustments after tax of DKK 11.1 million related to foreign subsidiaries and joint ventures as well as hedging instruments.

The solvency ratio amounts to 52.9 %.

Non-current liabilities

The Group's non-current liabilities represented DKK 21.2 million against DKK 19.8 million at 31 January 2015.

Current liabilities

The Group's current liabilities represented DKK 1,328.3 million against DKK 1,316.0 million at 31 January 2015.

CASH FLOW STATEMENT

The Group's cash flows from operating activities were negative in the amount of DKK 18.4 million (Q1 2014/15: positive in the amount of DKK 15.1 million). This amount includes an increase in funds tied up in projects, an increase in funds tied up in escrow accounts, etc., and a decrease in funds tied up in receivables, lower debt, interest paid, as well as other operating items.

Cash flows from investing activities were positive in the amount of DKK 1.9 million (Q1 2014/15: positive in the amount of DKK 196.5 million). Cash flows in Q1 2014/15 included the sale of the Group's 75 % stake in the Fashion Arena Outlet Center, Prague, the Czech Republic.

Cash flows from financing activities were negative in the amount of DKK 2.3 million (Q1 2014/15: negative in the amount of DKK 210.0 million). The negative cash flows result from a reduction in payables to credit institutions.

Overall, cash flows for the period were negative in the amount of DKK 18.8 million against positive cash flows of DKK 1.6 million in the same period the year before.

FINANCIAL ISSUES

Net interest-bearing debt amounted to DKK 997.4 million at 30 April 2015 against DKK 1,000.4 million at 31 January 2015.

Project credit facilities of DKK 0.5 billion at 31 January 2015 that were due to expire prior to end-January 2016 were prolonged in the first quarter of 2015/16.

TK Development has a general agreement with the Group's main banker about operating and project credits. In Q1 2015/16 the agreement, which is usually renegotiated once a year, was extended until 1 May 2016.

One of the Group's partly owned companies is taking steps to reshuffle tenants in its shopping centre in order to optimize tenant mix variety and customer flow. This has resulted in a temporary decline in occupancy rate and net rent, and the company is currently negotiating a solution with the bank providing credit facilities.

Financial conditions on today's market point in the direction of declining interest margins, and as part of an ongoing process Management will constantly seek to reduce the Group's financing costs by optimizing loans and renegotiating interest margins.

Management attaches great weight to the Group's solvency and aims to maintain a constant minimum solvency ratio of 40 %. The solvency ratio amounted to 52.9 % at 30 April 2015.

OUTLOOK FOR 2015/16

Management still 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 Interim Report, including earnings expectations, are naturally subject to risks and uncertainties, which may result in deviations from the expected results. Various factors may impact on expectations, as outlined in the section "Risk issues" in the Group's 2014/15 Annual Report, particularly the valuation of the Group's project portfolio, as described under "Business risks" and "Risks related to the presentation of financial statements".

SUBSEQUENT EVENTS

After the reporting date, TK Development has obtained CSM approval of the Group's shopping centre project in Esbjerg, BROEN, and the conditional agreement made with CapMan Real Estate was finally completed in May 2015. Thus, CapMan Real Estate has joined the project at its current stage, with a 65 % ownership interest, and will participate in completing its development.

TK Development has developed a 6,000 m² office project in Aalborg, Denmark, for the international Alfa Laval Group, which has entered into a long-term lease for the property. Construction was completed in April 2015, and the completed project was handed over to the investor, PensionDanmark, in June 2015, as planned. Thus, earnings from the sale will be recognized in the second quarter of 2015/16.

TK Development handed over a lot of about 13,000 m^2 at Amerika Plads, Copenhagen, Denmark, to A.P. Møller - Mærsk A/S in June 2015. TK Development's ownership interest amounts to 50 %, and the profit on this sale will thus impact TK Development's results in Q2 2015/16.

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

MARKET CONDITIONS

Generally, property markets are characterized by optimism, better opportunities than before for financing property acquisitions 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 – are at a level that enables new 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 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.

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:	Q1 2015/16: DKK 26.3 million (Q1 2014/15: DKK 23.7 million)
Gross profit/loss:	Q1 2015/16: DKK 5.7 million (Q1 2014/15: DKK 9.9 million)
Results of joint ventures:	Q1 2015/16: DKK 7.4 million (Q1 2014/15: DKK 0.6 million)
Balance sheet total:	30 Apr 2015: DKK 1,213.5 million (31 Jan 2015: DKK 1,172.1 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 development activities amounted to DKK 5.7 million in Q1 2015/16 against DKK 9.9 million in the same period of 2014/15. The results of joint ventures amounted to DKK 7.4 million against DKK 0.6 million in Q1 2014/15.

The development potential of the project portfolio represented 349,000 m² at 30 April 2015, of which sold projects accounted for 48,000 m² and remaining projects for 301,000 m². The project portfolio had a total development potential of 351,000 m² at 31 January 2015.

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

DKKm	31 Jan 2014	31 Jan 2015	30 Apr 2015
Sold			
Completed	2	0	52
In progress	10	94	88
Not initiated	0	44	30
Total	**12**	**138**	**170**
Remaining			
Completed	6	49	31
In progress	206	183	181
Not initiated	887	739	758
Total	**1,099**	**971**	**970**
Net project portfolio	**1,111**	**1,109**	**1,140**
Forward funding	59	5	27
Gross project portfolio	1,170	1,114	1,167
Forward funding in % of gross carrying amount of sold projects	83.1 %	3.5 %	13.7 %

Table 1

By means of forward funding, the Group reduces the funds tied up in the portfolio of sold projects. The increase in forward funding since 31 January 2015 results from an accumulation of forward funding relating to ongoing projects.

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

m² ('000)	31 Jan 2014	31 Jan 2015	30 Apr 2015
Sold			
Completed	0	0	3
In progress	21	10	38
Not initiated	0	35	7
Total	**21**	**45**	**48**
Remaining			
Completed	0	3	2
In progress	21	32	36
Not initiated	363	271	263
Total	**384**	**306**	**301**
Total project portfolio	**405**	**351**	**349**
Number of projects	**36**	**39**	**37**

Table 2

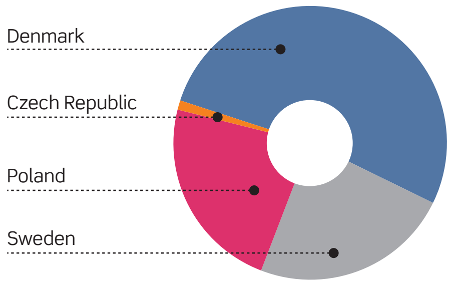
PROJECT OUTLINE

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							
Alfa Laval, Østre Havn	Aalborg	DK	Office	3,000	[1] 50 %	March 2014	April 2015
Ahlgade	Holbæk	DK	Mixed	1,200	100 %	October 2013	October 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
Strædet	Køge	DK	Mixed	34,300	100 %	March 2015	Spring 2017
Retail park, Marsvej, phase 2	Randers	DK	Retail	2,200	100 %	Spring 2015	End-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	7,380	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 %	Mid-2015	Early 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
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.**	**280,000**			

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

Geographical segmentation of the development potential in square metres:



COMPLETED PROJECTS

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

In the 2014/15 financial year, TK Development entered into a conditional agreement regarding the sale of a 6,000 m² office project in Aalborg. The project has been 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 was completed in April 2015, and Alfa Laval has moved into the building, which it rents. The project was handed over to the investor in June 2015. Thus, earnings from the sale will be recognized in the second quarter of 2015/16.

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 was sold and handed over to a housing association in the 2014/15 financial year. The commercial section has premises of about 1,200 m², which have been fully let to Imerco and the two Bestseller concepts Jack & Jones and Vila (Q4 2014/15: 100 %). Construction 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.

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.

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 have a positive impact on results 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.

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, sold and handed over to private investors, and the second phase has been fully let to Harald Nyborg. Construction started in spring 2015, and the project was sold to private investors after the reporting date, with the handover agreed to take place upon project completion.

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. 56 % of the units have been sold in advance (Q4 2014/15: 49 %). 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 24,600 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 2,400 m² and retail, restaurant and service premises totalling about 22,200 m². Letting is ongoing, and recently lease agreements have been concluded with anchor tenants such as New Yorker and Sportisimo. About 80 % of the premises have now been let (Q4 2014/15: about 61 %). Other tenants include Intermarché, H&M, Reserved, Stradivarius, Carry, Bershka, CCC, Deichmann and Rossmann. 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. The anchor tenants include Kvickly, H&M, Bahne, Fona, Imerco, Sportmaster and Gina Tricot.

A building permit has been granted for the project. Before construction could start, the project had to undergo a validation and approval procedure to ensure safe railway operations, etc. (CSM approval). After the reporting date, in May 2015, TK Development obtained CSM approval of the project. A contamination cleanup process and preliminary construction works have been ongoing during the past months, and the first turf was cut at the end of May 2015. The shopping centre is scheduled for completion in spring 2017.

In the first quarter of 2015/16, TK Development concluded a conditional agreement with CapMan Real Estate, which was finally completed in May 2015. Thus, CapMan Real Estate has joined the project at its current stage, with a 65 % ownership interest, and will participate in completing its development. The sale will have no immediate impact on the Group's results. The project earnings relate to the earnings potential on the remaining 35 % ownership interest, to which must be added continuous fee income from letting and project development.

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 lot was handed over to A.P. Møller - Mærsk A/S in June 2015, and the profit on the sale will thus impact TK Development's results in the second quarter of 2015/16.

DLU has 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. In the 2014/15 financial year, the lot was handed over to the company owned on a 50/50 basis by AP Pension and DLU. The aim is to build about 120 high-quality apartments for sale to private owners. The jointly owned company has obtained an approval in principle from the public authorities, with construction 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 to the respective buyers, expected to take place from the beginning of 2017.

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 has been 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.

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.

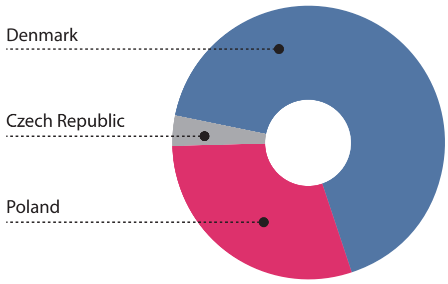
ASSET MANAGEMENT

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

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

Asset management	
Countries:	Denmark, Sweden, Poland and the Czech Republic
Revenue:	Q1 2015/16: DKK 13.7 million (Q1 2014/15: DKK 15.9 million)
Gross profit/loss:	Q1 2015/16: DKK 11.2 million (Q1 2014/15: DKK 14.6 million)
Results of joint ventures:	Q1 2015/16: DKK 0.3 million (Q1 2014/15: DKK 21.9 million)
Balance sheet total:	30 Apr 2015: DKK 1,249.2 million (31 Jan 2015: DKK 1,249.9 million)
Number of employees at centres:	30 Apr 2015: 14 (31 Jan 2015: 13)

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



The gross margin for asset management activities amounted to DKK 11.2 million in Q1 2015/16 against DKK 14.6 million in Q1 2014/15. The gross margin declined compared to the year before, which was partly attributable to increased vacancy rates and discounts granted in a few of the shopping centres.

The results of joint ventures under asset management amounted to DKK 0.3 million in Q1 2015/16 against DKK 21.9 million in the same period the year before. The results for Q1 2014/15 included the profit on the sale of the Fashion Arena Outlet Center. The net rental income of joint ventures has dropped as a natural consequence of two completed projects being sold in the Czech Republic in the 2014/15 financial year: the Fashion Arena Outlet Center and Futurum Hradec Králové.

The Group's properties in the asset management segment comprised the following seven properties at 30 April 2015:

	Country	Type	TKD's ownership interest	Project area (m^2)	Current occupancy rate
Projects in joint ventures					
Investment properties					
Galeria Tarnovia, Tarnów	Poland	Shopping centre	30 %	16,500	78 %
Other completed projects					
Ringsted Outlet	Denmark	Outlet centre	50 %	13,200	75 %
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	97 %
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 four-screen cinema for Nordisk Film of about 1,400 m^2.

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 1,258.3 million at 30 April 2015 against DKK 1,256.1 million at 31 January 2015.

The annual net rent from the current leases in the total portfolio corresponds to a return on the carrying amount of 4.4 % (2014/15: 4.4 %), 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 6.5 % (2014/15: 6.7 %). 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 development of the most significant properties is 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 % (Q4 2014/15: 91 %)**
Footfall 2014	**3.1 million**

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

The Sillebroen shopping centre opened in spring 2010. The running in-and maturing phase took longer than expected, and 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. For the first months of 2015, the footfall is at index 110 and the revenue at index 101 compared to the same period of 2014.

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 has found 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 start in mid-2015.

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.

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	**78 % (Q4 2014/15: 84 %)**
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. During the first months of 2015, revenue and footfall have declined slightly relative to 2014. The occupancy rate has dropped to 78 % after several stores closed, including a major retail unit. As before, 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, as the centre's current supermarket operator, is expected to contribute to increasing footfall and centre revenue in the longer term.

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, Carry, Douglas, Rossmann, Stradivarius, CCC.

GALERIA SANDECJA, SHOPPING CENTRE, NOWY SĄCZ, POLAND

Opening	**October 2009**
Leasable area	**17,300 m², including a 5,000 m² hypermarket**
Occupancy rate	**97 % (Q4 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. During the first months of 2015, both revenue and footfall have decreased relative to the same period of 2014.

The change in the competitive situation has put the rental level under pressure, and for a period of time the shopping centre recorded an increased vacancy rate. Including the lease agreements recently concluded, the centre has now reached an occupancy rate of 97 %.

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 opened for business in April 2015. The ground-floor premises are now fully let, and negotiations are ongoing with potential tenants with a view to replacing a few weak 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	**75 % (Q4 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. 2014 was another year of progress for Ringsted Outlet, with an increase in footfall of about 10 % compared to 2013. Revenue grew by about 14 % relative to 2013, and the upward trend has continued during the first months of 2015.

Ringsted Outlet succeeded in substantially raising occupancy in 2014, a year that saw the opening of several new stores, including Stiletto, LEGO Wear, Hunkemöller, POMPdeLUX, Desigual and Samsonite. A lease agreement has recently been concluded with OBH Nordica, which opened for business at the end of 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.

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:	Q1 2015/16: DKK 0.7 million (Q1 2014/15: DKK 83.7 million)
Gross profit/loss:	Q1 2015/16: DKK -1.3 million (Q1 2014/15: DKK -2.4 million)
Balance sheet total:	30 Apr 2015: DKK 247.1 million (31 Jan 2015: DKK 250.3 million)
Number of employees:	30 Apr 2015: 2 (31 Jan 2015: 2)

The results of the discontinuing activities before tax amounted to DKK -2.4 million in Q1 2015/16 against DKK -4.5 million in Q1 2014/15. At 30 April 2015 the balance sheet total for the discontinuing activities amounted to DKK 247.1 million against DKK 250.3 million at 31 January 2015.

Discontinuing activities comprised the following at 30 April 2015:

- Germany: an investment property and two plots of land; a total of DKK 103.9 million.
- Finland: a plot of land; a total of DKK 7.2 million.
- Baltic States: a retail park project and two plots of land; a total of DKK 96.2 million.
- Russia: a minor project for letting; a total of DKK 23.6 million.

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

The Group's German investment property is a combined commercial and residential rental property in Lüdenscheid in western Germany. The value of this property amounted to DKK 78.3 million at 30 April 2015 against DKK 78.1 million at 31 January 2015. The value adjustment for the period under review amounts to DKK 0 million. As was the case at 31 January 2015, 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.

FINLAND

The Group's remaining plot of land in Finland is situated in Tammerfors and 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. Efforts are being made to sell this project as quickly as possible.

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

In Vilnius TK Development is developing a retail park with total premises of 11,300 m². The project has been 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 first phase of about 7,500 m² was completed and handed over to the investor in the 2014/15 financial year. The second phase of the project of about 3,800 m² has been fully let. Construction of this phase started in spring 2015, and the premises will be handed over to the buyer 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 m² and retail stores of about 850 m², or, in the alternative, office premises of 2-3,000 m². 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. For this purpose, Management has chosen to retain a small staff in the Baltic States.

RUSSIA

The Group's project in Moscow consists of Scandinavian-style dwellings that are used for rental. Efforts will be made to sell this project once market conditions have normalized.

FINANCIAL TARGETS

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

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

TRANSACTIONS WITH RELATED PARTIES

No major or unusual transactions were made with related parties in the first quarter of the 2015/16 financial year.

OTHER MATTERS

Senior Vice President in Poland acquitted

In 2006 the Senior Vice President in charge of the Group's Polish branch office was charged, and subsequently indicted, on account of irregularities related to obtaining regulatory approval of a Polish shopping centre project. Throughout the process, TK Development's Management has been unable to find any irregularities in connection with the project, and fails to comprehend that the Senior Vice President could be involved in the alleged practices.

Legal proceedings have been ongoing for a prolonged period, and in May 2015 a first-instance court acquitted the Group's Senior Vice President. The prosecution has chosen to appeal the decision to a second-instance court.

For a more detailed review of other matters relating to the Group, including risk issues, reference is made to the Group's Annual Report for 2014/15, which is available at the Company's website, www.tk-development.com.

The Board of Directors and Executive Board have today considered and adopted the Interim Report of TK Development A/S for the period from 1 February 2015 to 30 April 2015.

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

In our opinion, the Interim Report gives a true and fair view of the Group's financial position at 30 April 2015 and of the results of the Group's operations and cash flows for the period from 1 February 2015 to 30 April 2015.

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

Aalborg, 17 June 2015

EXECUTIVE BOARD

Frede Clausen
President and CEO

Robert Andersen
Executive Vice President

BOARD OF DIRECTORS

Niels Roth
Chairman

Peter Thorsen
Deputy Chairman

Arne Gerlyng-Hansen

Kim Mikkelsen

Morten E. Astrup

Henrik Heideby

INCOME STATEMENT

DKKm	Note	**Q1 2015/16**	Q1 2014/15	Full year 2014/15
Net revenue		**40.7**	123.3	854.7
External direct project costs	2	**-25.1**	-101.2	-757.9
Value adjustment of investment properties, net		**0.0**	0.0	-3.5
Gross profit/loss		**15.6**	22.1	93.3
Other external expenses		**5.6**	5.8	23.9
Staff costs		**13.9**	13.7	56.5
Total		**19.5**	19.5	80.4
Profit/loss before financing and depreciation		**-3.9**	2.6	12.9
Depreciation and impairment of non-current assets		**0.1**	0.1	0.6
Operating profit/loss		**-4.0**	2.5	12.3
Income from investments in joint ventures		**8.0**	19.6	30.1
Income from investments in associates		**0.3**	0.1	-9.7
Financial income		**2.5**	0.3	5.0
Financial expenses		**-12.7**	-17.2	-62.9
Total		**-1.9**	2.8	-37.5
Profit/loss before tax		**-5.9**	5.3	-25.2
Tax on profit/loss for the period		**0.8**	-2.0	12.5
Profit/loss for the period		**-6.7**	7.3	-37.7

EARNINGS PER SHARE IN DKK

Earnings per share (EPS)	**-0.1**	0.1	-0.4
Diluted earnings per share (EPS-D)	**-0.1**	0.1	-0.4

COMPREHENSIVE INCOME STATEMENT

Profit/loss for the period	**-6.7**	7.3	-37.7
Items that may be re-classified to profit/loss:			
Foreign-exchange adjustments, foreign operations	**17.2**	-5.5	0.9
Value adjustment of hedging instruments	**0.2**	0.0	0.2
Value adjustment of available-for-sale financial assets	**0.0**	0.1	0.0
Tax on other comprehensive income	**-6.6**	-0.3	-2.4
Other comprehensive income after tax from joint ventures	**0.3**	-0.3	-5.4
Other comprehensive income for the period	**11.1**	-6.0	-6.7
Comprehensive income for the period	**4.4**	1.3	-44.4

BALANCE SHEET

DKKm	Note	30 Apr 2015	31 Jan 2015
ASSETS			
Non-current assets			
Goodwill		**33.3**	33.3
Intangible assets		**33.3**	33.3
Other fixtures and fittings, tools and equipment		**0.9**	1.0
Property, plant and equipment		**0.9**	1.0
Investment properties		**78.3**	78.1
Investment properties		**78.3**	78.1
Investments in joint ventures		**170.5**	171.9
Investments in associates		**3.6**	3.2
Receivables from joint ventures		**133.2**	124.2
Receivables from associates		**4.7**	4.7
Other securities and investments		**13.1**	14.2
Financial assets		**325.1**	318.2
Deferred tax assets		**113.0**	114.7
Other non-current assets		**113.0**	114.7
Non-current assets		**550.6**	545.3
Current assets			
Projects in progress or completed		**2,168.2**	2,121.7
Trade receivables		**22.5**	71.4
Receivables from associates		**0.0**	1.9
Corporate income tax receivable		**0.1**	0.1
Other receivables		**29.1**	19.4
Prepayments		**12.6**	11.9
Receivables		**64.3**	104.7
Other securities and investments		**4.1**	4.1
Deposits in blocked and escrow accounts	4	**70.1**	45.8
Cash and cash equivalents	4	**6.0**	23.6
Current assets		**2,312.7**	2,299.9
ASSETS		**2,863.3**	2,845.2

BALANCE SHEET

DKKm	Note	**30 Apr 2015**	31 Jan 2015
EQUITY AND LIABILITIES			
Equity			
Share capital		**98.2**	98.2
Other reserves	5	**3.2**	-7.9
Retained earnings		**1,412.4**	1,419.1
Equity		**1,513.8**	1,509.4
Liabilities			
Provisions		**0.7**	0.5
Deferred tax liabilities		**20.5**	19.3
Non-current liabilities		**21.2**	19.8
Credit institutions		**1,198.8**	1,195.3
Trade payables		**69.6**	49.1
Corporate income tax		**11.3**	6.9
Provisions		**14.2**	15.0
Other debt		**28.8**	43.9
Deferred income		**5.6**	5.8
Current liabilities		**1,328.3**	1,316.0
Liabilities		**1,349.5**	1,335.8
EQUITY AND LIABILITIES		**2,863.3**	2,845.2

STATEMENT OF CHANGES IN EQUITY

DKKm	Share capital	Other reserves	Retained earnings	Total equity
Equity at 1 February 2014	98.2	587.7	867.8	1,553.7
Profit/loss for the period	0.0	0.0	7.3	7.3
Other comprehensive income for the period	0.0	-6.0	0.0	-6.0
Total comprehensive income for the period	0.0	-6.0	7.3	1.3
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 30 April 2014	98.2	-7.2	1,464.1	1,555.1
Equity at 1 February 2015	**98.2**	**-7.9**	**1,419.1**	**1,509.4**
Profit/loss for the period	**0.0**	**0.0**	**-6.7**	**-6.7**
Other comprehensive income for the period	**0.0**	**11.1**	**0.0**	**11.1**
Total comprehensive income for the period	**0.0**	**11.1**	**-6.7**	**4.4**
Equity at 30 April 2015	**98.2**	**3.2**	**1,412.4**	**1,513.8**

CASH FLOW STATEMENT

DKKm	Q1 2015/16	Q1 2014/15
Operating profit/loss	**-4.0**	2.5
Adjustments for non-cash items:		
Depreciation and impairment	**1.1**	1.1
Share-based payment	**0.0**	0.1
Provisions	**-0.8**	1.1
Foreign-exchange adjustment	**-3.1**	-4.4
Increase/decrease in investments in projects, etc.	**-21.2**	69.9
Increase/decrease in receivables	**41.2**	-13.6
Changes in deposits on blocked and escrow accounts	**-24.3**	6.2
Increase/decrease in payables and other debt	**7.1**	-24.6
Cash flows from operations	**-4.0**	38.3
Interest paid, etc.	**-17.3**	-19.8
Interest received, etc.	**2.6**	0.3
Corporate income tax paid	**0.3**	-3.7
Cash flows from operating activities	**-18.4**	15.1
Sale of joint ventures	**9.7**	145.1
Investments in joint ventures	**0.0**	-0.7
Increase/decrease in receivables from joint ventures	**-8.9**	62.5
Purchase of securities and investments	**0.0**	-10.4
Sale of securities and investments	**1.1**	0.0
Cash flows from investing activities	**1.9**	196.5
Raising of project financing	**44.9**	0.1
Reduction of project financing/repayments, credit institutions	**-47.2**	-210.1
Cash flows from financing activities	**-2.3**	-210.0
Cash flows for the period	**-18.8**	1.6
Cash and cash equivalents, beginning of period	**23.6**	6.1
Foreign-exchange adjustment of cash and cash equivalents	**1.2**	0.3
Cash and cash equivalents, end of period	**6.0**	8.0

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

NOTE 1. SEGMENT INFORMATION

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

DKKm	Development	Asset management	Discontinuing activities	Unallocated	Total
30 Apr 2015					
Net revenue, external customers	**26.3**	**13.7**	**0.7**	**0.0**	**40.7**
Profit/loss before tax	**13.6**	**2.6**	**-2.4**	**-19.7**	**-5.9**
Segment assets	**1,213.5**	**1,249.2**	**247.1**	**153.5**	**2,863.3**
Segment liabilities	**350.2**	**838.2**	**51.2**	**109.9**	**1,349.5**

DKKm	Development	Asset management	Discontinuing activities	Unallocated	Total
30 Apr 2014					
Net revenue, external customers	23.7	15.9	83.7	0.0	123.3
Profit/loss before tax	8.1	26.3	-4.5	-24.6	5.3
Segment assets	1,131.6	1,543.0	307.3	165.6	3,147.5
Segment liabilities	378.8	957.0	83.1	173.5	1,592.4

NOTE 2. EXTERNAL DIRECT PROJECT COSTS

	Q1 2015/16	Q1 2014/15	Full year 2014/15
Project costs	**24.1**	100.2	694.1
Impairment losses on projects in progress or completed projects	**1.0**	1.0	63.8
External direct project costs, total	**25.1**	101.2	757.9

NOTE 3. SHARE-BASED PAYMENT

For a more detailed description of the Group's incentive schemes, reference is made to the Group's 2014/15 Annual Report.

The development in outstanding warrants is shown below:

Number of warrants	**30 Apr 2015**	31 Jan 2015	30 Apr 2014
Outstanding warrants, beginning of year	**615,461**	615,461	615,461
Outstanding warrants, end of period	**615,461**	615,461	615,461
Number of warrants exercisable at the reporting date	**615,461**	615,461	615,461
Share-based payment recognized in the profit/loss (DKK million)	**0.0**	0.1	0.1

NOTE 4. LIQUIDITY RESERVES

	30 Apr 2015	31 Jan 2015
The liquidity reserves break down as follows:		
Cash and cash equivalents	**6.0**	23.6
Unutilized credit facilities	**107.5**	198.9
Total	**113.5**	222.5
Deposited funds for later release	**70.1**	45.8
Total liquidity reserve	**183.6**	268.3

NOTE 5. OTHER RESERVES

	Special reserve	Reserve for value adjustment of available-for-sale financial assets	Reserve for value adjustment of hedging instruments	Reserve for foreign exchange adjustments	Total
Other reserves at 1 February 2014	588.9	-0.1	-2.7	1.6	587.7
Special reserve transferred to distributable reserve	-588.9	0.0	0.0	0.0	-588.9
Other comprehensive income:					
Other comprehensive income after tax in joint ventures	0.0	0.0	0.0	-0.3	-0.3
Exchange-rate adjustment, foreign operations	0.0	0.0	0.0	-5.5	-5.5
Value adjustment of available-for-sale financial assets	0.0	0.1	0.0	0.0	0.1
Deferred tax on other comprehensive income	0.0	0.0	0.0	-0.3	-0.3
Other comprehensive income, total	0.0	0.1	0.0	-6.1	-6.0
Other reserves at 30 April 2014	0.0	0.0	-2.7	-4.5	-7.2
Other reserves at 1 February 2015	**0.0**	**-0.1**	**-2.0**	**-5.8**	**-7.9**
Other comprehensive income:					
Other comprehensive income after tax in joint ventures	**0.0**	**0.0**	**1.1**	**-0.8**	**0.3**
Exchange-rate adjustment, foreign operations	**0.0**	**0.0**	**0.0**	**17.2**	**17.2**
Value adjustment of hedging instruments	**0.0**	**0.0**	**0.2**	**0.0**	**0.2**
Deferred tax on other comprehensive income	**0.0**	**0.0**	**0.0**	**-6.6**	**-6.6**
Other comprehensive income, total	**0.0**	**0.0**	**1.3**	**9.8**	**11.1**
Other reserves at 30 April 2015	**0.0**	**-0.1**	**-0.7**	**4.0**	**3.2**

The reserve for value adjustment of financial assets available for sale comprises the accumulated net change in the fair value of financial assets classified as available for sale. The reserve is dissolved as the relevant financial assets are sold or expire.

The reserve for value adjustment of hedging instruments comprises the accumulated net change in the fair value of forward-exchange transactions and interest-rate hedging transactions concluded to hedge future transactions.

The reserve for foreign-exchange adjustments comprises all foreign-exchange adjustments arising on the translation of financial statements for enterprises with a functional currency other than Danish kroner; foreign-exchange adjustments relating to assets and liabilities that are part of the Group's net investment in such enterprises; and foreign-exchange adjustments relating to any hedging transactions that hedge the Group's net investment in such enterprises. On the sale or winding-up of subsidiaries, the accumulated foreign-exchange adjustments recognized in other comprehensive income in respect of the relevant subsidiary are transferrd to the profit or loss.

NOTE 6. CHANGES IN CONTINGENT ASSETS AND CONTINGENT LIABILITIES

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

NOTE 7. TRANSACTIONS WITH RELATED PARTIES

The Company has no related parties with a controlling interest.

The Company has the following related parties:

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

	30 Apr 2015	31 Jan 2015	30 Apr 2014
Board of Directors and Executive Board (and their related parties)			
Holding of shares, in terms of number (balance)	**30,306,745**	30,958,931	30,773,964
Obligation towards Executive Board, employee bonds (balance)	**0.0**	0.0	0.5
Fees for Board of Directors	**0.4**	1.4	0.4
Salaries, etc., Executive Board	**1.2**	5.2	1.2
Joint ventures			
Fees from joint ventures	**2.2**	14.8	0.2
Interest income from joint ventures	**2.2**	3.3	1.0
Interest expenses to joint ventures	**0.0**	-2.6	-0.6
Receivables from joint ventures (balance)	**133.2**	124.2	83.3
Payables to joint ventures (balance)	**0.0**	0.0	58.9
Associates			
Interest income from associates	**0.0**	0.2	0.0
Receivables from associates (balance)	**4.7**	6.6	16.6

No security or guarantees had been furnished for balances owing to or by related parties at the reporting date or at 31 January 2015. Receivables and payables are settled by payment in cash. No losses were realized on receivables from related parties. No impairment was made in Q1 2015/16 to provide for any probable losses on such receivables (Q1 2014/15: DKK 0.0 million).

NOTE 8. FINANCIAL INSTRUMENTS

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

During the period under review, no changes were made to the classification within the fair-value hierarchy. There have been no changes in the Group's situation or the financial markets that materially affect the disclosures regarding financial instruments measured at fair value as appearing from the Group's Annual Report for 2014/15.

TK Development A/S

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24256782

ISIN code:
DK0010258995 (TKDV)

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Website:
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Executive Board:
Frede Clausen and Robert Andersen

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

The Group's mission

The overall mission of TK Development is to create added value by developing real property. The Group is a development and service enterprise specialising in being the productive and creative liaison between tenants and investors.