

ILLUSTRATION:
AMERIKA HAVE, RESIDENTIAL UNITS
COPENHAGEN, DENMARK



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ANNUAL REPORT

2015/16

(1 February 2015 - 31 January 2016)



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SUMMARY

RESULTS FOR 2015/16

- The results before tax amounted to DKK -190.9 million*) for 2015/16 against DKK -17.4 million*) in 2014/15. This performance meets recent expectations.
- The Group's total results after tax amounted to DKK -222.3 million against DKK -37.7 million in 2014/15.
- The results before tax were impacted by a negative value adjustment of investment properties as well as the impairment of projects and goodwill for a total of DKK 194.6 million.
- The balance sheet total came to DKK 2,808.8 million against DKK 2,845.2 million at 31 January 2015. The Group's equity stood at DKK 1,285.7 million, equal to a solvency ratio of 45.8 %.

Overview of segments:

DKKm	Property development	Asset management	Unallocated
Profit/loss before tax	41.4	-127.0	-105.4
Balance sheet			
Development projects	759.2	-	-
Completed properties under asset management	-	1,169.8	-
Other asset management projects	-	137.9	-
Other assets	334.9	324.3	82.7
Total assets	1,094.1	1,632.0	82.7
Tied-up equity	646.5	577.2	62.0

STRATEGIC FOCUS 2018

- In December 2015 TK Development's Board of Directors determined a number of strategic goals and initiatives for the period until 2018. The aim is for TK Development to become an undiversified developer company and to create attractive shareholder value.
- The Group's future strategic focus is property development in Denmark, Sweden and Poland. The return on equity from this business area is expected to amount to 15-20 % p.a. before tax as from the 2017/18 financial year.
- The operation of the Group's asset management activities is to be matured and optimized, with a view to selling the activities within a period of three to five years, and the plan is to distribute the freed-up equity to TK Development's share-

holders.

- TK Development will continue its strong focus on substantially reducing the portfolio of land.
- The narrower future strategic focus will continuously reduce the Group's capacity costs in the period until 2018.

As part of the strategy, Management decided to launch a range of initiatives, including:

- To initiate a process to sell the Czech activities. The Czech plots of land were written down in Q3 2015/16 by DKK 35.0 million to cover the risks associated with this sale.
- To start the third of four phases of the Group's residential project in Bielany, Warsaw, Poland. Current budget estimates necessitated making a writedown for impairment of these plots of land, and in Q3 2015/16 they were written down by DKK 37.8 million. The value of the plots of land totalled DKK 181.7 million at 31 January 2016. In step with the startup of the third and fourth phases, the plots will be transferred to Projects in progress. In addition, another Polish plot of land has been written down by DKK 7.5 million, as negotiations about the partial sale of this plot are currently ongoing.
- To discontinue reporting separately on the Group's discontinuing activities. A DKK 78.0 million writedown for impairment was made in Q3 2015/16 to cover the special risks associated with these activities.

- To include land and development projects in the countries where the Group wishes to discontinue its activities in the longer term under asset management in the Group's future reporting.
- To write down goodwill by DKK 33.3 million; this writedown for impairment was made in Q3 2015/16.
- To write down tax assets in Poland and the Czech Republic to DKK 0 million.

OUTLOOK FOR 2016/17

- Management still expects consolidated results before tax for 2016/17 to total DKK 10-30 million.
- This profit estimate is based on the expectation that a number of ongoing small and medium-sized projects will be

*) Excluding tax withheld from Income from investments in joint ventures.

executed before the end of the current financial year. TK Development is recording good progress on the individual projects. The time horizon for the projects means that the majority of them are expected to be completed, handed over to the investor and thus recognized in income in Q4 2016/17. The Group's most significant development projects are not expected to contribute to consolidated results until subsequent financial years.

PROPERTY DEVELOPMENT

- The results for this business area amounted to DKK 41.4 million before tax in 2015/16. At 31 January 2016 the balance sheet total came to DKK 1,094.1 million, and the equity tied up represented DKK 646.5 million.
- The sales completed by TK Development in 2015/16 included the following, all in Denmark:
 - Sale of ownership interest in apartments for young people of about 1,500 m² in Frederiksberg, Copenhagen.
 - Sale of retail stores of about 3,700 m² at Marsvej in Randers.
 - Sale of a 6,000 m² office project to Alfa Laval in Aalborg.
 - Sale of a lot of about 13,000 m² at Amerika Plads, Copenhagen, to A.P. Møller - Mærsk A/S, of which TK Development's ownership interest amounted to 50 %.
 - Sale of building rights for almost 9,000 m² in Køge to Køge Municipality.
 - Sale of a residential project of about 2,400 m² in Aarhus.
- Major development projects in progress:
 - Construction of the new shopping centre, BROEN Shopping, in Esbjerg, Denmark, started in May 2015. The current occupancy rate is 73 % of the premises. In May 2015 TK Development sold 65 % of the project to CapMan Real Estate, which is participating in completing its development. This sale has had no immediate impact on results.
 - The Group's Strædet project in Køge, Denmark, comprises retail and residential units as well as public service and parking facilities. Construction started in March 2015. The retail project, of which 72 % has been let, has been sold conditionally to the Finnish company Citycon together with the parking facilities.
 - The second phase of the residential project in Bielany in Warsaw, Poland, is progressing as planned. The second phase consists of 297 retail units and service facilities, and 85 % of the units have been sold in advance at the budgeted selling prices.
- Overall, TK Development has ongoing construction projects covering more than 85,000 m² and is recording good progress on these projects.
- The project pipeline is looking strong, and the projects are moving ahead at a good pace due to robust tenant and investor interest.

ASSET MANAGEMENT

- The results for this business area amounted to DKK -127.0 million before tax in 2015/16. At 31 January 2016 the balance sheet total came to DKK 1,632.0 million, and the equity tied up represented DKK 577.2 million.
- The portfolio of completed properties in this business area comprises a total floor space of 156,200 m² and at 31 January 2016 represented a value of DKK 1,169.8 million excluding joint venture projects and DKK 1,577.9 million including joint venture projects. The annual net rent from the current leases corresponds to a return on the carrying amount of 4.4 %. Based on full occupancy, the return on the carrying amount is expected to reach 6.2 %.
- Detailed development and operating plans have been drafted for each property, and good progress is being made in their realization in a number of areas.
- In addition, asset management activities comprise plots of land and development projects on markets where TK Development wishes to discontinue its activities in the longer term. The carrying amount of these plots and projects amounted to DKK 137.9 million at 31 January 2016.

FINANCIAL ISSUES

- In Q4 2015/16 TK Development entered into an agreement with PKA regarding a DKK 500 million refinancing of Silkeborg in Frederikssund, Denmark, over a five-year term.
- In Q3 2015/16 TK Development extended its agreement with the Group's main banker about operating and project credits until 30 September 2017.
- Of the total project credit facilities of DKK 1,392.8 million at 31 January 2016, facilities of DKK 336 million were due to expire prior to the end of January 2017. A significant portion of these facilities has been prolonged after the reporting date, and the remainder is expected to be prolonged before maturity.

SUMMARY

The expectations mentioned in this Annual Report, including earnings expectations, are naturally subject to risks and uncertainties, which may result in deviations from the expected results. Expectations may be impacted by factors generally applicable to the sector as well as the factors referred to under Risk issues and note 2 to the consolidated financial statements, Accounting estimates and judgments, including the valuation of the Group's project portfolio.

CONSOLIDATED FINANCIAL HIGHLIGHTS AND KEY RATIOS

DKKm 2011/12 2012/13 2013/14 2014/15 2015/16

FINANCIAL HIGHLIGHTS

Net revenue	309.2	567.6	330.7	854.7	327.8
Value adjustment of investment properties, net	0.5	-13.5	-9.5	-3.5	-25.0
Gross profit/loss	119.3	-129.7	102.5	93.3	-67.3
Operating profit/loss (EBIT)	-10.4	-230.6	10.7	12.3	-183.0
Income from investments in joint ventures	54.7	-32.5	37.5	30.1	30.4
Financing, etc.	-65.1	-71.8	-86.9	-57.9	-39.5
Profit/loss before tax and writedowns, etc.	-3.9	-6.8	-36.6	42.1	3.6
Profit/loss before tax	11.6	-332.5	-42.8	-25.2	-191.0
Profit/loss for the year	27.0	-493.3	-49.0	-37.7	-222.3
Comprehensive income for the year	6.7	-487.6	-55.5	-44.4	-223.7
Balance sheet total	4,182.9	3,509.3	3,347.1	2,845.2	2,808.8
Other fixtures and fittings, tools and equipment	4.7	2.5	1.3	1.0	0.9
Investment properties	197.6	167.3	103.2	78.1	53.3
Total project portfolio	2,830.0	2,394.7	2,334.6	2,121.7	2,013.6
Equity	1,876.4	1,389.7	1,553.7	1,509.4	1,285.7
Cash flows for the year	-24.3	-29.7	0.4	17.4	-17.1
Net interest-bearing debt, end of year	1,737.7	1,659.7	1,435.1	1,000.4	1,099.4

KEY RATIOS

Return on equity (ROE)	1.4 %	-30.2 %	-3.4 %	-2.5 %	-15.9 %
Solvency ratio (based on equity)	44.9 %	39.6 %	46.4 %	53.1 %	45.8 %
Equity value in DKK per share	32.2	23.9	15.8	15.4	13.1
Price/book value (P/BV)	0.3	0.4	0.4	0.6	0.5
Number of shares, end of year	42,065,715	42,065,715	98,153,335	98,153,335	98,153,335
Average numbers of shares, adjusted	42,065,715	42,065,715	74,870,019	98,153,335	98,153,335
Earnings per share (EPS) in DKK	0.5	-8.5	-0.7	-0.4	-2.3
Dividend in DKK per share	0	0	0	0	0
Listed price in DKK per share	9.8	9.0	6.7	9.0	7.2

KEY RATIOS ADJUSTED FOR WARRANTS

Return on equity (ROE)	1.4 %	-30.2 %	-3.4 %	-2.5 %	n/a
Solvency ratio (based on equity)	44.9 %	39.6 %	46.4 %	53.1 %	n/a
Equity value in DKK per share	32.2	23.9	15.8	15.4	n/a
Diluted earnings per share (EPS-D) in DKK	0.5	-8.5	-0.7	-0.4	n/a

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

STRATEGIC FOCUS 2018

In December 2015 TK Development's Board of Directors determined a number of strategic goals and initiatives for the period until 2018. The aim is for TK Development to become an un-diversified developer company and to create attractive shareholder value.

Property development

The Group's future strategic focus will be property development. Management believes that property development can continue to generate satisfactory earnings, a forecast underpinned by current market conditions in terms of land prices, construction costs, occupancy level and investors' return requirements.

The market focus will be narrowed further to comprise Denmark, Sweden and Poland exclusively in future.

- On the Group's current main markets, the market and business potential is assessed to be greatest in Denmark and Sweden.
- The Group currently has the largest risk exposure towards Poland, and will focus on reducing this exposure.

In terms of segments, the Group will focus on shopping centres, retail parks and – increasingly – residential projects. At the same time Management wishes to maintain a spread in the project portfolio between large and complex development projects falling within the Group's sphere of competence and small and medium-sized 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.

The return on equity in this business area is expected to amount to 15-20 % p.a. before tax as from the 2017/18 financial year, and capacity costs will be allocated to the property development and asset management business areas as from the 2016/17 financial year.

The balance sheet total for this business area amounted to DKK 1,094.1 million at 31 January 2016, and the equity tied up represented DKK 646.5 million.

Asset management

The Group's asset management activities comprise the operation of the Group's completed properties, as well as plots of land and development projects on the markets where the Group wishes to discontinue its activities in the longer term.

The operation of the assets is to be matured and optimized,

and a more detailed account is given below in the section Asset management, page 25.

The aim is to sell the assets within a three- to five-year period and to distribute the equity thus freed up to TK Development's shareholders.

The balance sheet total for this business area amounted to DKK 1,632.0 million at 31 January 2016, and the equity tied up represented DKK 577.2 million.

Reduction of capital tied up in land

The Group currently has a substantial amount of equity tied up in projects not initiated (land), which hinders optimal capital allocation and the generation of satisfactory returns. Thus, TK Development will continue its strong focus on substantially reducing the portfolio of land.

The Group will attempt to sell its activities in the Czech Republic. The phase-out of the Czech activities will reduce the capital tied up in plots of land and cut capacity costs by a minimum of DKK 8.0 million p.a., equal to about 10 % of the Group's capacity costs.

The Group will initiate the third of four phases of the Bielany residential project in Warsaw, Poland. In step with the startup of the third and fourth phases, the plots will be transferred to Projects in progress.

As an element in these decisions, plots of land and projects in Poland and the Czech Republic were written down by a total amount of DKK 80.3 million in Q3 2015/16. A more detailed account is given below.

Discontinuing activities no longer categorized as a segment

At the same time Management decided to discontinue reporting separately on the Group's discontinuing activities. A DKK 78.0 million writedown for impairment was made to cover the special risks associated with these activities; see below.

The Group has now included the previous discontinuing activities under asset management in its reporting, and the comparative figures have been restated accordingly.

Other matters

The narrower future strategic focus will continuously reduce the Group's capacity costs in the period until 2018.



As a consequence of the above decisions and the expected low earnings on Polish activities over the next few years, Management has chosen to write down goodwill and tax assets related to the Central European activities to DKK 0; see below.

RESULTS

The results before tax amounted to DKK -190.9 million^{*)} for 2015/16 against DKK -17.4 million^{*)} in 2014/15. This performance meets recent expectations.

The Group's total results after tax amounted to DKK -222.3 million against DKK -37.7 million in 2014/15.

Results before tax have been impacted by the impairment of plots of land, projects and goodwill for a total of DKK 194.6 million. No impairment was recognized on plots of land and projects in Q4 2015/16. The impairment breaks down as follows:

- DKK 81.0 million is attributable to the impairment of plots of land and projects in the countries where the Group wishes to discontinue its activities in the longer term, as well as a negative value adjustment of the Group's German investment property (previously classified under discontinuing activities).
- DKK 35.0 million is attributable to the impairment of plots of land and projects in the Czech Republic.
- DKK 45.3 million is attributable to the impairment of plots of land in Poland.
- DKK 33.3 million is attributable to the impairment of goodwill.

Impairment of land and projects in countries where the Group wishes to discontinue activities in the longer term (previously discontinuing activities)

In December 2015 Management announced that the Group would no longer use the concept of discontinuing activities with effect from 31 October 2015. Management has previously pointed out that a major risk attaches to the timing, progress and discontinuance of these activities, and decided to make a DKK 78.0 million writedown for impairment in Q3 2015/16 to cover these special risks. This writedown included a negative value adjustment of the Group's German investment property of DKK 25.0 million. Together with other impairment of DKK 3.0 million unrelated to Management's decisions in December 2015, total impairment on the previous discontinuing activities amounted to DKK 81.0 million. Subsequently, these activities are assessed to have a usual risk profile. The previous discontinuing activities are now included under asset management.

Impairment of plots of land and projects in the Czech Republic, DKK -35.0 million

As mentioned above, Management has decided to phase out the Group's Czech activities. The Czech activities can be dis-

continued by selling individual assets, including land, rather than executing projects. The discontinuance of these activities is subject to uncertainty, and, on the basis of a specific assessment of the individual plots of land, Management made a writedown for impairment totalling DKK 35.0 million in Q3 2015/16 to provide for this uncertainty. The phase-out of the Czech activities will reduce capacity costs by a minimum of DKK 8.0 million p.a., equal to about 10 % of the Group's capacity costs. The Group's Czech activities are now included under asset management.

Impairment of plots of land in Poland, DKK -45.3 million

Management decided in December 2015 to initiate the third of the four phases of the Bielany residential project in Warsaw.

The sale of the second phase of the residential project has progressed successfully. At present 85 % of the apartments have been sold, and the rest of the apartments are expected to be sold in the course of spring 2016. The selling price per square metre has developed positively during the selling period.

Therefore, the advance sale of the third phase has started, enabling construction to start in spring 2016. The apartments are expected to be ready for handover in spring 2018, and the last phase is scheduled to start immediately afterwards. The entire project is expected to be completed before the end of 2019.

The project has been redesigned so as to comprise smaller residential units, thus adapting it to meet current market demands. As a result, the intensity of development will be lower than planned, and this change in area use will negatively impact the budget.

Based on current market conditions and the redesigned project, Management reassessed the project budget and identified an indication of impairment of DKK 37.8 million, which was recognized in Q3 2015/16. The land for phases three and four has been recognized at DKK 181.7 million after this impairment. The impairment is equal to slightly less than 10 % of the budgeted selling price for the two phases. The land value is expected to be realized through development before the end of 2019. The Group's total portfolio of land will then have been reduced by 32 % relative to the existing portfolio. Reference is made to page 21 for a more detailed description of the Group's portfolio of land.

Moreover, another of the Polish plots of land has been written down by DKK 7.5 million because attempts are being made to

^{*)} Excluding tax withheld from income from Investments in joint ventures.

sell a share of this plot to an investor, with a view to reducing the portfolio of land rather than keeping land for more long-term project development. A conditional agreement regarding the sale of this plot of land was concluded in Q4 2015/16.

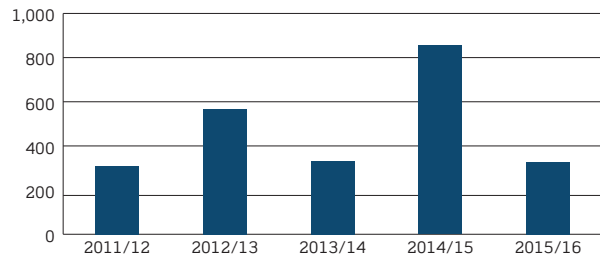
Impairment of goodwill, DKK -33.3 million

The goodwill of DKK 33.3 million previously recognized related to the Group’s activities in Poland and the Czech Republic. As a consequence of Management’s decision to sell the Czech activities and the low earnings expected on the Polish activities in the years ahead, goodwill was written down by DKK 33.3 million to DKK 0 in Q3 2015/16.

Revenue

The revenue for 2015/16 totalled DKK 327.8 million against DKK 854.7 million in 2014/15. The revenue stems from the sale of projects, rental and fee income, etc. Revenue varies from year to year, depending on which projects have been handed over to investors, as the Group’s revenue is essentially recognized at the time of project handover - and thus risk transfer - to the investor.

Development in revenue



■ Revenue, DKKm

Gross profit/loss

The gross results for the 2015/16 financial year amounted to DKK -67.3 million against DKK 93.3 million in 2014/15. The gross results include the impact from projects handed over in the property development business area, particularly from Danish projects, the operation of the Group’s wholly and partly owned completed properties, fee income and impairment; see above.

The projects handed over are described in the section Property development.

Residential Park, Bielany, phase 3, Warsaw, Poland - completion scheduled for spring 2018



RESULTS FOR 2015/16 AND OUTLOOK FOR 2016/17

Staff costs and other external expenses

Staff costs and other external expenses amounted to DKK 82.0 million against DKK 80.4 million the year before. The number of employees totalled 84 at 31 January 2016 against 88 at 31 January 2015.

Income from investments in joint ventures

The results of joint ventures amounted to DKK 30.4 million in 2015/16 against DKK 30.1 million in 2014/15.

The most significant projects developed/owned by joint ventures are:

Development projects

- BROEN Shopping, shopping centre, Esbjerg, Denmark.
- Østre Havn, Aalborg, Denmark, including an office project for Alfa Laval.
- Ownership interest in the residential project Amerika Have (previously Amerika Plads, lot C), Copenhagen, Denmark.

Asset management projects

- Galeria Nowy Rynek, Jelenia Góra, Poland.
- Galeria Tarnovia, Tarnów, Poland.
- Ringsted Outlet, Denmark.
- Amerika Plads, underground car park, Copenhagen, Denmark.

The underlying activities in joint ventures thus comprise property development in Denmark and asset management in Denmark and Poland.

Income from investments in joint ventures breaks down as follows:

DKKm	2015/16	2014/15
Revenue	156.1	491.2
Gross profit/loss	39.4	39.9
Costs, excl. depreciation and amortization	0.8	0.5
Operating profit/loss	38.6	39.4
Financing, net	-8.1	-1.5
Profit/loss before tax	30.5	37.9
Tax on profit/loss for the year	0.1	7.8
Profit/loss for the year	30.4	30.1

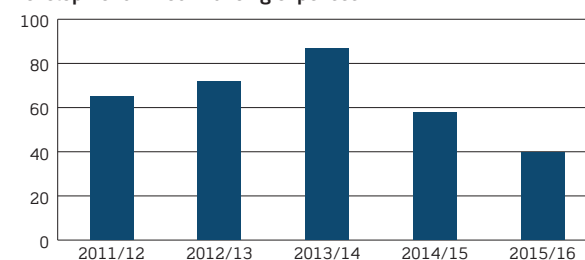
The individual projects are described in more detail in the two sections entitled Property development and Asset management.

Financing

Net financing expenses for the 2015/16 financial year amounted to DKK 39.5 million against DKK 57.9 million in 2014/15.

The decline is mainly attributable to the effect of selling major completed properties in the 2014/15 financial year, including the two Czech properties, the Fashion Arena Outlet Center and Futurum Hradec Králové.

Development in net financing expenses



■ Net financing expenses, etc., DKKm

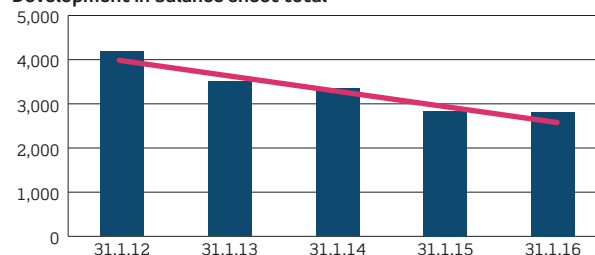
Corporate income tax

Tax on the results for the year amounts to DKK 31.3 million, which includes impairment of foreign tax assets totalling DKK 47.5 million, partly attributable to the decision to sell the Group's Czech activities and the low earnings expected on the Polish activities in the years ahead. Therefore, the effective tax rate for the Group was -16 % in 2015/16.

BALANCE SHEET

The balance sheet total came to DKK 2,808.8 million against DKK 2,845.2 million at 31 January 2015.

Development in balance sheet total



■ Balance sheet, DKKm ■ Trend

Investment properties

TK Development's investment properties consisted of only one German investment property at 31 January 2016. After a negative value adjustment of DKK 25 million in Q3 2015/16, the carrying amount of the property was DKK 53.3 million at 31 January 2016. The property is described in more detail under the heading Asset management below.

Investments in and receivables from joint ventures

Net investments in and receivables from joint ventures amounted to DKK 456.4 million against DKK 296.1 million at 31 January

2015. Part of the increase is attributable to the Group's 35 % ownership interest in BROEN Shopping, Esbjerg, which has been included under joint ventures after the sale of 65 % of the project to CapMan Real Estate.

Deferred tax assets

Deferred tax assets totalled DKK 81.6 million against DKK 114.7 million at 31 January 2015. The deferred tax assets relate to the Group's Danish activities exclusively, as the tax assets relating to the Czech and Polish activities have been written down to DKK 0; see above. The valuation has been based on existing budgets and profit forecasts as well as various time estimates, and consequently the valuation is subject to uncertainty.

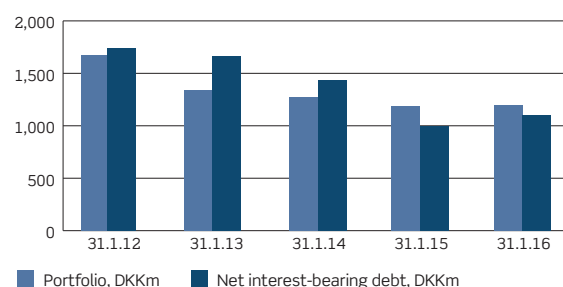
Projects in progress or completed

The total project portfolio came to DKK 2,013.6 million against DKK 2,121.7 million at 31 January 2015. The decline is a combined result of a rise in the Group's portfolio of ongoing projects, including Strædet in Køge; a fall due to the sale of projects and plots of land, including BROEN Shopping in Esbjerg, which is recognized as a net investment under Investments in joint ventures after its partial sale; and finally the impairment of plots of land and projects recognized in Q3 2015/16. Total prepayments from customers came to DKK 75.6 million against DKK 5.0 million at 31 January 2015.

With a carrying amount of DKK 2,013.6 million, 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 the estimated net realizable value amounted to DKK 1,525.9 million at 31 January 2016 (31 January 2015: DKK 1,549.0 million). 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.

The development in the total portfolio of completed projects and investment properties, excluding joint venture projects and investment properties, is shown below together with the development in net interest-bearing debt.

Completed projects/investment properties and interest-bearing debt



Deposits in escrow accounts

Deposits in escrow accounts totalled DKK 94.1 million against DKK 45.8 million at 31 January 2015. This amount consists largely of prepayments from customers, which are released upon the handover of projects.

Cash and cash equivalents

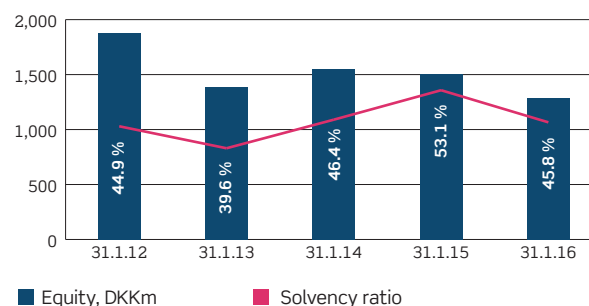
Cash and cash equivalents amounted to DKK 5.6 million against DKK 23.6 million at 31 January 2015. TK Development's total cash resources, see note 30 to the consolidated financial statements, came to DKK 131.5 million against DKK 268.3 million at 31 January 2015.

Equity

The Group's equity came to DKK 1,285.7 million against DKK 1,509.4 million at 31 January 2015. The solvency ratio stood at 45.8 %, compared to 53.1 % at 31 January 2015. Management attaches great weight to the Group's solvency and aims to maintain a constant minimum solvency ratio of 40 %.

In 2015/16 equity was impacted by the results for the year and negative market-value adjustments after tax of DKK 1.4 million.

Equity and solvency



Liabilities

The Group's non-current liabilities represented DKK 48.6 million against DKK 19.8 million at 31 January 2015.

Current liabilities have increased by DKK 158.5 million to DKK

RESULTS FOR 2015/16 AND OUTLOOK FOR 2016/17

1,474.5 million since 31 January 2015. The increase is primarily attributable to debt owing to credit institutions.

CASH FLOWS

The cash flows for the year amounted to DKK -17.1 million against DKK 17.4 million the year before.

Cash flows from operating activities were negative in the amount of DKK 94.8 million (2014/15: positive in the amount of DKK 23.6 million). This amount includes a net increase in funds tied up in projects, a combined result of project sales and investments in ongoing construction projects. In addition, the amount includes a reduction in funds tied up in receivables, an increase in funds tied up in escrow accounts, interest paid and other operating items.

Cash flows from investing activities were negative in the amount of DKK 123.2 million (2014/15: positive in the amount of DKK 414.9 million), consisting mainly of investments in and loans to joint ventures, partly as a consequence of recognizing the Group's project BROEN Shopping in Esbjerg, Denmark, under joint ventures after the sale of 65 % to CapMan Real Estate.

Cash flows from financing activities are positive in the amount of DKK 200.9 million, a combined result of project loans being raised for ongoing projects and payables to credit institutions being reduced (2014/15: negative in the amount of DKK 421.1 million).

FINANCIAL ISSUES

In Q4 2015/16 TK Development entered into an agreement with PKA regarding a DKK 500 million refinancing of Silkeborg, Frederikssund, Denmark, over a five-year term.

TK Development has a general agreement with its main banker about operating and project credits. In Q3 2015/16 the agreement, which is usually renegotiated once a year, was extended until 30 September 2017.

One of the Group's partly owned companies in Poland is taking steps to change the tenant composition of 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 negotiating a solution with the bank providing credit facilities.

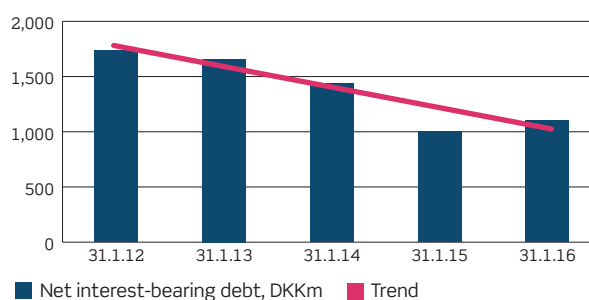
Of the total project credit facilities of DKK 1,392.8 million at 31 January 2016, facilities of DKK 336 million were due to expire

prior to the end of January 2017. A significant portion of these facilities has been prolonged after the reporting date, and the remainder is expected to be prolonged before maturity.

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.

Net interest-bearing debt amounted to DKK 1,099.4 million at 31 January 2016 against DKK 1,000.4 million at 31 January 2015.

Development in net interest-bearing debt



PARENT COMPANY, TK DEVELOPMENT A/S

Management has chosen to implement the amendments to IAS 27 before the effective date, which means that investments in group enterprises are now recognized and measured according to the equity method. The comparative figures have been restated accordingly. The results and equity of the Parent Company, TK Development A/S, are thus equal to consolidated results and equity. The impact of the implementation appears from note 1 to the Parent Company's financial statements.

OUTLOOK FOR 2016/17

Management still expects consolidated results before tax for 2016/17 to total DKK 10-30 million.

This profit estimate is based on the expectation that a number of ongoing small and medium-sized projects will be executed before the end of the current financial year. TK Development is recording good progress on the individual projects. The time horizon for the projects means that the majority of them are expected to be completed, handed over to the investor and thus recognized in income in Q4 2016/17. The Group's most signifi-

cant development projects are not expected to contribute to consolidated results until subsequent financial years.

The expectations mentioned in this Annual Report, including earnings expectations, are naturally subject to risks and uncertainties, which may result in deviations from the expected results. Expectations may be impacted by factors generally applicable to the sector as well as the factors referred to under Risk issues and note 2 to the consolidated financial statements, Accounting estimates and judgments, including the valuation of the Group's project portfolio.

SUBSEQUENT EVENTS

Other than those mentioned in the Management Commentary, no significant events that may affect the Company's financial position have occurred after the reporting date.

THE BOARD OF DIRECTORS

The Board of Directors is composed of six members. Niels Roth has been elected as Chairman and Peter Thorsen as 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. All members of the Board of Directors are prepared to stand for re-election.

DIVIDENDS

The Board of Directors recommends that the Annual General Meeting resolve not to distribute dividends for the 2015/16 financial year.

TRANSACTIONS WITH RELATED PARTIES

In Q3 2015/16 TK Development sold a property to a private property company in which one of the members of TK Development's Board of Directors owns an interest. The sale was effected as part of the Group's normal operations. The related party's proportionate share of the selling price is DKK 8.1 million. As regards other transactions with related parties, reference is made to note 31 in the consolidated financial statements.

Strædet, Køge, Denmark - handover to investor scheduled for autumn 2017



MARKET CONDITIONS

Management's general assessment of the market conditions in the property sector is unchanged compared to the Group's most recently published assessment.

Generally, property markets are characterized by optimism, reasonable opportunities for financing property acquisitions and a fair amount of investor interest. The historically low interest level and surplus of liquidity have contributed to increasing interest in real property as an asset class, particularly among institutional investors.

Management believes that the development of real property, termed property development, can continue to generate satisfactory earnings, a forecast underpinned by current market conditions in terms of land prices, construction costs, occupancy rates and investors' return requirements.

The Group's markets are characterized by expectations for moderate to respectable economic 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.

DENMARK

Denmark recorded growth again in 2015. However, Denmark's economic recovery lost momentum, with lower-than-expected growth due particularly to flagging exports over the summer and autumn. Nevertheless, growth proved high enough to curb unemployment in 2015, and the unemployment rate is expected to continue to decline gradually in the years to come. In the years ahead, growth is expected to remain moderate to low, while private consumption is expected to increase, but at a subdued rate.

The historically low interest level, real wage increases and the expectations for slightly lower unemployment figures and better labour market conditions will drive the stronger growth in

Strædet, Køge, Denmark - handover to investor scheduled for autumn 2017. Illustration of cinema project





MARKET CONDITIONS

domestic demand anticipated in the years to come.

In Management's opinion, the Danish property market is generally characterized by optimism, good opportunities for financing property acquisitions 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 residential segment to an even greater extent than before. This is reflected by an increase in TK Development's portfolio of residential projects. At the same time TK Development strives to achieve a spread in the project portfolio between small and medium-sized projects with a fairly short completion time and large, more complex projects.

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 low. 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 – who are increasing in number – are showing mounting interest in investing in properties in major towns and cities, with Copenhagen being the preferred location.

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 greater 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.

Retail tenants in particular are also focusing on the right location, and some are showing interest in new locations in small towns. 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 amount of interest in projects in major towns and cities has been recorded. Projects in attractive locations appeal to tenants and investors alike, and the demand for office space is increasing in step with declining unemployment rates. The vacancy rates for primary and secondary locations differ vastly. Demand for fairly new premises with a practical layout is expected to remain at a sound level in the years to come. The rental level for primary locations is expected to be relatively stable, but to remain under pressure for secondary locations.

The Group's waterfront areas, including in Aalborg, are considered attractive. The Group expects additional new office projects to consist mainly of combined retail/office projects or combined residential/office projects.

The residential market in Denmark holds wide appeal, particularly in the cities. There is demand for both rental dwellings and owner-occupied dwellings in the towns and cities that are recording substantial population growth. The migration towards major towns and cities is expected to continue in future years as well.

The rental level for rental housing is currently relatively high and expected to remain stable in the period ahead. Residential rental properties are attracting great investor interest. This interest is focused on locations in capitals, major towns and cities, where substantial population growth is being recorded. Potential investors include high-net-worth individuals, local or major property companies, institutional investors and foreign investors.

Moreover, the market for developing and selling housing to private owner-occupants remains 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	2014	2015	2016e	2017e
GDP (% yr./yr.)	1.5	0.7	2.0	1.9
Private consumption (% yr./yr.)	0.5	2.2	2.0	2.1
Unemployment (%)	6.6	6.0	5.8	5.6

(Source: The European Commission, European Economic Forecast, Winter 2016)

SWEDEN

The Swedish market continues to benefit from the strong

MARKET CONDITIONS

Swedish economy, with respectable growth in both consumption and investments. Sweden has one of the fastest-growing economies in the EU. Sustained growth in private consumption is anticipated in the years ahead. The unemployment rate has fallen in the past year and is expected to remain at an unchanged level in the years to come due to the integration of the large number of refugees arriving in Sweden.

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

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. Rental levels show a stable to slightly increasing trend for primary locations, while remaining under pressure for secondary locations.

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	2014	2015	2016e	2017e
GDP (% yr./yr.)	2.5	3.6	3.2	2.9
Private consumption (% yr./yr.)	2.2	2.4	2.6	2.8
Unemployment (%)	7.9	7.4	6.9	6.7

(Source: The European Commission, European Economic Forecast, Winter 2016)

POLAND

The positive development in the Polish economy since 2014 has continued. Poland has once again recorded respectable economic growth in 2015 and been able to resist and absorb the negative impacts of geopolitical uncertainty in Russia/Ukraine. Economic activity is characterized by strong domestic demand. 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. However, the political situation renders the country's economic development somewhat precarious.

Internet sales rose significantly in 2015 and are expected to continue accelerating in the years to come, as Internet sales to date have accounted for a fairly small percentage of retail sales compared to the Group's other markets. Climbing Internet sales are expected to intensify competition in the retail trade sector.

In Poland TK Development currently has activities in both the retail and the residential segment. The amount of equity tied up in projects is highest in Poland, and TK Development will therefore focus on reducing the level of tied-up capital in the period ahead.

In the retail market, strong national and international 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 also expected to focus 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 continue to dominate the Polish market. Property prices have shown a general increasing trend in the past year, and the



MARKET CONDITIONS

current price level is expected to be maintained in the period ahead.

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, although its current development could make it interesting in the longer term.

The residential market in Warsaw is driven by stable to slightly rising prices, a low interest level and confidence in sustained economic growth. The demand for housing is high, and the Group regularly concludes agreements for the sale of apartments in its ongoing residential project in Bielany, Warsaw. In the years to come, TK Development will focus on developing and completing the last phases of this residential project and on executing several minor residential projects, also in Warsaw.

Poland- startup in 1995	2014	2015	2016e	2017e
GDP (% yr./yr.)	3.2	3.1	3.4	3.3
Private consumption (% yr./yr.)	2.5	3.0	4.0	3.9
Unemployment (%)	9.0	7.5	7.0	6.5

(Source: The European Commission, European Economic Forecast, Winter 2016)

BROEN, shopping centre, Esbjerg, Denmark - completion scheduled for spring 2017



SEGMENT RESULTS

TK Development's segments comprise property development and asset management activities. With effect from 31 October 2015, TK Development stopped reporting on the business area previously defined as discontinuing activities, now included under asset management.

Consequently, property development now comprises the development of real property in Denmark, Sweden and Poland. The comparative figures have been restated accordingly.

RESULTS 2015/16 (DKKM)

Profit/loss	2015/16	Property development	Asset management	Unallocated
Revenue	327.8	247.7	80.1	-
Value adjustment of investment properties, net	-25.0	-	-25.0	-
Gross profit/loss	-67.3	7.6	-74.9	-
Costs, including depreciation, amortization and impairment of non-current assets	115.7	-	10.4	105.3
Operating profit/loss	-183.0	7.6	-85.3	-105.3
Income from investments in joint ventures ^{*)}	30.4	27.5	3.0	-0.1
Income from investments in associates	1.1	1.1	-	-
Financing, net	-39.5	5.2	-44.7	-
Profit/loss before tax	-191.0	41.4	-127.0	-105.4
Tax on profit/loss for the year	31.3			
Profit/loss for the year	-222.3			

^{*)} Income from investments in joint ventures has been calculated after tax in accordance with IFRS. In order to produce a correct breakdown by segment and a pre-tax result that can be used for comparison with the Group's results estimate for 2015/16, which is calculated before tax, tax on the results of joint ventures has been included in the column Unallocated.

BALANCE SHEET STRUCTURE AT 31 JAN 2016 (DKKM)

Balance sheet	31 Jan 2016	Property development	Asset management	Unallocated
Assets				
Investment properties	53.3	-	53.3	-
Investments in joint ventures	260.7	110.8	149.9	-
Non-current receivables	200.3	87.6	112.7	-
Other non-current assets	100.3	2.9	14.9	82.5
Projects in progress or completed	2,013.6	759.2	1,254.4	-
Current receivables	76.8	36.9	39.9	-
Cash, cash equivalents, escrow accounts, etc.	103.8	96.7	6.9	0.2
Assets	2,808.8	1,094.1	1,632.0	82.7
Equity and liabilities				
Equity	1,285.7	646.5	577.2	62.0
Credit institutions	1,392.8	368.7	1,024.1	-
Other liabilities	130.3	78.9	30.7	20.7
Equity and liabilities	2,808.8	1,094.1	1,632.0	82.7
Solvency ratio	45.8 %	59.1 %	35.4 %	75.0 %



PROPERTY DEVELOPMENT

The Group's primary business area is the development of real property, termed property development. The Group's strategic focus is property development in Denmark, Sweden and Poland.

The return on equity from this business area is expected to amount to 15-20 % p.a. before tax as from the 2017/18 financial year.

Property development - Denmark, Sweden and Poland		
DKKm	2015/16	2014/15
Revenue	247.7	694.5
Gross profit/loss	7.6	122.9
Results of joint ventures	27.5	11.6
Profit/loss before tax	41.4	132.0
	31 Jan 2016	31 Jan 2015
Balance sheet total	1,094.1	1,077.3
Tied-up equity	646.5	719.4

The results before tax amounted to DKK 41.4 million against DKK 132.0 million in 2014/15. Results include profits on project sales, see below, fee income and impairment of Polish plots of land for a total amount of DKK 45.3 million; see above. The 2014/15 results included the sale of 37,200 m² building rights at Østre Teglgade in Denmark and the sale of a 20,000 m² retail park in Barkarby in Sweden.

Handed-over projects

The projects handed over in 2015/16 included the following:

Residential units, 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 Frederiksberg. The apartments were ready for occupation in December 2014. 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 has developed a retail project of about 3,700 m² at Marsvej in Randers. The first phase of about 1,550 m² has been let to jem & fix and Petworld. The second phase of about 2,150 m² has been let to Harald Nyborg. The Petworld premises were handed over to a private investor in Q1 2015/16. The selling price corresponds to the carrying amount. Construction of the second phase was completed and the project handed over to the buyers in Q3 2015/16, thus impacting results in Q3 2015/16 positively.

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

The joint venture between TK Development and Frederikshavn Maritime Erhvervspark has developed a 6,000 m² office project in Aalborg for the international Alfa Laval Group and handed it over to the investor, PensionDanmark, which has bought the project 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. Earnings from the sale were recognized in Q2 2015/16.

Amerika Plads, lot A, Copenhagen, Denmark

Kommanditaktieselskabet Danlink Udvikling, which is owned 50/50 by Udviklingselskabet By & Havn I/S and TK Development, handed over lot A of about 13,000 m² at Amerika Plads to A.P. Møller - Mærsk A/S in June 2015. The selling price amounts to DKK 97.5 million, and the profit on the sale was recognized in Q2 2015/16.

Strædet, Køge, Denmark

As part of the Strædet project, TK Development has handed over building rights for almost 9,000 m² to Køge Municipality, as agreed, for the construction of a town hall and rehabilitation centre as well as other premises. The profit on the sale was recognized in Q3 2015/16.

Housing, Aarhus, Denmark

TK Development has sold a residential rental project of almost 2,400 m² in Aarhus to a private investor. The project was handed over to the investor in Q4 2015/16. The buyer will be in charge of executing the residential project, with TK Development managing construction. The profit on the sale was recognized in Q4 2015/16.

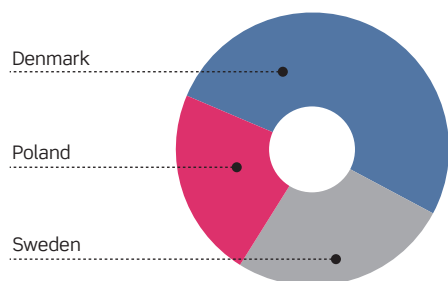
In addition, TK Development has sold a few minor plots of land and generated fee income on a few projects.

Project portfolio

At 31 January 2016 the development potential of the project portfolio represented sold projects of 31,000 m² and remaining projects of 298,000 m², a total of 329,000 m², as compared to 351,000 m² at 31 January 2015.

PROPERTY DEVELOPMENT

Geographical segmentation of the development potential of the project portfolio (m²):



Overall, TK Development has ongoing construction projects covering more than 85,000 m² and is recording good progress on these projects. The project pipeline is looking strong, and the projects are moving ahead at a good pace due to robust tenant and investor interest.

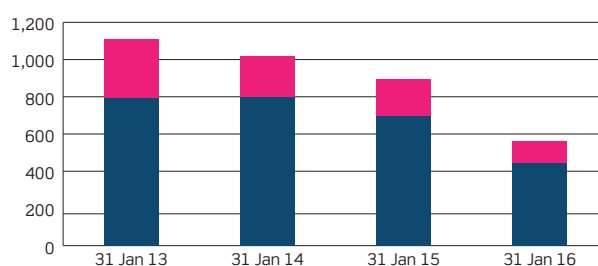
The development of the Group's project portfolio, including joint venture projects, is outlined below:

DKKm	31 Jan 2014	31 Jan 2015	31 Jan 2016
Sold			
Completed	2	0	0
In progress	10	94	228
Not initiated	0	44	0
Total	12	138	228
Remaining			
Completed	6	49	31
In progress	206	183	209
Not initiated	800	651	443
Total	1,012	883	683
Net project portfolio	1,024	1,021	911
Forward funding	59	5	76
Gross project portfolio	1,083	1,026	987
Forward funding in % of gross carrying amount of sold projects	83.1 %	3.5 %	25.0 %

Portfolio of land

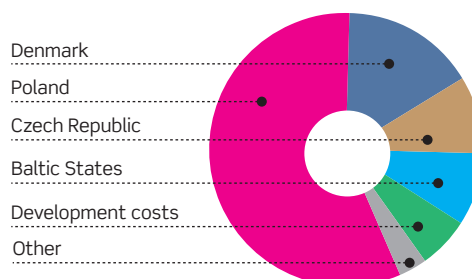
Despite the substantial reduction in the portfolio of land in the past few years, the amount of equity currently tied up in projects not initiated (plots of land) remains significant, hindering optimal capital allocation and the generation of satisfactory returns. Therefore, TK Development will continue its strong focus on substantially reducing the portfolio of land, either by selling plots or initiating projects. The development in recent years is shown in the diagram below.

Portfolio of land



■ Plots of land under property development
■ Plots of land under asset management

Portfolio of land at 31 January 2016 broken down by country (DKK):



When the last two phases of the residential project in Bielany, Warsaw, are initiated, the portfolio of land will be reduced by a further DKK 182 million.



PROJECT OUTLINE

The outline below lists the key projects in the property development portfolio. The outline includes projects both in wholly owned companies and in joint ventures. In addition, TK Development

is developing a number of small and medium-sized projects in the Group's primary segments: retail, office and residential segments, including mixed segments.

Project	City/town	Country	Segment	TKD's ownership share of area (m ²)	TKD's ownership interest	Construction start/expected construction start	Opening/expected opening
Completed							
Ahlgade	Holbæk	DK	Retail	1,200	100 %	October 2013	October 2014
In progress							
Strædet	Køge	DK	Mixed	25,300	100 %	March 2015	Autumn 2017
BROEN Shopping	Esbjerg	DK	Retail	10,430	35 %	May 2015	Spring 2017
Amerika Have	Copenhagen	DK	Residential	3,125	25 %	September 2015	Spring 2017
Retail project	Rødékro	DK	Retail	2,150	100 %	November 2015	March 2016
Residential Park, Bielany, phase 2	Warsaw	PL	Residential/services	14,850	100 %	June 2014	Spring 2016
Not initiated							
Vasevej	Birkerød	DK	Residential	1,900	100 %	-	-
Aarhus South, phase 2	Aarhus	DK	Retail	2,800	100 %	2016	2017
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	55,000	100 %	2017	2019
Retail park, Oskarshamn	Oskarshamn	SE	Retail	7,900	100 %	Mid-2016	Continuously
Retail park, Söderhamn	Söderhamn	SE	Retail	10,000	100 %	2017	2018
Residential Park, Bielany, phase 3	Warsaw	PL	Residential/services	15,650	100 %	Spring 2016	Spring 2018
Residential Park, Bielany, phase 4	Warsaw	PL	Residential/services	13,650	100 %	Spring 2018	Autumn 2019
Bytom Retail Park	Bytom	PL	Retail	21,400	100 %	Continuously	Continuously
Property development, total floor space				approx. 231,000			

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

COMPLETED PROJECTS

Ahlgade, Holbæk, Denmark

TK Development owns a retail property of about 1,200 m² in Holbæk. The property was completed in 2014 and has been fully let to the two Bestseller concepts Jack & Jones and Vila, as well as Imerco (Q3 2015/2016: 100 %).

PROJECTS UNDER CONSTRUCTION

Development of town centre, Strædet, Køge, Denmark

This project comprises about 34,300 m², excluding parking facilities, and is being built immediately next to Køge Station and the town centre shopping area. The total project, to be executed in phases, will comprise a retail project of about 19,000 m²; public service facilities of almost 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. Together with parking facilities of about 13,000 m², the retail project has been conditionally sold to the Finnish company Citycon. The sale to Citycon is expected to have a significant positive impact on results in the 2017/18 financial year when the completed project is handed over to the investor. The selling price is expected to amount to about DKK 560 million, based on a return of 6.25 %.

The building rights for a town hall and rehabilitation centre have been sold to Køge Municipality.

Construction of the first phase began in March 2015, and construction work on the next phases of the retail project has been initiated on an ongoing basis. The construction project has been delayed by six months due to challenges in the building process, including those posed by the project's central location alongside old town houses. The construction project is now making good progress, and the retail premises are expected to be completed and handed over to Citycon in autumn 2017.

PROPERTY DEVELOPMENT

Potential tenants are showing a good amount of interest in the retail project. A number of lease agreements with anchor tenants, including Irma, Fakta, H&M, Bones, Gina Tricot and Deichmann, are in place, and a lease agreement has been concluded with Nordisk Film Biografer regarding the establishment of a six-screen cinema. The current occupancy rate is 72 % for the overall retail project (Q3 2015/16: 75 %). The decline is due to the fact that a few lease agreements have not been extended in connection with the postponement of the opening from spring 2017 to autumn 2017.

BROEN Shopping, shopping centre, Esbjerg, Denmark

In Esbjerg TK Development is building a new shopping centre, BROEN Shopping, of about 29,800 m² at Esbjerg Station. The shopping centre is expected to comprise about 70 stores. Having attracted keen interest from future tenants, the Group has concluded lease agreements for about 73 % of the premises (Q3 2015/16: 65%). The anchor tenants include Kvickly, H&M, Bahne, Fona, Imerco, Sportmaster, Gina Tricot, Skoringen, Designers Market and Deichmann.

In May 2015 TK Development obtained CSM approval of the project, and the first turf was cut at the end of the same month. TK Development is recording good progress on the project, with construction proceeding according to plan. Completion of the shopping centre is scheduled for spring 2017. TK Development is currently looking into the possibilities of extending the centre with a cinema.

In May 2015 TK Development sold 65 % of the project to CapMan Real Estate, which is participating in completing its development. The sale had no immediate impact on the Group's results. The project earnings relate to the earnings potential on the remaining 35 % ownership interest as well as continuous fee income from letting and project development.

Residential project, Amerika Have (previously Amerika Plads, lot C), Copenhagen, Denmark

Kommanditaktieselskabet Danlink Udvikling (DLU), owned 50/50 by Udviklingselskabet By & Havn I/S and TK Development, is developing a project at Amerika Plads in a 50/50 joint venture with AP Pension. The project, called Amerika Have, will comprise housing of about 12,000 m² and ground-floor business premises of about 500 m² targeting the general public. The housing will consist of 121 high-quality apartments for sale to private owners. Construction started in September 2015. The pre-completion sale of the apartments started in early March 2016 and is proceeding satisfactorily. 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 spring 2017.

Retail project, Rødekro, Denmark

TK Development is developing a project of 2,150 m² in Rødekro. The project has been let to Harald Nyborg and sold to a private investor. Construction was completed after the reporting date, and the finished project was handed over to the tenant and the investor in Q1 2016/17.

Residential Park, Bielany, Warsaw, Poland

In Warsaw TK Development is developing a residential project of about 52,000 m². The first phase of 7,850 m² has been completed and sold to private users. The remaining approx. 44,150 m² is to be built in three successive phases. The second project phase consists of 297 residential units and service facilities. 85 % of the units (Q3 2015/16: 78 %) have been sold in advance at the budgeted selling prices. Construction is progressing as planned, and handover to the buyers is slated to begin in spring 2016. The residential units are being sold as owner-occupied apartments to private users. As mentioned above, it has been decided to start the advance sale of the third phase, allowing construction of this phase to start in spring 2016.

PROJECTS NOT INITIATED

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 an office property has been developed for the international Alfa Laval Group; see above. For some time, work has been underway on a new local plan comprising about 31,000 m² of housing, offices and parking facilities. A draft local plan was approved by the municipal council in January 2016 and is expected to be finally adopted in spring 2016.

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 85,000 m²: 40,000 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 55,000 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.

Retail park, Oskarshamn, Sweden

TK Development is working on the development of a retail park project in Oskarshamn of about 7,900 m². The plan is to build the project in two phases, and the first phase of 3,200 m² has been fully let. Construction is expected to start in mid-2016.

Residential Park, Bielany, Warsaw, Poland

Reference is made to the description of the project under 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.

Apartments for young people and shops, Smallegade, Copenhagen, Denmark



ASSET MANAGEMENT

The Group's asset management activities comprise the operation of the Group's completed properties, as well as plots of land and development projects on the markets where the Group wishes to discontinue its activities in the longer term.

Asset management		
DKKm	2015/16	2014/15
Revenue	80.1	160.2
Gross profit/loss	-74.9	-29.6
Results of joint ventures	3.0	26.3
Profit/loss before tax	-127.0	-79.3
	31 Jan 2016	31 Jan 2015
Balance sheet total	1,632.0	1,595.0
Tied-up equity	577.2	643.3
Number of employees at centres	12	13

The results before tax amounted to DKK -127.0 million for 2015/2016 against DKK -79.3 million in 2014/15. This amount includes a DKK 116.0 million value writedown on the Group's plots of land and projects; see above. Moreover, the decline in gross profit is partly attributable to increased vacancy rates and rent discounts granted in a few of the shopping centres.

The results of joint ventures have gone down because 2014/15 included the profit on the sale of the Fashion Arena Outlet Center. In addition, the profit on current operations has fallen 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 total portfolio of completed properties under asset management, including joint venture properties, amounted to DKK 1,577.9 million at 31 January 2016 against DKK 1,256.1 million at 31 January 2015. The increase is partly attributable to the underground car park at Amerika Plads, Copenhagen, as this project was reclassified from the property development to the asset management business area in Q2 2015/16; to Galeria Nowy Rynek, Jelenia Góra, Poland, which was also reclassified from property development to asset management after the shopping centre opened in Q3 2015/16; and finally to the Group's German investment property, which was transferred from discontinuing activities to asset management effective as of 31 October 2015.

The annual net rent from the current leases in the total portfolio corresponds to a return on the carrying amount of 4.4 % *) (Q3 2015/16: 4.3 %), which reflects a large spread in the returns on individual centres, as local tenants in particular are generally experiencing difficulties. The current letting situation is still affected by vacancies, short-term rent discount agreements with tenants and improvement initiatives that have not yet materialized. Based on full occupancy, the return on the carrying amount is expected to reach 6.2 % (Q3 2015/16: 6.2 %).

*) Before a preferred return for a joint venture partner in Polish projects.

The Group's completed properties under asset management comprised the following at 31 January 2016:

	Country	Type	TKD's ownership interest	Project area (m ²)	Current occupancy rate
Projects in wholly owned companies					
Completed projects					
Sillebroen, Frederikssund	Denmark	Shopping centre	100 %	*) 26,400	96 %
Galeria Sandecja, Nowy Sącz	Poland	Shopping centre	100 %	17,300	96 %
Most Retail Park	Czech Republic	Retail park	100 %	6,400	69 %
Aabenraa	Denmark	Retail park	100 %	4,200	100 %
Brønderslev	Denmark	Retail property	100 %	1,200	100 %
Investment properties					
Lüdenscheid	Germany	Mixed	100 %	14,000	65 %
Projects in joint ventures					
Galeria Nowy Rynek, Jelenia Góra	Poland	Shopping centre	30 %	24,800	95 %
Galeria Tarnovia, Tarnów	Poland	Shopping centre	30 %	**) 16,700	86 %
Ringsted Outlet	Denmark	Outlet centre	50 %	13,200	84 %
Amerika Plads, underground car park	Denmark	Car park	50 %	32,000	n/a
Total				156,200	

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

**) Including an agreed three-screen cinema of about 1,300 m².

SILLEBROEN, SHOPPING CENTRE, FREDERIKSSUND, DENMARK



Opening	March 2010
Leasable area *)	26,400 m ² , including about 5,000 m ² of supermarket units
Occupancy rate	96 % (Q3 2015/16: 95 %)
Footfall 2015	3.3 million

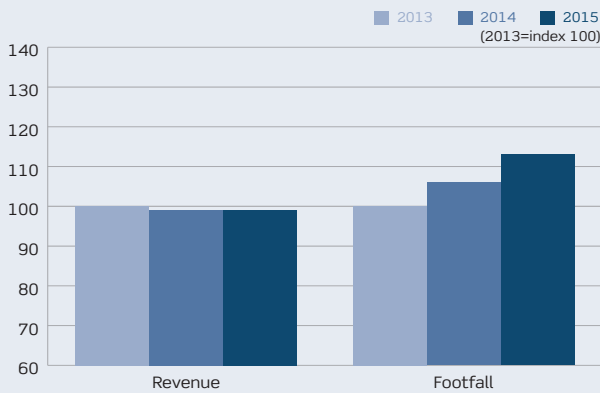
*) Including an agreed four-screen cinema for Nordisk Film of about 1,400 m².

Planned operational improvements:

- To complete and open a cinema for Nordisk Film in autumn 2016.
- To assess the derived effects of opening the Nordisk Film cinema and proactively ensuring a good tenant mix on this basis.
- To launch marketing and image improvement campaigns in connection with the cinema opening.
- To conclude agreements with new tenants that can further strengthen Sillebrogade and make it a natural choice for daily shoppers.
- To upgrade the parking facilities.

The Sillebrogade shopping centre opened in March 2010. The running-in and maturing phase took longer than expected, and a number of tenants are recording difficulties, particularly local tenants. However, 2015 saw a successful reversal. In 2015 the footfall index was 106 and the revenue index 101 compared to 2014. In addition, Sillebrogade has succeeded in lifting occupancy to its current level of 96 % after concluding lease agreements with such tenants as Imerco, Normal and Søstrene Grene.

Earlier this year TK Development entered into an agreement with Nordisk Film Biografer about the establishment of a cinema of about 1,400 m² in the Sillebrogade shopping centre. Management considers this an important step towards increasing customer flow and revenue in the rest of the centre. Construction of an extension to house the cinema has started, and the cinema is expected to open in autumn 2016.



GALERIA TARNOWIA, SHOPPING CENTRE, TARNÓW, POLAND



Opening	November 2009
Leasable area *)	16,700 m ² , including a supermarket of about 2,000 m ²
Occupancy rate	86 % (Q3 2015/16: 79 %)
Footfall 2015	1.8 million

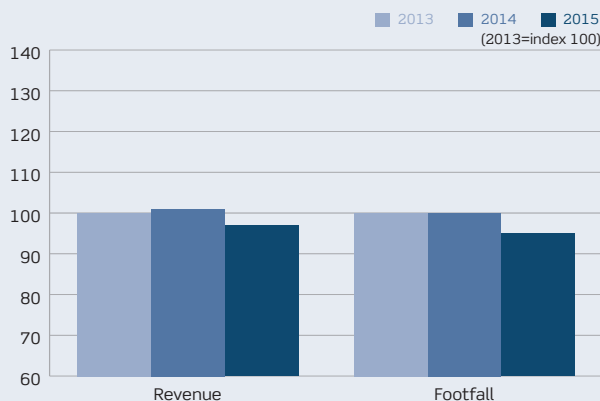
*) Including an agreed three-screen cinema of about 1,300 m².

Planned operational improvements:

- To establish a cinema scheduled to open in autumn 2016.
- To move tenants around to create a better customer flow in the centre.
- To assess the derived effects of opening the cinema and proactively ensuring a good tenant mix on this basis.
- To change temporary leases to ordinary leases on conditions that are satisfactory to the Group.
- To launch marketing and image improvement campaigns in connection with the cinema opening.
- To boost the occupancy rate.

Galeria Tarnovia has been developed in a joint venture with Heitman, and TK Development has a 30 % ownership interest. The operation of the centre is impacted by a strong competitive environment in Tarnów. The general picture is that chain stores are managing satisfactorily, while local tenants are experiencing difficulties. At the beginning of the financial year, the occupancy rate was 84 %, dropping to 75 % over the year and increasing again to 86 % following the recent conclusion of new lease agreements.

Steps have been taken to change the tenant composition of the shopping centre, including by relocating a major electronics store operator and concluding lease agreements with several LPP concepts and a cinema that is expected to open in autumn 2016 following the completed conversion of the centre.



GALERIA SANDECJA, SHOPPING CENTRE, NOWY SĄCZ, POLAND


Opening	October 2009
Leasable area	17,300 m², including a 5,000 m² hypermarket
Occupancy rate	96 % (Q3 2015/16: 97 %)
Footfall 2015	2.0 million

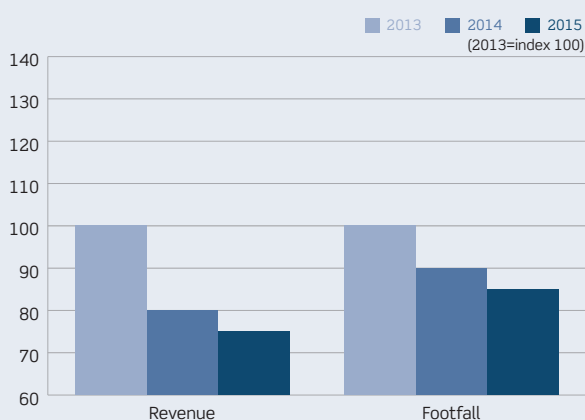
Planned operational improvements:

- To retain a high occupancy rate in the centre.
- To change temporary leases to ordinary leases on conditions that are satisfactory to the Group.
- To ensure a good tenant mix, with traditional tenants on the ground floor.
- To relaunch the first floor with discount stores offering a wide range of low-price products.

The opening of a competing centre in Nowy Sącz in autumn 2013 has affected the operation of Galeria Sandecja. Both revenue and footfall for the shopping centre have declined. In 2015 the footfall index was 95 and the revenue index 93 compared to 2014. The negative development seems now to have been curbed, and the first months of 2016 have shown improvements in both footfall and revenue.

The change in the competitive situation has put the rental level under pressure. As a result of the focus placed on retaining a high occupancy rate in the centre, several temporary lease agreements have been concluded at a relatively low rent.

Work is proceeding on a long-term plan to regain satisfactory revenue and footfall levels in the centre within the next few years. The initial focus was on creating a strong mix of tenants on the ground floor, and a lease agreement was concluded with Rossmann in April 2015. The ground-floor premises are almost fully let, and attempts are being made to replace weak tenants and change temporary leases to leases on conditions that are satisfactory to the Group. Efforts are also being made to relaunch the first floor with discount stores in order to secure a higher occupancy rate and a better customer flow. Some of the first-floor premises have been let for this purpose. Recently, a lease agreement for a large share of the first-floor premises was concluded with a sports chain, which opened its doors for business in December 2015.


RINGSTED OUTLET, RINGSTED, DENMARK


Opening	March 2008
Leasable area	13,200 m²
Occupancy rate	84 % (Q3 2015/16: 84 %)
Footfall 2015	1.5 million

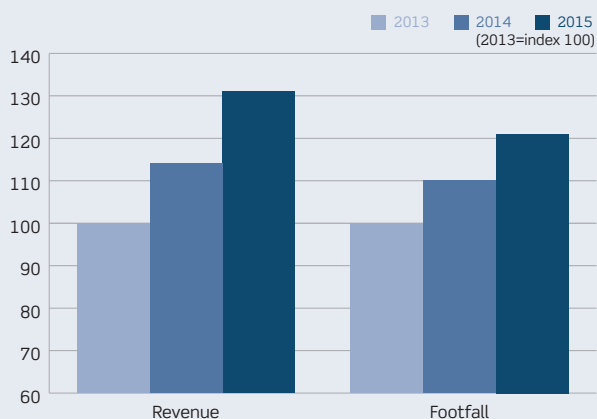
Planned operational improvements:

- To open a new and larger BOSS outlet.
- To expand the retail premises let to the Calvin Klein brand.
- To ensure a good tenant mix through proactive dialogue with tenants.
- To boost the occupancy rate.
- To prepare for a possible expansion of the centre with a second phase.

Ringsted Outlet, which has been developed in a 50/50 joint venture with Miller Developments, has recorded pleasing progress – with respectable growth in both revenue and footfall – in recent years. In 2015 the footfall index was 110 and the revenue index 115 compared to 2014. Ringsted Outlet succeeded in substantially raising occupancy again in 2015, with more newcomers arriving. For instance, Peak Performance and The Body Shop have opened outlets in the centre, and lease agreements have recently been concluded with Golfino, Villeroy & Boch and Gant, all opening or due to open in spring 2016. The outlet centre's occupancy rate has reached 84%.

An agreement has been made with BOSS regarding a longer-term lease combined with an expansion of the premises. For this purpose a small extension will be added to the centre. Construction has started and is expected to be completed in spring 2016.

New potential tenants continue to show a good amount of interest in opening outlets, and the centre's positive development is expected to continue in the years ahead.



GALERIA NOWY RYNEK, SHOPPING CENTRE, JELENIA GÓRA, POLAND


Opening	October 2015
Leasable area	24,800 m², including a supermarket of about 2,400 m²
Occupancy rate	95 % (Q3 2015/16: 95 %)

Planned operational improvements:

- To replace weak tenants.
- To let vacant premises.
- To ensure a good tenant mix.
- To launch a massive marketing campaign and strengthen the centre profile, capitalizing on the novelty value of the recent opening.

In Jelenia Góra TK Development has developed and built a shopping centre of about 24,800 m². The project has been executed as a joint venture with Heitman, in which the Group has an ownership interest of 30 %. The project consists of a supermarket of about 2,400 m² and retail, restaurant and service premises totalling about 22,400 m². The centre opened in October 2015 as planned. TK Development has received fee income from the jointly owned company for developing, letting and managing the construction of the project.

Centre operations during the first few months met expectations. In 2016 the focus will be on replacing weak tenants, letting additional premises and ensuring a good tenant mix – key elements for successfully operating a new centre.

MOST RETAIL PARK, PHASE 1, CZECH REPUBLIC

In 2009 in the Czech town of Most, TK Development completed the first phase of a retail park covering about 6,400 m² of a planned total floor space of about 8,400 m². The current occupancy rate is 69 % (Q3 2015/16: 69 %). Efforts are under way to let the vacant premises, and

a constructive dialogue has been established with potential tenants. Attempts are being made to sell this project together with the Group's other Czech activities.

RETAIL PARK, AABENRAA, DENMARK

TK Development built a retail park of approx. 4,200 m² in Aabenraa in 2009. The occupancy rate has reached 100 % after the conclusion of a temporary lease with Lidl (Q3 2015/16: 71 %). The other tenants in the retail park are jem & fix, Petworld, T. Hansen and Sport24. Negotiations

are ongoing with potential tenants about the retail unit that will become vacant when the temporary lease with Lidl expires, and efforts are being made to sell the property in small units 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.

AMERIKA PLADS, UNDERGROUND CAR PARK, COPENHAGEN, DENMARK

The part of Amerika Plads owned 50/50 by TK Development and Udviklingsselskabet By & Havn I/S, an underground car park, has been completed, but is not being utilized to capacity at present. As only a few parking spaces will be added to the underground car park when the two remaining lots, A and C, are developed, this project development will

contribute to optimizing the occupancy and operation of the existing car park. A lease agreement for 102 parking spaces in the underground car park has recently been concluded with A.P. Møller - Mærsk A/S and is expected to take effect from autumn 2017. The underground car park is expected to be sold upon completion of the two projects in lots A and C.

INVESTMENT PROPERTY, LÜDENSCHIED, GERMANY

The Group's German investment property is a combined commercial and residential rental property in Lüdenschied in western Germany. The property has a floor space of about 14,000 m², and there have been vacancies for a prolonged period. Following the conclusion of a lease agreement for about 2,100 m² with the municipality in January 2016,

the occupancy rate has now reached 65 % (Q3 2015/16: 50 %). Work is continuing on a development plan for the remaining premises with the aim of optimizing and subsequently selling the property. Management still expects the time horizon for disposing of this property to be somewhat lengthy.

OTHER ASSET MANAGEMENT ACTIVITIES

In addition to the Group's completed properties, the asset management activities comprise plots of land and development projects on the markets where the Group wishes to discontinue its activities in the longer term, as mentioned above.

At 31 January 2016, these plots of land and development projects consisted of:

- Czech Republic: a retail project and two plots of land
- Baltic States: a retail project and two plots of land
- Germany: two minor plots of land
- Russia: a minor project for letting

The last of the Group's plots of land in Finland was sold at its carrying amount and handed over to a private investor in Q4 2015/16. With the exception of a few guarantees on projects previously sold, the Group no longer has any activities in Finland.

Czech Republic

In addition to Most Retail Park, the group's Czech activities comprised a retail project under development and two plots of land in Prague, as mentioned above under Completed projects.

In December 2015 Management decided to phase out the Group's activities in the Czech Republic, either by selling all activities combined or by selling individual assets. An agreement has been made with a real estate agent, who will be in charge of the sales process. The phase-out of the Czech activities will reduce capacity costs by a minimum of DKK 8.0 million p.a., equal to about 10 % of the Group's capacity costs.

Baltic States

The Group's Baltic activities comprise the following projects:

Project	City/town	Segment	Floor space (m ²)
DomusPro Retail Park, phases 2 and 3	Vilnius (LT)	Retail/residential	8,350 m ²
Milgravja Street	Riga (LV)	Retail	6,000 m ²
Ulmana Retail Park	Riga (LV)	Retail	12,200 m ²

In Vilnius, Lithuania, TK Development is building the second phase (about 3,800 m²) of a retail park with total premises of 11,300 m². The second phase has been fully let and will be handed over to the buyer, BPT Baltic Opportunity Fund, in step with completion of the premises. The last part of the second phase will be handed over to the investor in April 2016. TK Development has decided to develop and execute a third phase

comprising additional retail premises of about 850 m² and office premises of about 3,700 m². In Q4 2015/16 this third and last phase was sold conditionally to BPT Baltic Opportunity Fund, which also bought the first two project phases. Construction of the third phase will start once satisfactory pre-construction letting has been achieved.

A retail project, consisting mainly of superstores, is being developed on the Group's plot of land in Ulmana, Riga. TK Development has initiated discussions with several interested tenants and is in dialogue with a potential investor who is interested in buying the project, subject to a satisfactory occupancy rate being achieved. The valuation of the land is based on execution of the planned project.

Germany

TK Development has received an offer for one of its German plots of land and chosen to accept it. In Q3 2015/16 the plot of land was written down to the price accepted. The sale is expected to be completed in spring 2016. Subsequently, TK Development will only have one minor plot of land left in Germany.



BUSINESS CONCEPT AND KNOWLEDGE RESOURCES

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

Property development strategy

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.

Asset management strategy

Operating, maturing and optimizing the Group's completed projects for a medium-long operating period.

In addition, asset management activities comprise plots of land and development projects on the markets where the Group wishes to discontinue its activities in the longer term.

The aim is to sell the assets within a three- to five-year period and to distribute the freed-up equity to the Company's shareholders.

BUSINESS CONCEPT

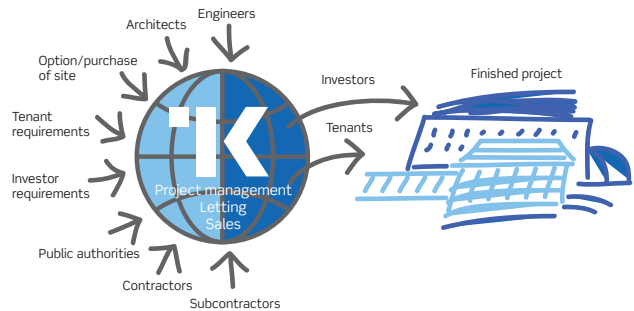
The Group's primary business area is the development of real property, termed property development, and the Group's future strategic focus is property development in Denmark, Sweden and Poland.

Moreover, the Group's activities comprise asset management; see below.

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 obtaining regulatory approvals, letting the premises, managing construction and concluding contracts with construction companies and subcontractors for the execution of the building works, etc.

TK Development has the competencies to execute large and complex development projects and will continue to prioritize such projects. At the same time Management wishes to maintain a spread in the project portfolio and also prioritizes the execution of more small and medium-sized 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

BUSINESS CONCEPT AND KNOWLEDGE RESOURCES

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. In Poland the Group will also focus on developing residential projects in Warsaw.

	Denmark	Sweden	Poland
Shopping centres	■	■	■
Stores/superstores	■	■	■
Shopping-street properties	■		■
Offices	■		■
Mixed	■	■	■
Residential	■		■

TK Development uses various models for its property development projects:

- For TK Development's own account, with or without advance project sales, where the Company 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.

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.

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 time 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.

For a number of 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 satis-



BUSINESS CONCEPT AND KNOWLEDGE RESOURCES

factory 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 completion 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 CO₂ emissions and the sustainability of building projects.

When the Group acquires sites for its projects, the land is ex-

amined 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.

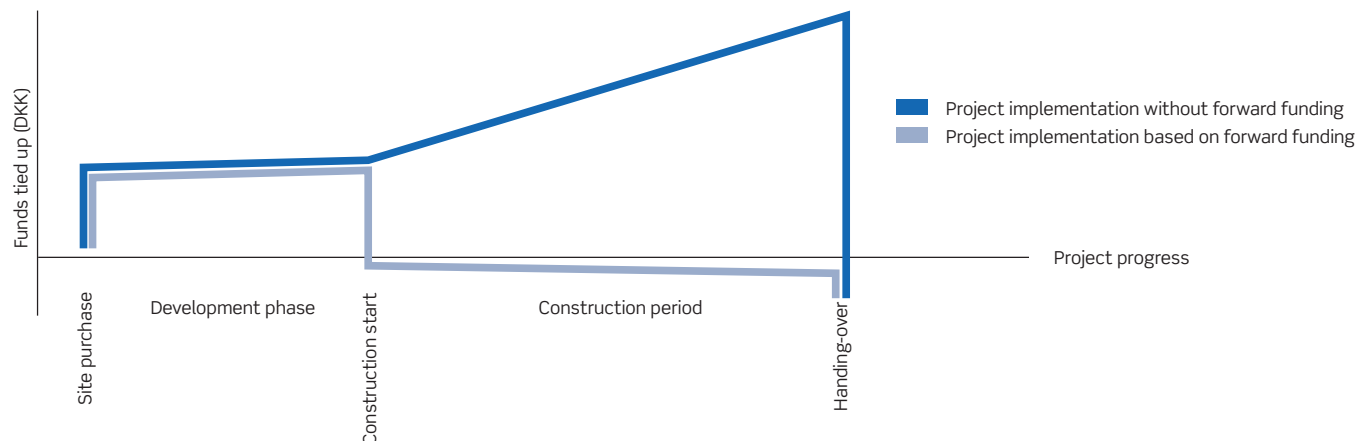
ASSET MANAGEMENT

The Group's asset management activities comprise operating, running in, maturing and optimizing the Group's completed projects as well as plots of land and development projects on the markets where the Group wishes to discontinue its activities in the longer term.

Asset management activities comprise the Group's completed properties operating in Denmark, Poland, the Czech Republic, Germany and Russia, as well as plots of land and development projects in the Czech Republic, the Baltic States and Germany.

The aim is to sell the assets within a three- to five-year period and to distribute the freed-up capital to the Company's shareholders.

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



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 satisfaction 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

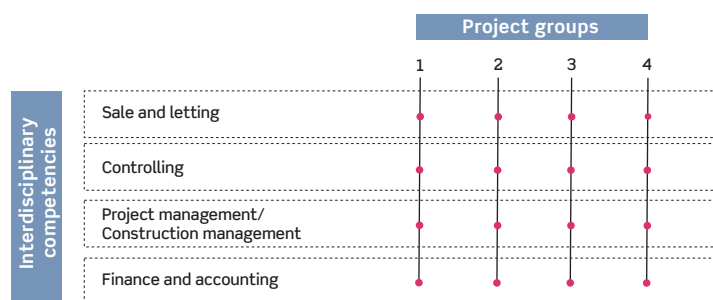
To raise the employees' level of expertise to an even higher level and thus reinforce TK Development's value creation, the Group has continuous focus on training and education. The aim is to strengthen the Group in the development phases that are critical to maximizing the value of each individual project.

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:

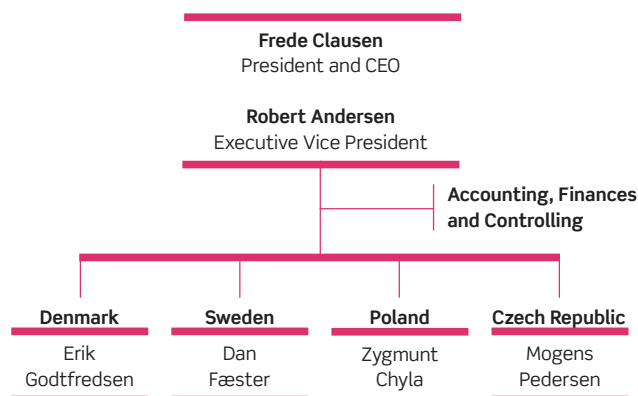


The matrix organization means that all the Group's peak competencies, covering the progress of a project from blueprint to completion, exist in the project group that carries through the individual project from A to Z.

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 is shown below:

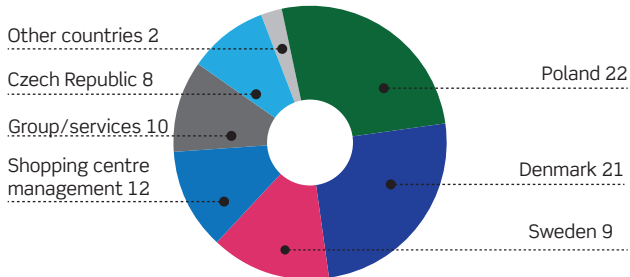


Organizational focus on segments

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.

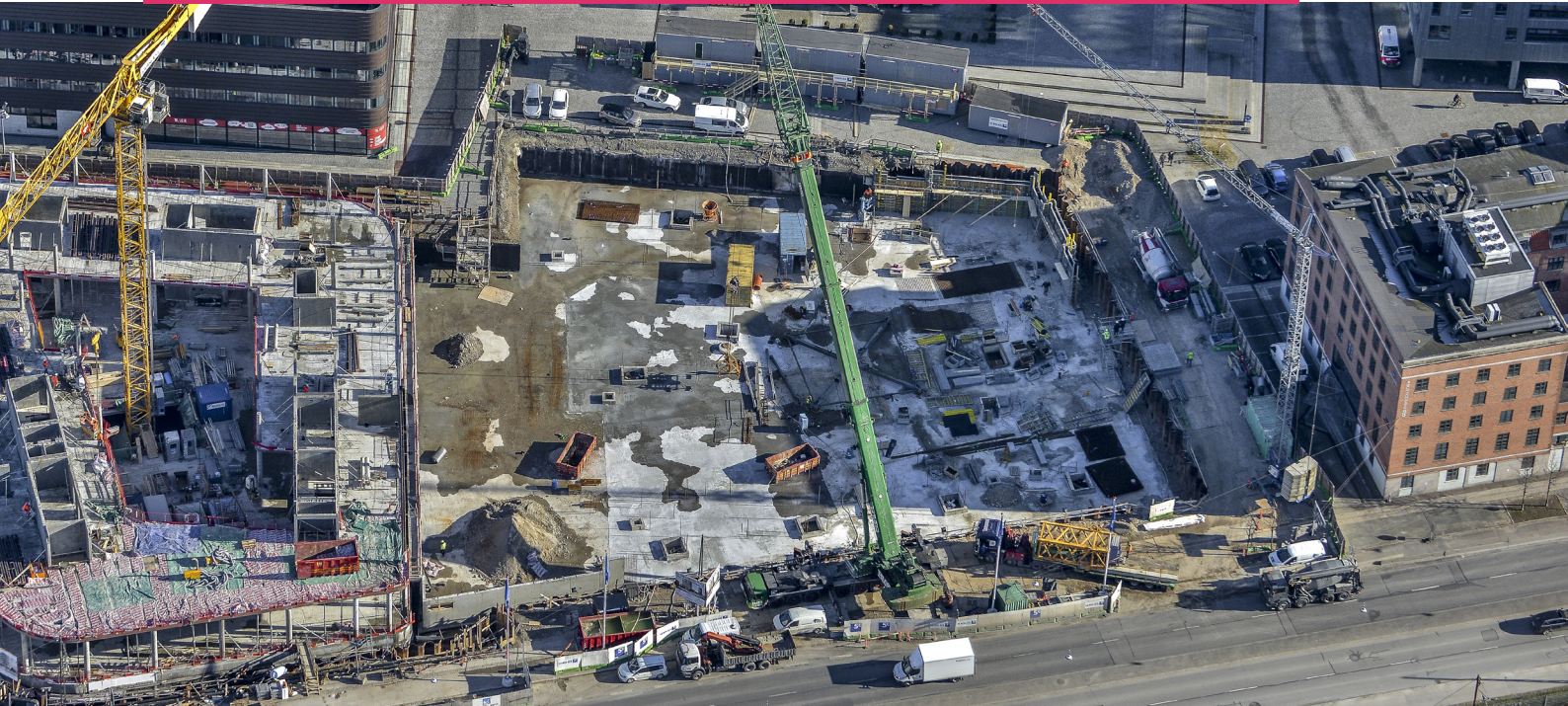
Breakdown of the Group's employees

At 31 January 2016 the Group employed a total of 84 persons, broken down as follows:



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

Residential units, Amerika Have (previously Amerika Plads, lot C), Copenhagen, Denmark - completion scheduled for spring 2017



FINANCIAL TARGETS

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.

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

Residential units, Amerika Have (previously Amerika Plads, lot C), Copenhagen, Denmark - completion scheduled for spring 2017



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. As mentioned above, 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.

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

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. For more details regarding the extension, please see note 2 of the consolidated financial statements.

BUSINESS RISKS

TK Development's most significant business risks are the risks generally applicable to companies in the property sector.

In relation to the Group's development activities, the most significant business risks other than those generally applicable to the sector are:

- As a developer, the Group depends for its future earnings on the inflow of new projects and thus 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.
- 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.
- 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.
- For such sold projects, construction will not be initiated until the Group expects to be able to meet the requirements from the investor which make it possible to complete the project sale. These requirements usually fall within the Group's spheres of competence. However, if the sale is not completed, the Group may ultimately have to keep the relevant property on its own books and thus have funds unexpectedly tied up in the project.
- 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.

In relation to the Group's asset management activities, the most significant business risks other than those generally applicable to the sector are:

- TK Development's activities pivot on a well-functioning retail sector. Negative developments in the retail sector, for

RISK ISSUES

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.

- It is essential that the completed – and operating – centres can all attract a satisfactory number of customers and achieve satisfactory revenue, as this determines the individual tenant's ability to pay rent to the Group and the letting status as such, including the potential for reletting premises.
- The risks on the Group's completed projects include a letting risk attaching to those of the Group's lease agreements that expire while the Group owns the relevant properties. 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 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.

FINANCIAL RISKS

Financing and liquidity risks

It is essential for TK Development to have sufficient cash resources as well as access to project financing. Management is of the opinion that project finance options are available to the Group. 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.

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, which is usually renegotiated once a year, was most recently extended in October 2015 and runs until 30 September 2017.

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.

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). 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. Therefore, 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.

Credit risks

The credit risks associated with financial assets are equal to the values recognized in the balance sheet. TK Development has no significant credit risks related to individual customers, as the title to a sold project does not pass to the buyer until payment has been effected.

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 8 million on TK Development. The Group continuously assesses whether to hedge interest-rate risks by entering into interest-rate swap agreements or the like. 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. 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.

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.

Galeria Nowy Rynek, shopping centre, Jelenia Góra, Poland



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 6,871 at the beginning of the year to 6,475 at the end of the year. The registered shareholders represented 89.86 % of the share capital at 31 January 2016 (31 January 2015: 91.54 %).

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	10.60 %
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.

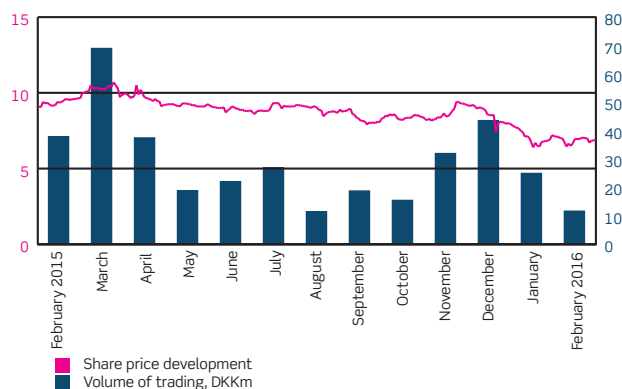
	Number of shares *)	Ownership and voting interest in %	Change for the year in number of shares
Board of Directors:			
Niels Roth	2,575,127	2.62 %	0
Peter Thorsen	5,867,220	5.98 %	0
Arne Gerlyng-Hansen	104,533	0.11 %	0
Kim Mikkelsen	10,400,000	10.60 %	400,000
Morten E. Astrup	10,865,175	11.07 %	0
Henrik Heideby	0	0.00 %	0
Executive Board:			
Frede Clausen	568,023	0.58 %	0
Robert Andersen	326,667	0.33 %	0
Total	30,706,745	30.88 %	400,000

*) 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 2016 TK Development A/S' shares were listed at a price of DKK 7.2 per share with a nominal value of DKK 1, equal to a market value of DKK 707 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 357 million against DKK 408 million the year before. 15,461 trades were completed (2014/15: 19,790 trades), covering a total of 39,930,346 shares (2014/15: 46,083,595 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 must 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

TK Development had no share-based incentive schemes at 31 January 2016. The Group previously offered share-based incentive schemes to its Executive Board and executive staff. The most recent scheme, launched in 2011, expired in the 2015/16 financial year.

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. Moreover, Management aims to sell the Group's asset management activities within a three- to five-year period and to distribute the freed-up equity to the Company's shareholders.

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 26 April 2016 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

The Company's Register of Shareholders must be kept by VP Investor Services A/S, Weidekampsgade 14, P. O. Box 4040, DK-2300 Copenhagen S. All shares are registered in book-entry form in accounts maintained in the computer system of VP Securities A/S, Weidekampsgade 14, P.O. 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 7,010,953 with a pre-emptive right for the Company's existing shareholders. The increase of the share capital can be implemented against cash payment only.

In addition, the Board of Directors is authorized to increase the Company's share capital by up to 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.

SHAREHOLDERS

The authorization for the Board of Directors to subscribe for capital amounts to 17.1 % of the Company's share capital.

Treasury shares

At the Annual General Meeting in April 2015, the Board of Directors was once more 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.

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 interim 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. 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 2015/16	1 April 2016
Annual General Meeting	26 April 2016
Interim Report Q1 2016/17	15 June 2016
Interim Report H1 2016/17	15 September 2016
Interim Report Q1-Q3 2016/17	15 December 2016



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_2015_16.

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 of Directors 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 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 to be independent of the Company.

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.

Management considers the composition of the Board of Directors to be appropriate relative to the Company's current activities and requirements. The current members of the Board of Directors are also considered to have the financial, strategic and commercial expertise required by an international business such as TK Development, and the number of board members is considered appropriate, given the Company's needs.

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. The basic fee for 2015/16 amounted to DKK 160,000. Together with its proposal for adoption of the Annual Report for 2015/16, the Board of Directors will recommend to the Annual General Meeting that the basic fee remain unchanged at the current level of DKK 160,000 for 2016/17.

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

The remuneration of each individual member of the Executive Board appears from note 7 to the consolidated financial statements, Staff costs. The remuneration for 2015/16 was also based on the guidelines adopted at the General Meeting in 2011, as no changes have been made to these guidelines. Due to cost savings in the Group, the Executive Board has been subject to a salary reduction agreement since 1 February 2012. This agreement expired on 30 April 2015. The fixed salary amounted to DKK 3.9 million for Frede Clausen and DKK 2.9 million for Robert Andersen in 2015/16. Warrants will not be granted to the Executive Board in 2016.

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; SEE SECTION 99B OF THE DANISH FINANCIAL STATEMENTS ACT

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_2015_16.

STATUTORY ANNUAL CORPORATE GOVERNANCE STATEMENT; SEE SECTION 107B OF THE DANISH FINANCIAL STATEMENTS ACT

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_15_16.

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 2016	July 1957	Independent
Peter Thorsen (Deputy Chairman)	2012	April 2016	March 1966	Independent
Arne Gerlyng-Hansen	2013	April 2016	March 1956	Independent
Kim Mikkelsen	2013	April 2016	October 1968	Independent
Morten E. Astrup	2013	April 2016	July 1975	Independent
Henrik Heideby	2015	April 2016	May 1949	Independent

¹⁾ See section 3.2.1 in the Recommendations on Corporate Governance prepared by Nasdaq Copenhagen.



NIELS ROTH

Chairman of the Board of Directors

Born July 1957
 Joined the Board of Directors 2007
 Term of office ends April 2016

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 2016

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 Holding A/S; Genan Invest A/S; Modulex A/S.

Member of the Board of Directors

Droob ApS; EBP Holding A/S; Friheden Invest 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 of Sct. Maria Hospice.



ARNE GERLYNG-HANSEN

Born March 1956
 Joined the Board of Directors 2013
 Term of office ends April 2016

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 Skerriervej, Brande; Lady & Kid A/S; Skerri Holding A/S.

Chairman of the Board of Directors

Bernstorff Slot ApS; Habro a/s; Habro Finans a/s; Habro Fondsmægler-selskab a/s; Habro Fund Management a/s; Habro Holding ApS, jem & fix A/S.

Member of the Board of Directors

A/S Daells Bolighus; ApS KBUS 8 NR. 2454; 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; 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 Skerriervej, Brande; Kid-Holding ApS; Komplementarselskabet Skerriervej, Brande; Lady & Kid A/S; Skerri Holding A/S.

Board committees and other posts

Member of Sydbank's Committee of Representatives and of Community Council Funen; member of the Retail Trade Committee under the Confederation of Danish Enterprise.



KIM MIKKELSEN

Born October 1968
 Joined the Board of Directors 2013
 Term of office ends April 2016

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.

THE BOARD OF DIRECTORS



MORTEN E. ASTRUP

Born July 1975
 Joined the Board of Directors 2013
 Term of office ends April 2016

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 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

Storm Capital Management Ltd., UK; Storm Real Estate ASA, Norway (deputy chairman); Ørn Norden AS, Norway.

Board committees and other posts

None.



HENRIK HEIDEBY

Born May 1949
 Joined the Board of Directors 2015
 Term of office ends April 2016

Education

1974 Diploma in Business Administration (Management Accounting and Business Finance).
 1996 Executive Programme, Stanford University.

Employment

1984-1988 CEO, Dansk Kapitalanlæg A/S.
 1988-1990 Manager, FIH.
 1990-1992 Deputy CEO, FIH.
 1992-1998 CEO, FIH.
 1998-2001 CEO, Alfred Berg Bank A/S.
 2001-2014 Group CEO and President, PFA.

Special competencies

Management, strategy, accounting and financial expertise, risk management, retail trade, M&A competencies.

Executive Board member

None.

Chairman of the Board of Directors

Blue Equity Management A/S; Carlsberg Byen Ejendomme P/S; Carlsberg Byen Ejendomme I P/S; Carlsberg Byen Komplementar ApS; Carlsberg Byen Komplementar I ApS; Carlsberg Byen Komplementar Byggefelt 8 ApS; Carlsberg Byen P/S; Carlsberg Byen I A/S; Greystone Capital Partners A/S; IC Group A/S; Kirk & Thorsen Invest A/S.

Member of the Board of Directors

Ahpla ApS; FIH Erhvervsbank A/S (deputy chairman).

Board committees and other posts

Chairman of the audit committee and of the remuneration committee of IC Group A/S; chairman of the audit committee and of the credit and risk committee of FIH Erhvervsbank A/S.



THE EXECUTIVE BOARD



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 *; Komplementarselskabet Beddingen ApS *; Ringsted Outlet Center P/S *; SPV Ringsted ApS *; Step Re CSP Invest I A/S *; The Yard, Beddingen P/S *.

Member of the Board of Directors

BROEN Shopping A/S *; Euro Mall Luxembourg JV S.à r.l. *; Euro Mall Ventures S.à r.l. *; Kommanditaktieselskabet Danlink-Udvikling *; Komplementarselskabet DLU ApS *; 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 *; BROEN Shopping A/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 *; Kommanditaktieselskabet Danlink-Udvikling *; Kommanditaktieselskabet Østre Havn *; Komplementarselskabet Beddingen ApS *; Komplementarselskabet DLU ApS *; Ringsted Outlet Center P/S *; SPV Ringsted ApS *; The Yard, Beddingen P/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 period from 1 February 2015 to 31 January 2016.

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 2016 and of the results of the Group's and Company's operations and cash flows for the financial year from 1 February 2015 to 31 January 2016.

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 2015/16 Annual Report be adopted by the Annual General Meeting of shareholders.

Aalborg, 1 April 2016

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



INDEPENDENT AUDITOR'S 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 2015 - 31 January 2016, 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 pro-

cedures 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 2016, and of the results of their operations and cash flows for the financial year 1 February 2015 - 31 January 2016 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, 1 April 2016

DELOITTE

Statsautoriseret Revisionspartnerselskab

René H. Christensen

State-authorized public accountant

Jan Bo Hansen

State-authorized public accountant

CONSOLIDATED FINANCIAL STATEMENTS

INCOME STATEMENT

DKKm	Note	2015/16	2014/15
Net revenue	4	327.8	854.7
Project costs	5	-370.1	-757.9
Value adjustment of investment properties, net		-25.0	-3.5
Gross profit/loss		-67.3	93.3
Other external expenses	6	23.1	23.9
Staff costs	7	58.9	56.5
Total		82.0	80.4
Profit/loss before financing and depreciation		-149.3	12.9
Depreciation and impairment of non-current assets		33.7	0.6
Operating profit/loss		-183.0	12.3
Income from investments in joint ventures	11	30.4	30.1
Income from investments in associates	10	1.1	-9.7
Financial income	12	11.3	5.0
Financial expenses	13	-50.8	-62.9
Total		-8.0	-37.5
Profit/loss before tax		-191.0	-25.2
Tax on profit/loss for the year	14	31.3	12.5
Profit/loss for the year		-222.3	-37.7

EARNINGS PER SHARE IN DKK

Earnings per share (EPS)	15	-2.3	-0.4
Diluted earnings per share (EPS-D)	15	n/a	-0.4

COMPREHENSIVE INCOME STATEMENT

Profit/loss for the year		-222.3	-37.7
Items that may be re-classified to profit/loss:			
Foreign-exchange adjustments, foreign operations		-9.4	0.9
Value adjustments of hedging instruments		1.2	0.2
Tax on other comprehensive income		4.4	-2.4
Other comprehensive income after tax from joint ventures		2.4	-5.4
Other comprehensive income for the year		-1.4	-6.7
Comprehensive income for the year		-223.7	-44.4



CONSOLIDATED FINANCIAL STATEMENTS

BALANCE SHEET

DKKm	Note	31 Jan 2016	31 Jan 2015
ASSETS			
Non-current assets			
Goodwill	17	0.0	33.3
Intangible assets		0.0	33.3
Other fixtures and fittings, tools and equipment		0.9	1.0
Property, plant and equipment		0.9	1.0
Investment properties	18	53.3	78.1
Investment properties		53.3	78.1
Investments in joint ventures	11	260.7	171.9
Investments in associates	10	4.4	3.2
Receivables from joint ventures		195.7	124.2
Receivables from associates		4.6	4.7
Other securities and investments		13.4	14.2
Financial assets		478.8	318.2
Deferred tax assets	19	81.6	114.7
Other non-current assets		81.6	114.7
Non-current assets		614.6	545.3
Current assets			
Projects in progress or completed	20	2,013.6	2,121.7
Trade receivables	21	54.1	71.4
Receivables from associates		0.0	1.9
Corporate income tax receivable		0.0	0.1
Other receivables		10.6	19.4
Prepayments		12.1	11.9
Receivables		76.8	104.7
Other securities and investments	22	4.1	4.1
Deposits in blocked and escrow accounts		94.1	45.8
Cash and cash equivalents		5.6	23.6
Current assets		2,194.2	2,299.9
ASSETS		2,808.8	2,845.2

CONSOLIDATED FINANCIAL STATEMENTS

BALANCE SHEET

DKKm	Note	31 Jan 2016	31 Jan 2015
EQUITY AND LIABILITIES			
Equity			
Share capital	23	98.2	98.2
Other reserves	24	-9.3	-7.9
Retained earnings		1,196.8	1,419.1
Equity		1,285.7	1,509.4
Liabilities			
Credit institutions	25	34.1	0.0
Provisions	26	0.4	0.5
Deferred tax liabilities	19	14.1	19.3
Non-current liabilities		48.6	19.8
Credit institutions	25	1,358.7	1,195.3
Trade payables		70.4	49.1
Corporate income tax		6.6	6.9
Provisions	26	5.7	15.0
Other debt	28	27.6	43.9
Deferred income		5.5	5.8
Current liabilities		1,474.5	1,316.0
Liabilities		1,523.1	1,335.8
EQUITY AND LIABILITIES		2,808.8	2,845.2



CONSOLIDATED FINANCIAL STATEMENTS

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 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
Profit/loss for the year	0.0	0.0	-222.3	-222.3
Other comprehensive income for the year	0.0	-1.4	0.0	-1.4
Total comprehensive income for the year	0.0	-1.4	-222.3	-223.7
Equity at 31 January 2016	98.2	-9.3	1,196.8	1,285.7

CONSOLIDATED FINANCIAL STATEMENTS

CASH FLOW STATEMENT

DKKm	2015/16	2014/15
Operating profit/loss	-183.0	12.3
Adjustments for non-cash items:		
Value adjustment of investment properties, net	25.0	3.5
Depreciation and impairment	170.0	64.3
Share-based payment	0.0	0.1
Provisions	-9.3	5.9
Foreign-exchange adjustment	-4.8	-5.8
Increase/decrease in investments in projects, etc.	-22.6	138.2
Increase/decrease in receivables	27.5	-42.9
Changes in deposits on blocked and escrow accounts	-48.3	0.2
Increase/decrease in payables and other debt	5.5	-76.3
Cash flows from operations	-40.0	99.5
Interest paid, etc.	-61.9	-72.8
Interest received, etc.	7.1	4.6
Corporate income tax paid	0.0	-7.7
Cash flows from operating activities	-94.8	23.6
Investments in equipment, fixtures and fittings	-0.2	-0.2
Sale of equipment, fixtures and fittings	0.1	0.0
Sale of investment properties	0.0	21.4
Dividend from joint ventures	7.0	0.0
Increase/decrease in receivables from joint ventures	-71.5	21.5
Sale of joint ventures	10.8	397.1
Investments in joint ventures	-73.7	-11.0
Purchase of securities and investments	0.0	-14.1
Sale of securities and investments	4.3	0.2
Cash flows from investing activities	-123.2	414.9
Raising of project financing	256.4	40.3
Reduction of project financing/repayments, credit institutions	-55.5	-461.4
Cash flows from financing activities	200.9	-421.1
Cash flows for the year	-17.1	17.4
Cash and cash equivalents, beginning of year	23.6	6.1
Foreign-exchange adjustment of cash and cash equivalents	-0.9	0.1
Cash and cash equivalents at year-end	5.6	23.6

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



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NOTE 1. ACCOUNTING POLICIES

The consolidated financial statements for 2015/16 for TK Development A/S are presented in compliance with the International Financial Reporting Standards, as adopted by the EU, and in accordance with Danish disclosure requirements for annual reports of listed companies; see the Executive Order on IFRS issued in pursuance of the Danish Financial Statements Act. TK Development A/S is a public limited company with its registered office in Denmark.

All figures in the consolidated financial statements are presented in DKK million, unless otherwise stated. DKK is the presentation currency for the Group's activities and the functional currency of the Parent Company.

The consolidated financial statements are presented on the basis of historical cost, with the exception of investment properties, derivative financial instruments and financial assets classified as available for sale, which are measured at fair value.

IMPLEMENTATION OF NEW AND AMENDED FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS ISSUED BY IFRIC

The consolidated financial statements for 2015/16 have been presented in accordance with the financial reporting standards (IFRS/IAS) and IFRIC interpretations applicable for financial years beginning at 1 February 2015.

The implementation of new and amended financial reporting standards and interpretations applicable as from 1 February 2015 has not resulted in any changes to the accounting policies. Thus, the implementation of these standards and interpretations has impacted neither earnings per share nor diluted earnings per share.

The accounting policies have been consistently applied compared to last year and are set out below.

FINANCIAL REPORTING STANDARDS AND IFRIC INTERPRETATIONS NOT YET IN FORCE

At the date of publication of this Annual Report, a number of new or amended financial reporting standards and interpretations had not yet entered into force or been adopted by the EU. Thus, they have not been incorporated into the Annual Report. Other than those stated below, none of these standards and interpretations are expected to materially affect the annual reports for the next financial years, with the exception of the additional disclosure requirements following from the relevant

standards and interpretations.

IFRS 15, Revenue from Contracts with Customers, replaces IAS 18, Revenue, and IAS 11, Construction Contracts, and the related IFRIC interpretations. IFRS 15 provides a single, but comprehensive model to be applied to revenue recognition and contains much more guidance on interpretation of the rules than IAS 18 and IAS 11. Moreover, IFRS 15 contains special rules about the recognition of costs related to obtaining or fulfilling contracts with customers as well as more disclosure requirements. Any effects for TK Development, and the amount of any such effects, cannot yet be disclosed, as this will require further analysis. Preliminary analyses indicate that the implementation may result in changes to the time of recognition for parts of the Group's revenue.

CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements comprise the Parent Company, TK Development A/S, and the enterprises controlled by the Parent Company. The Parent Company is considered to exercise control when it holds more than 50 % of the voting rights, whether directly or indirectly, or otherwise may exercise or actually exercises control.

Enterprises in which the Group holds between 20 % and 50 % of the voting rights, whether directly or indirectly, and thus has significant influence, but not a controlling interest, are considered associates.

Enterprises jointly controlled with other investors are considered joint ventures.

Consolidated financial statements are prepared on the basis of the financial statements of the Parent Company and its subsidiaries by adding together items of a uniform nature. The financial statements on which the consolidated financial statements are based are prepared in accordance with the accounting policies applied by the Group. The items in the subsidiaries' financial statements are fully recognized in the consolidated financial statements.

On consolidation, intercompany income and expenses, shareholdings, balances and dividends as well as gains on transactions between consolidated enterprises are eliminated. Losses are eliminated to the extent that no impairment has occurred.

The consolidated financial statements include subsidiaries,

NOTE 1. ACCOUNTING POLICIES, CONTINUED

joint ventures and associates throughout the period of ownership.

BUSINESS COMBINATIONS

Newly acquired or newly established enterprises are recognized in the consolidated financial statements as from the date of acquisition or establishment. The date of acquisition is the date on which control of the enterprise is effectively transferred to the acquirer. Sold or wound-up enterprises are recognized in the consolidated income statement until the date of sale or winding-up. Comparative figures are not adjusted for newly acquired, sold or wound-up enterprises.

Upon the acquisition of new enterprises in which the Group gains a controlling interest in the acquired enterprise, the purchase method is used, which means that the identifiable assets, liabilities and contingent liabilities of the newly acquired enterprises are measured at fair value at the acquisition date. Restructuring provisions are only recognized in the transfer balance sheet if they constitute a liability for the enterprise acquired. The tax effect of revaluations made is taken into account.

The purchase consideration for an enterprise consists of the fair value of the consideration paid for the enterprise acquired. If the final determination of the consideration depends on one or more future events, the effect of such events is recognized at fair value at the acquisition date. Costs directly attributable to the acquisition are recognized directly in profit or loss upon being incurred.

Positive balances between (i) the purchase consideration, the value of any minority interests in the acquired enterprise plus the fair value of previously acquired equity investments, and (ii) the fair value of the assets, liabilities and contingent liabilities acquired are recognized as goodwill in the balance sheet under intangible assets, and the goodwill amount is subjected to impairment tests at least once a year. If the carrying amount of the asset exceeds the recoverable amount, it is written down to the recoverable amount. Any negative balances are recognized as income in profit or loss.

Gains or losses on the sale or winding-up of subsidiaries, joint ventures and associates that result in the cessation of control, joint control and significant influence, respectively, are determined as the difference between (i) the fair value of the sales

proceeds or winding-up proceeds plus the fair value of any remaining equity investments and (ii) the carrying amount of net assets at the date of sale or winding-up, including goodwill, less any minority interests. The gain or loss thus calculated is recognized in profit or loss together with accumulated foreign-exchange adjustments previously recognized in other comprehensive income.

ASSOCIATES/JOINT VENTURES IN THE CONSOLIDATED FINANCIAL STATEMENTS

In the consolidated financial statements, investments in joint ventures and associates are recognized and measured according to the equity method, which means that investments are measured at the proportionate share of the joint ventures'/associates' carrying amount, determined according to the Group's accounting policies, with the addition of goodwill and plus or less any proportionate intercompany profits or losses.

The proportionate share of the associate's results after tax and the proportionate elimination of unrealized intercompany profits and losses are recognized in profit or loss, less any impairment of goodwill. The proportionate share of all transactions and events recognized in the joint venture's/associate's other comprehensive income is recognized in consolidated other comprehensive income.

Investments in joint ventures and associates with a negative equity value are measured at DKK 0. Receivables and other non-current financial assets considered to be part of the overall investment are written down by any remaining negative equity value. Trade receivables and other receivables are written down to the extent that they are considered uncollectible. A provision for the remaining negative equity value is only recognized if the Group has a legal or constructive obligation to meet the relevant joint venture's or associate's liabilities, and the obligation is expected to result in an outflow of resources from the Group.

TRANSLATION OF FOREIGN-CURRENCY ITEMS

A functional currency is determined for each of the reporting enterprises in the Group. The functional currency is the currency used in the primary economic environment in which the individual reporting enterprise operates. Transactions in currencies other than the individual enterprise's functional currency are considered foreign-currency transactions and are translated into the functional currency on initial recognition, based on

NOTE 1. ACCOUNTING POLICIES, CONTINUED

the exchange rates ruling at the dates of the transactions. Exchange differences arising between the exchange rate on the transaction date and the exchange rate on the payment date are recognized in profit or loss under financial items.

Receivables, payables and other monetary items in foreign currencies that have not been settled by the reporting date are translated into the functional currency according to the exchange rates ruling at the reporting date. Realized and unrealized exchange gains and losses are recognized in profit or loss as financial items. Property, plant and equipment, intangible assets, projects in progress or completed and other non-monetary assets that have been bought in foreign currencies and are measured on the basis of historical cost are translated at the exchange rate ruling on the transaction date. Non-monetary items that are revalued at fair value are translated at the exchange rate ruling on the date of revaluation.

When enterprises that present financial statements in a functional currency other than Danish kroner (DKK) are recognized in the consolidated financial statements, items in the income statement are translated on the basis of the average exchange rates for the period under review, and items in the balance sheet (including goodwill) are translated on the basis of the exchange rates ruling at the reporting date. If the average exchange rates for the period under review deviate significantly from the actual exchange rates at the transaction dates, the actual exchange rates are used instead.

Exchange differences arising on translating foreign enterprises' beginning-of-year balance sheet items at the exchange rate ruling at the reporting date and on translating the income statement items from the average exchange rate for the period under review to the exchange rate at the reporting date are recognized in other comprehensive income. Exchange differences arising as a result of changes recognized directly in the equity of the foreign reporting enterprise are also recognized in other comprehensive income.

Foreign-exchange adjustments of intercompany accounts with foreign subsidiaries that are considered part of the Parent Company's total investment in the relevant subsidiary are recognized in other comprehensive income in the consolidated financial statements.

When associates/joint ventures that present financial state-

ments in a functional currency other than DKK are recognized in the consolidated financial statements, income statement items are translated on the basis of the average exchange rates for the period under review, and balance sheet items are translated on the basis of the exchange rates ruling at the reporting date. Exchange differences arising on translating foreign enterprises' beginning-of-year balance sheet items at the exchange rate ruling at the reporting date and on translating the income statement items from the average exchange rate for the period under review to the exchange rate at the reporting date are recognized in other comprehensive income. Exchange differences arising as a result of changes recognized directly in the equity of the foreign reporting enterprise are also recognized in other comprehensive income.

DERIVATIVE FINANCIAL INSTRUMENTS

On initial recognition, derivative financial instruments are measured at fair value at the settlement date.

After initial recognition, the derivative financial instruments are measured at fair value at the reporting date. Positive and negative fair values of derivative financial instruments are recognized under other receivables and other debt.

Changes in the fair value of derivative financial instruments that are classified as and meet the conditions for the fair-value hedging of a recognized asset or liability are recognized in profit or loss together with changes in the value of the hedged asset or liability.

Changes in the fair value of derivative financial instruments that are classified as and meet the conditions for effective hedging of future transactions are recognized in other comprehensive income. Any ineffective portion is recognized immediately in profit or loss. When the hedged transactions are realized, the accumulated changes are recognized as part of the cost of the relevant transactions.

Changes in the fair value of derivative financial instruments that are used to hedge net investments in foreign subsidiaries are recognized in the consolidated financial statements under other comprehensive income in the event of hedge effectiveness. Any ineffective portion is recognized immediately in profit or loss. When the relevant foreign enterprise is sold, the accumulated changes in value are transferred to profit or loss.

NOTE 1. ACCOUNTING POLICIES, CONTINUED

Derivative financial instruments that do not meet the conditions for treatment as hedging instruments are considered trading portfolios and are measured at fair value, with fair-value adjustments being recognized under financial items in profit or loss on a continuing basis.

SHARE-BASED INCENTIVE SCHEMES

The Group's incentive schemes are equity-based warrant schemes. The equity-based incentive schemes are measured at the fair value of the options at the time of allocation and are recognized in profit or loss under staff costs over the vesting period. The offsetting amount is taken directly to equity.

In connection with initial recognition of the share options, an estimate is made of the number of options to which the employees are expected to become entitled. Subsequently, adjustments are made to reflect changes in the estimated number of vested options, such that the overall recognition is based on the actual number of vested options.

INCOME STATEMENT**Net revenue**

The sales method is used to recognize income on projects sold; see IAS 18, Revenue. Thus, profits are recognized once the project has been sold, construction completed and all essential elements of the sales agreement fulfilled, including delivery and transfer of risk to the buyer.

The percentage of completion method is used for projects meeting the definition of a construction contract; see IAS 11. Thus, the revenue for the year on these projects corresponds to the selling price of the work performed during the year. The recognized profit is the estimated profit on the project, calculated on the basis of its stage of completion. Reference is made to the section Construction contracts below.

Where the Group is in charge of development, letting and construction management, etc. on behalf of investors and receives fee income for such services, the fee income is recognized as income on a continuous basis in step with the provision of services.

Where a sold project consists of several instalment deliveries that can be segregated and the financial effect can be assessed separately and measured reliably for each delivery, the profit on the individual instalment delivery is recognized when all essential elements of the agreement have been fulfilled.

Rental income on completed projects and investment properties is accrued and recognized in accordance with the lease agreements concluded.

For other income, the sales method is used.

Net revenue is measured at the fair value of the consideration received or receivable. If a sale is based on interest-free credit with a term extending beyond the usual credit period, the fair value of the consideration receivable is calculated by discounting future payments. The difference between the fair value and nominal value of the consideration is recognized in profit or loss as financial income over the extended credit period by using the effective interest method.

Construction contracts

When the outcome of a construction contract can be estimated reliably, net revenue and construction costs are recognized in profit or loss by reference to the stage of completion of the project at the reporting date (the percentage of completion method).

When the outcome of the construction contract cannot be measured with a sufficient degree of reliability, the net revenue corresponding to the construction costs incurred during the period is recognized if it is probable that such costs will be recoverable.

Project costs

This item consists of all costs relating to projects incurred to generate the year's revenue and includes direct project costs, as well as interest during the construction period, plus a share of the relevant indirect project costs, determined as a percentage of staff costs, project materials, cost of premises and maintenance and depreciation resulting from the project development activity and proportionately attributable to the project development capacity utilized.

Moreover, this item includes any impairment losses on projects in progress or completed and the expensing of project development costs to the extent that the relevant projects are not expected to be realized.

Value adjustment of investment properties, etc.

Changes in the fair values of investment properties are recognized in profit or loss under the item Value adjustment of investment properties, net.

NOTE 1. ACCOUNTING POLICIES, CONTINUED

Realized gains and losses on the sale of investment properties are determined as the difference between the carrying amount and the selling price and are also recognized in profit or loss under the item Value adjustment of investment properties, net.

Other external expenses

The item Other external expenses includes costs for administration, cost of premises and operating expenses for cars.

Income from investments in joint ventures and associates in the consolidated financial statements

The proportionate shares of the joint ventures' and associates' results after tax, adjusted for the proportionate elimination of unrealized intercompany profits and losses, less any impairment of goodwill, are recognized in consolidated profit or loss. The proportionate share of all transactions recognized in the joint venture's/associate's other comprehensive income is recognized in consolidated other comprehensive income.

Financial income and expenses

Financial income and expenses include interest income and expenses, realized and unrealized gains and losses on foreign-currency transactions, debt and securities as well as the amortization of financial liabilities.

Interest income and interest expenses are accrued, based on the principal and the effective interest rate. The effective interest rate is the discount rate used to discount the expected future payments associated with the financial asset or financial liability to ensure that the present value of such asset or liability is equal to its carrying amount.

Borrowing costs that are directly associated with the acquisition, construction or production of assets are capitalized as part of the cost of the relevant asset. Other borrowing costs are recognized in the income statement.

Tax on profit/loss for the year

The tax for the year, which consists of the year's current tax and changes in deferred tax, is recognized in profit or loss as follows: the portion attributable to the profit or loss for the year is recognized in profit or loss, and the portion attributable to items under equity or other comprehensive income is posted directly to equity or other comprehensive income.

Current tax payable and receivable is recognized in the balance sheet as tax computed on the taxable income for the year,

adjusted for tax paid on account. The calculation of the year's current tax is based on the tax rates and tax rules applicable at the reporting date.

Deferred tax is recognized according to the balance-sheet liability method on the basis of all temporary differences between the carrying amount and the tax base of assets and liabilities, except deferred tax on temporary differences arising on the initial recognition of either goodwill or a transaction that is not a business combination and that does not affect the profit or loss or taxable income upon initial recognition.

Deferred tax is calculated on the basis of the planned use of the individual asset and settlement of the individual liability. Deferred tax assets, including the tax base of tax losses allowed for carryforward, are recognized in the balance sheet at the value at which the asset is expected to be realized, either by setoff against deferred tax liabilities or as net tax assets for setoff against future positive taxable income within the same entity subject to joint taxation. At each reporting date, it is reconsidered whether it is likely that sufficient future taxable income will be generated to utilize the deferred tax asset, based on an individual and specific assessment. If it is considered that an individual tax asset cannot be utilized, it is written down against profit or loss.

Deferred tax on temporary differences related to equity investments in subsidiaries, joint ventures and associates is recognized, unless the Parent Company is able to control when the deferred tax will crystallize and the deferred tax is not likely to crystallize as current tax in the foreseeable future. There is no deferred tax on investments in subsidiaries, joint ventures and associates, as any dividends distributed and any gains earned on the sale of such entities are tax-free for the Group. Deferred tax relating to the retaxation of previously deducted losses in foreign subsidiaries is recognized based on a specific assessment of the purpose of the individual subsidiaries.

Deferred tax is measured by using the tax rules and rates that will be applicable in the respective countries at the time when the deferred tax is expected to crystallize as current tax, based on the legislation in force at the reporting date. Any changes in deferred tax resulting from changed tax rates and tax rules are recognized in profit or loss, unless the deferred tax is attributable to items previously recognized directly in equity or in other comprehensive income. In such cases, the change in deferred tax is also recognized directly in equity or in other comprehen-

NOTE 1. ACCOUNTING POLICIES, CONTINUED

sive income.

The Parent Company is jointly taxed with all Danish subsidiaries. The Parent Company administers the joint taxation. The total income taxes payable by the jointly taxed companies are distributed between the Danish jointly taxed companies in proportion to their taxable income.

Balances arising under the interest deduction limitation rules laid down in the Danish Corporation Tax Act have been distributed between the jointly taxed companies according to the joint taxation agreement concluded.

BALANCE SHEET**Goodwill**

On initial recognition, goodwill is recognized and measured as the difference between (i) the purchase consideration for the acquired enterprise, the value of any minority interests in the acquired enterprise plus the fair value of previously acquired equity investments, and (ii) the fair value of the assets, liabilities and contingent liabilities acquired; see the description under Consolidated financial statements.

The carrying amount of goodwill is allocated to the Group's cash-flow-generating units at the date of acquisition. Cash-flow-generating units are defined on the basis of the management structure and internal financial control and reporting in the Group.

Goodwill is not amortized. The amount of goodwill is subjected to impairment tests at least once a year to ensure that the asset is written down to the extent that the carrying amount exceeds the recoverable amount. The recoverable amount is determined as the higher of the fair value less selling costs and the present value of estimated future net cash flows from the cash-flow-generating unit to which the goodwill relates. Impairment of goodwill is recognized in a separate line in the income statement. Impairment of goodwill is not reversed.

Investment properties and investment properties under construction

Properties are classified as investment properties when they are held to obtain rental income and/or capital gains. On initial recognition, investment properties are measured at cost, consisting of the acquisition cost of the property and directly associated costs.

Subsequently, investment properties are measured at fair value, which represents the selling price estimated to be obtainable at the reporting date in an arm's length transaction. Generally, the valuation is made on the basis of a discounted cash-flow model, where future cash flows are discounted to net present value on the basis of a given rate of return. The rate of return is fixed for each individual property. Where a sales process has been started, the selling price discussed will be used as a basis for the valuation, if the price is found to correctly reflect the fair value.

The valuation of the Group's investment properties under construction is also based on a specific assessment of project progress at the reporting date, including the risks attaching to project completion. The costs incurred in connection with construction are added to the value of the property.

Changes in the fair value are recognized in profit or loss under Value adjustment of investment properties, net in the financial year in which the change occurs.

Other non-current assets

Other securities and investments consist mainly of unlisted equity interests in an enterprise that is not a subsidiary, a joint venture or an associate. Equity interests are not traded in an active market, and the fair value cannot be determined with a sufficient degree of reliability. Therefore, equity interests are measured at cost.

Projects in progress or completed

Projects in progress or completed consist of real property projects.

The project portfolio is recognized on the basis of the direct costs attributable to the projects, including interest during the project period, plus a share of the relevant indirect project costs. Where considered necessary, the projects have been written down to a lower value, and the capitalized amounts are subjected to impairment tests on a continuous basis to ensure that the assets are written down to the extent that the carrying amount exceeds the estimated net realizable value.

Additions for indirect project costs are calculated as a percentage of staff costs, project materials, the cost and maintenance of premises and depreciation resulting from project development and proportionately attributable to the project development capacity utilized.

NOTE 1. ACCOUNTING POLICIES, CONTINUED

Prepayments from customers on sold projects in progress (forward funding) are deducted from the carrying amount of the project portfolio, and any negative net amount, determined for each individual project, is included in the item Prepayments received from customers.

Receivables

Receivables consist of trade receivables, receivables from contract work in progress, receivables from joint ventures, receivables from associates and other receivables. Receivables are classified as loans and receivables, which are financial assets with fixed or determinable payments that are not quoted in an active market and are not derivative financial instruments.

Receivables are measured at fair value on initial recognition and subsequently at amortized cost, which usually corresponds to nominal value less impairment provisions to meet estimated losses. Impairment losses on receivables are calculated on the basis of an assessment of the individual receivables.

Financial assets and liabilities are charged against the balance sheet if the Company has a right of setoff and at the same time intends or is under a contractual obligation to realize assets and liabilities simultaneously.

Prepayments, recognized under assets, consist of paid expenses relating to subsequent financial years. Prepayments are measured at cost in the balance sheet.

Construction contracts

When the outcome of a construction contract can be estimated reliably, the construction contract is measured at the selling price of the work performed as of the reporting date (the percentage of completion method) less any amounts invoiced on account and writedowns for impairment. The selling price is measured on the basis of the stage of completion as of the reporting date and the total revenue expected from the individual construction contract.

The stage of completion of each individual project is normally calculated as the proportion between the resources used by the Group and the total budgeted use of resources.

When the outcome of the construction contract cannot be measured reliably, the construction contract is measured at the construction costs incurred if it is probable that they will be recoverable. If it is probable that the total construction costs

will exceed total contract revenue, the estimated loss is recognized as a cost immediately.

The individual construction contract in progress is recognized in the balance sheet under receivables or liabilities, depending on whether its net value is a receivable or a liability.

Other securities and investments

Securities under current assets consist of listed and unlisted shares. Securities are classified as financial assets available for sale.

Available-for-sale securities are measured at fair value on the reporting date. Fair-value adjustments are recognized in other comprehensive income and are recognized in profit or loss on the sale or settlement of the securities.

Listed securities are measured at their official listed price, and unlisted securities are measured at their fair value, based on the calculated value in use. Equity interests that are not traded in an active market, and where the fair value cannot be determined with a sufficient degree of reliability, are measured at cost.

Equity

Dividend is recognized as a liability at the time of its adoption at the Annual General Meeting.

Pension obligations and the like

The Group's pension obligations consist of defined contribution plans on which fixed contributions are paid regularly to independent pension companies and the like. The contributions are recognized in profit or loss over the period during which the employees have performed the work entitling them to the pension contribution. Contributions payable are recognized as a liability in the balance sheet.

Provisions

Provisions are recognized when a legal or constructive obligation is incurred due to events before or at the reporting date, and meeting the obligation is likely to result in an outflow of resources from the Group.

This item includes provisions for rent guarantees, with the provision being based on experience with rent guarantees and on an individual assessment of the individual leases.

NOTE 1. ACCOUNTING POLICIES, CONTINUED

Provisions are measured as the best estimate of the costs required to settle the relevant liabilities at the reporting date. Provisions for liabilities with an expected maturity of more than one year are classified as non-current liabilities and measured at present value.

Liabilities other than provisions

Non-current financial liabilities are measured at cost at the time the relevant loans are raised, equivalent to the proceeds received after transaction costs. Subsequently, financial liabilities are measured at amortized cost, such that the difference between the proceeds and nominal value is recognized in profit or loss as a financial expense over the term of the loan.

Other financial liabilities are recognized at amortized cost, which usually corresponds to the nominal value.

Lease payments relating to operational leases are recognized in profit or loss according to the straight-line method, over the term of the lease.

Financial liabilities, which comprise payables to credit institutions, trade payables and other debt, are classified as Financial liabilities measured at amortized cost.

Deferred income, recognized under liabilities, consists of income received that relates to subsequent financial years. Deferred income is measured at cost in the balance sheet.

CONSOLIDATED CASH FLOW STATEMENT

The cash flow statement is presented according to the indirect method, based on the operating profit or loss, and shows cash flows generated from operating, investing and financing activities, as well as cash and cash equivalents at the beginning and end of the financial year.

Cash flows relating to operating activities are calculated as the operating profit or loss, adjusted for non-cash operating items, changes in working capital and paid financial income, financial expenses and corporate income tax.

Cash flows relating to investing activities comprise payments made in connection with the purchase and sale of enterprises, property, plant and equipment and other non-current assets.

Cash flows relating to financing activities consist of changes

in the Parent Company's share capital and associated costs, the raising and repayment of loans, other repayments on interest-bearing debt as well as the payment of dividend.

Cash flows in currencies other than the functional currency are recognized in the cash flow statement by using average exchange rates for the period under review, unless they deviate significantly from the actual exchange rates at the transaction dates.

In preparing the consolidated cash flow statement, opening balance sheets and cash flows in foreign currencies are translated on the basis of the foreign-exchange rates prevailing at the reporting date. This eliminates the effect of exchange differences on the period's movements and cash flows. Interest paid is shown separately. Consequently, project interest for the period is not included in liquidity movements resulting from the project portfolio. Thus, the figures in the cash flow statement cannot be inferred directly from the financial statements.

Cash and cash equivalents comprise free cash resources.

SEGMENT SPECIFICATIONS

The segment information is prepared in accordance with the Group's accounting policies, based on the Group's internal management reporting.

The segments comprise:

- Property development activities
- Asset management activities

The segment information in note 3 has been disclosed accordingly.

The segments have been changed relative to the 2014/15 financial year, as TK Development has stopped reporting on the business area previously defined as discontinuing activities, and these activities are now included under asset management. At the same time, the Group's plots of land and development projects in the Czech Republic have been reclassified from property development to asset management activities.

Consequently, property development activities now comprise the development of real property in Denmark, Sweden and Poland. Asset management activities comprise completed, operating properties, as well as plots of land and development pro-

NOTE 1. ACCOUNTING POLICIES, CONTINUED

jects on the markets where the Group wishes to discontinue its activities in the longer term. The comparative figures have been restated accordingly.

Segment income and expenses and segment assets and liabilities comprise the items directly allocable to the individual segment and the items that can be allocated to the individual segments on a reliable basis. The unallocated items relate mainly to assets and liabilities pertaining to tax, as well as the Group's overheads.

Non-current assets in the segments comprise the assets used directly in the operation of the segments, including intangible assets, property, plant and equipment and investments in joint ventures and associates. Current assets in the segments comprise the assets directly allocable to the operating activities in the segment, including projects in progress or completed, trade receivables, other receivables, prepayments and deposits in escrow accounts, etc.

Liabilities attributable to the segments comprise the liabilities deriving from the operating activities in the segment, including trade payables, payables to credit institutions, provisions, other debt and the like.

RATIO DEFINITIONS**Return on equity:**

Profit/loss excluding minority interests x 100
Average equity excluding minority interests

Solvency ratio (based on equity):

Equity excluding minority interests x 100
Total assets

Book value in DKK per share:

Equity excluding minority interests x 100
Number of shares

Price/book value (P/BV):

Listed price
Book value per share (DKK)

Earnings in DKK per share:

Profit/loss excluding minority interests
Average number of shares in circulation

Diluted earnings in DKK per share:

Diluted profit/loss excluding minority interests
Average number of diluted shares

Dividend in DKK per share:

The Parent Company's dividend per share

NOTE 2. ACCOUNTING ESTIMATES AND JUDGMENTS

Many account items cannot be measured with certainty, but only estimated. Such estimates include judgments based on the information available at the time of presenting the financial statements, including assumptions and expectations regarding future events, particularly in relation to the Group's projects in progress and completed projects.

The Group continuously assesses the estimates made and the underlying assumptions. If the assumptions and expectations regarding future events are not met, this could have a material adverse effect on the Group and result in a need to make adjustments in subsequent financial years. Changes to accounting estimates are recognized in the accounting period during which the individual change occurred.

In connection with the practical application of the accounting policies described, Management has made a number of significant accounting estimates and judgments that have materially affected this Annual Report.

PROJECTS IN PROGRESS OR COMPLETED

The Group's project portfolio can generally be categorized as follows:

- Development projects, including plots of land (property development).
- Completed properties in operation (asset management).
- Plots of land and development projects on markets where the Group wishes to discontinue its activities in the longer term (asset management).

All three project categories are affected by general economic trends and price fluctuations in the various property markets in which the Group operates. Declining rental levels and lower prices for land and property may have a material adverse effect on the Group. If the return required by investors on real property investments changes, this could also have a material adverse effect on the Group.

Each category in the Group's project portfolio is subject to a number of risks which may negatively impact the valuation. Other than those mentioned above, the most significant risks – primarily business risks – are outlined in the following.

Development projects, including plots of land – property development

In addition to rental rates and property prices, as described above, regulatory approvals and compliance with time sched-

ules are two crucial elements affecting the Group's development projects.

Regulatory approvals

As a developer, the Group depends for its future earnings on the inflow of new projects and thus 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 an 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.

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. In the 2015/16 financial year, plots of land in Poland were written down by DKK 45.3 million, of which DKK 37.8 million relates to the Group's residential project in Bielany, Warsaw. This writedown for impairment was based partly on a redesign of the project and downsizing of apartments with a view to meeting current market demands. Consequently, the intensity of development will be lower than planned, and the change in area use will negatively impact the budget. The carrying amount of development projects and plots of land under property development totalled DKK 759.2 million at 31 January 2016.

Completed properties in operation – asset management

Based on the current occupancy level, the annual return on the total portfolio of completed properties in operation corresponds to a return on the carrying amount of 4.4 %, which reflects a large spread in the returns on individual centres.

The valuation of completed properties under asset management is based on a number of assumptions and expectations regarding future letting, including rental level, opportunities for

NOTE 2. ACCOUNTING ESTIMATES AND JUDGMENTS, CONTINUED

letting vacant premises and expectations regarding investors' return requirements, etc.

It is essential that the completed shopping centres in operation can attract a satisfactory number of customers and achieve satisfactory revenue, as this determines both the individual tenant's ability to pay rent to the Group and the letting status as such, including the potential for reletting any vacant premises and renegotiating leases at a higher rent.

The carrying amount of completed properties in operation under asset management amounted to DKK 1,116.5 million at 31 January 2016.

Plots of land and development projects - asset management

Plots of land and development projects under asset management comprise land and projects on the markets where the Group wishes to discontinue its activities in the longer term. The assets under management are situated in the following countries: the Czech Republic, Germany, the Baltic States and Russia.

Management has previously pointed out that a major risk attaches to the timing, progress and discontinuance of these activities (excluding the Czech Republic), and a DKK 81 million writedown for impairment was made in the 2015/16 financial year, primarily to cover these special risks. Subsequently, these activities are assessed to have a usual risk profile.

In December 2015 Management decided to phase out the Group's activities in the Czech Republic. Discontinuing these activities, for instance by selling plots of land, is subject to uncertainty, and, based on a specific assessment of the individual plots and projects, in the 2015/16 financial year Management made a writedown for impairment of DKK 35.0 million to provide for this uncertainty.

The carrying amount of plots of land and development projects under asset management amounted to DKK 137.9 million at 31 January 2016.

Valuation at 31 January 2016

With a carrying amount of DKK 2,013.6 million at 31 January 2016, projects in progress and completed projects account for a significant share of the Group's balance sheet total. The changed indications of impairment of projects in progress and

completed projects have had a negative impact of DKK 136.3 million on the results for the year. Accumulated impairment amounted to DKK 385.3 million at 31 January 2016. The carrying amount of projects in progress and completed projects written down to their estimated net realizable value totalled DKK 1,525.9 million at 31 January 2016. Thus, as a large share of the Group's projects in progress 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.

INVESTMENTS IN AND RECEIVABLES FROM JOINT VENTURES

The need to make provisions for losses on investments in and receivables from joint ventures is based on a specific assessment of each individual joint venture, including the underlying projects. The associated risks are largely identical to those referred to above under Projects in progress or completed. If the applied assumptions change or if the actual course of events deviates from the expected development, the value may deviate from the value determined at 31 January 2016. The carrying amount of investments in and receivables from joint ventures totalled DKK 456.4 million at 31 January 2016.

INVESTMENT PROPERTIES

The Group's investment properties are measured at fair value in the balance sheet. The valuation is made on the basis of a discounted cash-flow model, where expected future cash flows are discounted to net present value on the basis of a given rate of return. If the applied assumptions change, the value may deviate from the value determined at 31 January 2016. In the 2015/16 financial year, a DKK 25.0 million negative value adjustment of the Group's remaining investment property was made, due mainly to changed expectations for the future rental level in the property. The carrying amount of investment properties totalled DKK 53.3 million at 31 January 2016.

DEFERRED TAX ASSETS

A deferred tax asset of DKK 81.6 million was recognized in the balance sheet at 31 January 2016. The tax asset relates mainly to tax loss carryforwards in Danish jointly taxed companies. 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 con-

NOTE 2. ACCOUNTING ESTIMATES AND JUDGMENTS, CONTINUED

ditions and assumptions for carrying forward losses and joint taxation/group contributions could result in the value of the tax asset being substantially lower than that computed at 31 January 2016. Impairment of deferred tax assets in the amount of DKK 3.5 million was reversed in the 2015/16 financial year, as the underlying losses were considered unrecoverable and written down to DKK 0 at the beginning of the financial year. A further DKK 47.5 million writedown for impairment was made in the 2015/16 financial year, primarily in respect of the Polish subsidiaries. Accumulated impairment amounted to DKK 281.7 million at 31 January 2016.

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 2016, which could have an 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 347.7 million at 31 January 2016. Full retaxation would trigger a tax charge of DKK 97.4 million at 31 January 2016. 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 an adverse effect on the Group's results of operations and cash flows.

RECEIVABLES

Indications of impairment of receivables are determined based on a specific assessment of each individual receivable. If the

applied assumptions change, the value may deviate from the value determined at 31 January 2016. The carrying amount of receivables totalled DKK 81.4 million at 31 January 2016.

CLASSIFICATION OF PROJECTS

In connection with the practical application of the accounting policies described, Management has made a number of significant accounting estimates and judgments in relation to the classification of the Group's projects. Basically, the Group's projects are classified as Projects in progress or completed under current assets. A few projects with a longer time horizon are classified as Investment properties when they are constructed/acquired for the purpose of generating rental income and/or capital gains. The measurement of the individual projects depends on their classification, and the estimates made by Management when classifying projects may therefore impact the Group's results and equity.

RECOGNITION OF REVENUE

The sales method is used to recognize income on projects sold; see IAS 18, Revenue. Revenue on projects that can be classified as construction contracts is recognized according to IAS 11. For sold projects consisting of several instalment deliveries that can be segregated, where the financial effect can be assessed separately, the profit on the individual instalment delivery is recognized when all essential elements of the agreement have been fulfilled, thus meeting the recognition criteria of IAS 18. Accordingly, Management specifically assesses each individual project for the purpose of determining recognition principle and method.

NOTE 3. SEGMENT INFORMATION

The Group's internal reporting to the Parent Company's Board of Directors is organized into two business areas:

- Property development activities
- Asset management activities

These business areas represent the Group's operating segments, as defined by IFRS 8.

The Group's segments have been changed relative to the 2014/15 financial year. TK Development has stopped reporting on the business area previously defined as discontinuing activities, these activities are now included under asset management. Due to Management's decision to phase out/sell the Group's Czech activities, these activities have been reclassified from property development to asset management. The comparative figures have been restated accordingly.

The Group's primary business area is the development of real property, termed property development. The Group's strategic focus is property development in Denmark, Sweden and Poland. Thus, the property development activities comprise the Group's development projects and plots of land in these countries.

Asset management activities comprise the Group's completed, operating properties and investment properties in all the Group's markets, as well as plots of land and development projects in the markets where the Group wishes to discontinue its activities in the longer term, viz. the Czech Republic, Germany, Finland, the Baltic States and Russia.

The unallocated items in the income statement primarily comprise staff costs and other external expenses that cannot be allocated to the countries in which the Group wishes to discontinue its activities in the longer term, as well as tax. The unallocated items in the balance sheet primarily comprise goodwill, deferred tax assets, deferred tax liabilities and cash and cash equivalents that are not directly allocable to an individual segment.

The accounting policies used in compiling the segment information are identical to the Group's accounting policies; see the description above.

31 Jan 2016	Property development	Asset management	Unallocated	Total
Net revenue, external customers	247.7	80.1	0.0	327.8
Impairment losses on projects in progress or completed	45.3	91.0	0.0	136.3
Value adjustment of investment properties, net	0.0	-25.0	0.0	-25.0
Gross profit/loss	7.6	-74.9	0.0	-67.3
Financial income	7.9	3.4	0.0	11.3
Financial expenses	-2.7	-48.1	0.0	-50.8
Depreciation and impairment	0.0	0.0	33.7	33.7
Income from joint ventures	27.5	3.0	-0.1	30.4
Shares of profit or loss in associates	1.1	0.0	0.0	1.1
Profit/loss before tax	41.4	-127.0	-105.4	-191.0
Segment assets	1,094.1	1,632.0	82.7	2,808.8
Investments in joint ventures	110.8	149.9	0.0	260.7
Investments in associates	2.9	1.5	0.0	4.4
Capital expenditure *)	0.0	0.0	0.2	0.2
Segment liabilities	447.6	1,054.8	20.7	1,523.1

NOTE 3. SEGMENT INFORMATION, CONTINUED

31 Jan 2015	Property development	Asset management	Unallocated	Total
Net revenue, external customers	694.5	160.2	0.0	854.7
Impairment losses on projects in progress or completed	0.0	63.8	0.0	63.8
Value adjustment of investment properties, net	0.0	-3.5	0.0	-3.5
Gross profit/loss	122.9	-29.6	0.0	93.3
Financial income	3.1	1.9	0.0	5.0
Financial expenses	-6.1	-56.8	0.0	-62.9
Depreciation and impairment	0.0	0.0	0.6	0.6
Income from joint ventures	11.6	26.3	-7.8	30.1
Shares of profit or loss in associates	0.5	-10.2	0.0	-9.7
Profit/loss before tax	132.0	-79.3	-77.9	-25.2
Segment assets	1,077.3	1,595.0	172.9	2,845.2
Investments in joint ventures	105.7	66.2	0.0	171.9
Investments in associates	1.8	1.4	0.0	3.2
Capital expenditure ^{*)}	0.0	0.0	0.2	0.2
Segment liabilities	357.9	951.7	26.2	1,335.8

^{*)} Capital expenditure comprises additions to intangible assets and property, plant and equipment.

Geographical information

TK Development operates primarily on the markets in Denmark, Sweden and Poland. Because of the Group's accounting policies for recognizing sold projects, revenue in the individual countries may vary substantially from one year to another.

For the purpose of presenting information about geographical areas, the information about the distribution of revenue on geographical segments was prepared on the basis of project location.

	Net revenue, external customers		Non-current assets ^{*)}	
	2015/16	2014/15	2015/16	2014/15
Denmark	252.4	262.5	0.0	33.5
Sweden	12.9	436.2	0.0	0.0
Poland	34.3	56.2	0.5	0.4
Czech Republic	9.0	10.5	0.4	0.4
Germany	7.3	2.4	53.3	78.1
Lithuania	2.2	82.8	0.0	0.0
Other countries ^{**)}	9.7	4.1	0.0	0.0
Total	327.8	854.7	54.2	112.4

^{*)} Non-current assets comprise intangible assets and property, plant and equipment.

^{**)} Net revenue for other countries comprises the remaining revenue, including revenue in the countries for which no specific amount is indicated for the individual year.

Non-current assets relate primarily to the Group's investment property in Germany; see note 18.

Information about major customers

In 2015/16, The Group sold two projects to two different customers where the revenue on the project exceeded 10 % of the Group's total revenue. The revenue on these projects amounted to DKK 100.6 million, 45.9 million respectively. In the 2014/15 financial year, two projects were sold to two different customers where the revenue on the project exceeded 10 % of the Groups total revenue. The revenue on these projects amounted to DKK 430.1 million, 94.6 million respectively.

NOTES, CONSOLIDATED FINANCIAL STATEMENTS

NOTE 4. NET REVENUE

	2015/16	2014/15
Sale of projects and properties	234.6	741.0
Rental income	59.8	65.6
Sale of services	33.4	48.1
Total net revenue	327.8	854.7

NOTE 5. PROJECT COSTS

	2015/16	2014/15
Project costs	233.8	694.1
Impairment losses on projects in progress or completed	136.3	63.8
Project costs, total	370.1	757.9

The writedowns made for impairment in the 2015/16 financial year include DKK 35.0 million to provide for the uncertainty attaching to the discontinuation of the Group's Czech activities; DKK 56.0 million to cover special risks previously pointed out by Management in relation to plots of land and projects in markets where the Group wishes to discontinue its activities in the longer term; and DKK 45.3 million relating to plots of land in Poland, where project changes and adjustments to estimated selling prices have identified an indication of impairment.

NOTE 6. OTHER EXTERNAL EXPENSES

	2015/16	2014/15
Administrative expenses	11.5	11.9
Cost of premises	7.5	7.8
Cars, operating expenses	4.1	4.2
Other external expenses, total	23.1	23.9

NOTE 7. STAFF COSTS

	2015/16	2014/15
Fees for Board of Directors	1.4	1.4
Salaries, etc. for the Parent Company's Executive Board; see below	6.8	5.2
Other salaries	43.8	42.3
Defined contribution pension plans	0.9	0.9
Other social security costs	4.8	5.3
Share-based payment, other employees	0.0	0.1
Other staff costs	1.2	1.3
Total staff costs	58.9	56.5

Average number of employees	86	88
Number of employees at year-end	84	88

Salaries, etc. for the Parent Company's Executive Board:

2015/16	Salary	Pension	Total
Frede Clausen	3.8	0.1	3.9
Robert Andersen	2.8	0.1	2.9
Salaries, etc., total	6.6	0.2	6.8
2014/15			
Frede Clausen	2.9	0.1	3.0
Robert Andersen	2.1	0.1	2.2
Salaries, etc., total	5.0	0.2	5.2

In addition, the Executive Board has the usual free benefits, including free company car. The value of these benefits amounted to DKK 0.17 million per Executive Board member in 2015/16 (2014/15: DKK 0.17 million per Executive Board member).

NOTE 7. STAFF COSTS, CONTINUED

The Board of Directors is composed of the Chairman, Deputy Chairman and four other members. In 2015/16, the Board of Directors members were paid a basic fee of DKK 160,000. The Chairman is paid three times the basic fee and the Deputy Chairman twice the basic fee, while the remaining members are paid the basic fee.

Defined contribution plans

The Group has entered into defined contribution plans with the majority of the employees in Danish group companies. According to these plans, the group companies pay a monthly amount of 2 % of the relevant employees' basic salaries to independent pension companies.

An amount of DKK 1.1 million was expensed for defined contribution plans in the 2015/16 financial year (2014/15: DKK 1.1 million).

No employees in the Group are comprised by defined benefit plans.

NOTE 8. SHARE-BASED PAYMENT

Previously, TK Development has used incentive schemes for the Executive Board and other executive staff members. The aim of using incentive schemes has been to forge a link between the individual staff member's efforts and the Group's long-term value creation. As at 31 January 2016, no incentive scheme remains, as the latest implemented incentive scheme expired in 2015/16.

The development in outstanding warrants is shown below:

	Number of warrants		Weighted average exercise prices	
	31 Jan 2016	31 Jan 2015	31 Jan 2016	31 Jan 2015
Outstanding warrants, beginning of year	615,461	615,461	21.80	20.81
Expired in the financial year	-615,461	0	-	-
Outstanding warrants, end of year	0	615,461	-	21.80
Number of warrants exercisable at the reporting date	0	615,461	-	-
Share-based payment recognized in the profit or loss (DKK million)	0.0	0.1	-	-

For the outstanding warrants at 31 January 2015 the exercise price was DKK 21.8 per warrant and the weighted average term to expiry was calculated at 4 months.

NOTE 9. FEES PAYABLE TO THE AUDITORS ELECTED AT THE GENERAL MEETING

	2015/16	2014/15
Statutory audit	1.4	1.5
Tax consultancy	0.1	0.1
Other services	0.1	0.0
Total	1.6	1.6

NOTE 10. INVESTMENTS IN ASSOCIATES

	2015/16	2014/15
Cost at 1 February	1.3	1.3
Additions	22.4	0.0
Cost at 31 January	23.7	1.3
Revaluations and impairment at 1 February	-20.4	-10.7
Share of profit/loss for the year after tax	1.1	-9.7
Revaluations and impairment at 31 January	-19.3	-20.4
Transferred for setoff against receivables	0.0	22.3
Carrying amount at 31 January	4.4	3.2

In the consolidated balance sheet, investments in associates are measured according to the equity method after deduction of any impairment. The Group's associates appear from the Overview of group companies, note 34.

TK Development has no associates that are individually material to the Group.

Income from investments in not individually material associates is shown below:

	2015/16	2014/15
Other income from associates	1.1	-9.7
Total income from investments in associates	1.1	-9.7

Financial disclosures for not individually material associates:

	2015/16	2014/15
The Group's share of profit/loss for the year	1.1	-9.7
The Group's share of equity	4.4	-19.1

NOTE 11. INVESTMENTS IN JOINT VENTURES

In the consolidated balance sheet, investments in joint ventures are measured according to the equity method, equal to the proportionate share of the individual joint ventures' carrying amount, determined according to the Group's accounting policies, with the addition of goodwill and less any proportionate intercompany profits or losses, etc.

The Group's joint ventures comprise projects within the Group's primary and secondary business areas that - regardless of the ownership interest - are jointly controlled with other parties in accordance with shareholders' or similar agreements. These joint ventures are organized as separate legal entities, and, based on the agreements concluded, the parties have rights to the net assets only.

Joint ventures appear from the overview of group companies in note 34.

The Group's material joint ventures are the following:

	Reg. office	Ownership interest/voting rights		Activity
		31 Jan 2016	31 Jan 2015	
Euro Mall Luxembourg JV S.á r.l.	Luxembourg	30 %	30 %	Property development/ asset management
Ringsted Outlet Center P/S	Denmark	50 %	50 %	Asset management
Kommanditaktieselskabet Danlink Udvikling	Denmark	50 %	50 %	Property development/ asset management
Kommanditaktieselskabet Østre Havn	Denmark	50 %	50 %	Property development
Euro Mall Ventures S.á r.l.	Luxembourg	20 %	20 %	Asset management
BROEN Shopping A/S	Denmark	35 %	-	Property development

In a few cases, the Group's joint ventures are subject to restrictions as concerns the transfer of funds in the form of dividends or the repayment of loans to the Group.

NOTES, CONSOLIDATED FINANCIAL STATEMENTS

NOTE 11. INVESTMENTS IN JOINT VENTURES, CONTINUED

The Group has no unrecognized shares of losses in joint ventures, neither for the 2015/16 financial year nor on an accumulated basis.

2015/16	Euro Mall Luxembourg JV S.á r.l. (incl. subsidiaries)	Ringsted Outlet Center P/S	Kommandit- aktieselska- bet Danlink Udvikling	Kommandit- aktieselska- bet Østre Havn	BROEN Shopping A/S	Immaterial joint ventures	Total
Ownership share	30 %	50 %	50 %	50 %	35 %		
Comprehensive income statement							
Net revenue	22.1	11.5	109.8	123.9	0.0		
Financial income	0.2	0.0	0.7	0.0	0.0		
Financial expenses	20.5	2.0	1.9	0.5	0.0		
Tax on profit/loss for the year	0.8	0.0	0.0	0.0	0.0		
Profit/loss for the year	-1.4	2.4	25.4	18.6	-0.1	1.3	
Other comprehensive income	8.1	0.0	0.0	0.0	0.0	0.0	
Total comprehensive income	6.7	2.4	25.4	18.6	-0.1	1.3	
The Group's share of profit/ loss for the year	-0.4	1.2	12.7	9.2	0.0	0.7	23.4
Group adjustments (gains/losses, etc. on the sale of joint ventures)	-1.2	0.0	-1.4	1.9	0.0	7.7	7.0
Income from investments in joint ventures	-1.6	1.2	11.3	11.1	0.0	8.4	30.4
The Group's share of total comprehen- sive income for the year	0.7	1.2	11.3	11.2	0.0	8.4	32.8
Dividend received	0.0	0.0	0.0	7.0	0.0	0.0	
31 Jan 2016							
Balance sheet							
Non-current assets	687.8	0.0	40.5	0.0	359.5	0.5	
Current assets	50.8	196.2	264.7	35.7	8.1	35.8	
Non-current liabilities except trade payables and provisions	389.6	0.0	0.0	0.0	0.0	0.0	
Current liabilities except trade paya- bles and provisions	234.8	89.3	85.1	16.6	190.0	4.7	
Non-current liabilities	389.6	0.0	0.0	0.0	0.0	0.0	
Current liabilities	263.2	96.1	90.1	24.0	229.0	19.3	
Cash and cash equivalents	38.0	9.4	33.9	5.3	0.1	11.4	
Equity	85.8	100.1	215.1	11.7	138.6	17.0	
TK Development's share of equity	25.8	50.1	107.6	5.9	48.5	5.5	243.4
Group adjustments, etc.	1.9	0.0	0.0	3.1	8.4	3.9	17.3
Investments in joint ventures, total	27.7	50.1	107.6	9.0	56.9	9.4	260.7

NOTE 11. INVESTMENTS IN JOINT VENTURES, CONTINUED

2014/15	Euro Mall Luxembourg JV S.á r.l. (incl. subsidiaries)	Ringsted Outlet Center P/S	Kommandit- aktieselska- bet Danlink Udvikling	Euro Mall Ventures s.a.r.l. (incl. subsidiary)*	Immaterial joint ventures	Total
Ownership share	30 %	50 %	50 %	20 %		
Comprehensive income statement						
Net revenue	18.3	9.5	99.1	42.0		
Financial income	0.3	0.0	0.0	3.8		
Financial expenses	8.1	1.1	1.0	11.9		
Tax on profit/loss for the year	-2.0	0.0	0.0	-12.3		
Profit/loss for the year	5.7	0.2	21.3	7.9	5.9	
Other comprehensive income	-0.2	0.0	0.0	4.6	0.0	
Total comprehensive income	5.5	0.2	21.3	12.5	5.9	
The Group's share of profit/ loss for the year	1.7	0.1	10.7	1.6	3.7	17.8
Group adjustments (gains/losses, etc. on the sale of joint ventures)	-2.5	0.0	0.0	2.2	12.6	12.3
Income from investments in joint ventures	-0.8	0.1	10.7	3.8	16.3	30.1
The Group's share of total comprehensive income for the year	-0.9	0.1	10.7	6.1	8.7	24.7
Dividend received	0.0	0.0	0.0	237.6	0.0	

*The balance sheet for Euro Mall Ventures S.á r.l. as per 31 January 2015 is included in the column Immaterial joint ventures.

31 Jan 2015	Euro Mall Luxembourg JV S.á r.l. (incl. subsidiaries)	Ringsted Outlet Center P/S	Kommandit- aktieselska- bet Danlink Udvikling	Kommandit- aktieselska- bet Østre Havn*	Immaterial joint ventures	Total
Balance sheet						
Non-current assets	465.2	0.5	66.3	0.0	0.0	
Current assets	37.0	190.3	317.1	125.6	93.3	
Non-current liabilities except trade payables and provisions	177.3	0.0	0.0	0.0	0.0	
Current liabilities except trade paya- bles and provisions	265.9	87.7	117.0	101.2	55.6	
Non-current liabilities	178.3	0.0	0.0	0.0	0.0	
Current liabilities	288.0	92.3	193.8	122.6	78.3	
Cash and cash equivalents	22.9	5.9	0.0	0.3	43.2	
Equity	35.9	98.5	189.6	3.0	15.0	
TK Development's share of equity	10.8	49.2	94.8	1.5	5.1	161.4
Group adjustments, etc.	3.8	0.0	0.0	1.4	5.3	10.5
Investments in joint ventures, total	14.6	49.2	94.8	2.9	10.4	171.9

*The Comprehensive income statement for Kommanditaktieselskabet Østre Havn as for 2014/15 is included in the column Immaterial joint ventures.

NOTE 12. FINANCIAL INCOME

	2015/16	2014/15
Interest, cash and cash equivalents, etc.	0.0	0.5
Interest income from joint ventures	6.6	3.3
Interest income from associates	0.2	0.2
Other interest income	0.5	1.0
Financial income from loans and receivables	7.3	5.0
Interest from securities (held-to-maturity)	0.1	0.0
Dividend from financial assets	0.5	0.0
Profit from sale of other securities and investments	3.4	0.0
Total financial income	11.3	5.0
Which breaks down as follows:		
Interest income, etc. from financial assets not measured at fair value through profit and loss	7.8	5.0
Other financial income	3.5	0.0
Total financial income	11.3	5.0

NOTE 13. FINANCIAL EXPENSES

	2015/16	2014/15
Interest expenses, credit institutions	58.2	70.2
Interest expenses, joint ventures	0.0	2.6
Other interest expenses	0.0	0.5
Foreign-exchange losses and capital losses on securities	2.6	0.4
Other financial expenses	2.7	1.7
Of which capitalized financial expenses	-16.2	-12.5
Loss on financial assets	3.5	0.0
Total financial expenses	50.8	62.9
Which breaks down as follows:		
Interest expenses on financial liabilities not measured at fair value through profit and loss	44.7	62.9
Other financial expenses	6.1	0.0
Total financial expenses	50.8	62.9

An interest rate of 1.0 – 6.0 % is used to capitalize interest on projects in progress, depending on the interest rate applicable to the individual project loans (2014/15: 1.0 – 6.0 %).

NOTE 14. TAX ON PROFIT/LOSS FOR THE YEAR

	2015/16	2014/15
Current corporate income tax	0.4	9.9
Adjustment regarding tax relating to prior year(s)	-0.9	0.0
Change in deferred tax	31.8	2.6
Tax on profit/loss for the year	31.3	12.5

The tax on the profit/loss for the year results as follows:

Tax calculated based on the Danish tax rate 23.5 % (2014/15: 24,5 %)	-44.9	-6.2
Difference in tax rate, foreign subsidiaries	5.1	0.6
Adjustment relating to prior year(s)	-0.9	0.0
Tax effect of:		
Non-taxable income/expenses	24.3	7.9
Forfeiture of losses written down in prior years	3.5	4.6
Change in impairment of tax assets, incl. reversal of prior years' impairment regarding the forfeiture of this year's losses	55.1	5.6
Change of tax rate	-11.1	0.0
Other	0.2	0.0
Tax on profit/loss for the year	31.3	12.5
Effective tax rate	-16.4 %	-49.6 %

NOTE 15. EARNINGS PER SHARE IN DKK

	2015/16	2014/15
Earnings in DKK per share (EPS)	-2.3	-0.4
Diluted earnings in DKK per share (EPS-D)	n/a	-0.4
Profit/loss for the year	-222.3	-37.7
Shareholders' share of profit/loss for the year	-222.3	-37.7
Average number of shares of nom. DKK 1	98,153,335	98,153,335
Average number of shares in circulation of nom. DKK 1	98,153,335	98,153,335

The outstanding warrants in the comparative year do not have a dilutive effect, as the average market price of ordinary shares did not exceed the subscription price in the first window. This means that the outstanding warrants are "out-of-the-money" and therefore not included in the diluted average number of shares in circulation.

NOTE 16. DIVIDENDS

In the 2015/16 financial year, no dividends were distributed to the Company's shareholders for the 2014/15 financial year. At the Annual General Meeting on 26 April 2016, the Board of Directors will propose that no dividends will be distributed to the Company's shareholders for the 2015/16 financial year.

NOTE 17. GOODWILL

	31 Jan 2016	31 Jan 2015
Cost at 1 February	47.8	47.8
Cost at 31 January	47.8	47.8
Amortization and impairment at 1 February	14.5	14.5
Impairment for the year	33.3	0.0
Amortization and impairment at 31 January	47.8	14.5
Carrying amount at 31 January	0.0	33.3

The total goodwill relates to the Group's activities in Poland and the Czech Republic.

Management performed an impairment test of the carrying amount of goodwill in the 2015/16 financial year. Management has decided to attempt to phase out/sell the Group's activities in the Czech Republic, and low earnings only are expected on the Polish activities in the next few years. Based on this Management has written down goodwill to DKK 0.

In the comparative year the recoverable amount was based on the value in use, which was determined using the expected cash flows on the basis of budgets approved by the Board of Directors for the next two financial years and budgets/forecasts for another three financial years and recognition of the terminal value in year five. The calculation of the recoverable amount included a discount rate of 15 % before tax. The budgets for the first three years were prepared on the basis of Management's expectations for each individual, specific project, including expectations as to project progress, construction period, anticipated financing, contribution margin and date of sale. In this connection, the most important uncertainties related to the expected contribution margin, observance of timetables, etc., and date of sale. The impairment test did not give rise to any recognition of impairment.

NOTE 18. INVESTMENT PROPERTIES

	31 Jan 2016	31 Jan 2015
Cost at 1 February	106.9	154.5
Foreign-exchange adjustments, beginning of year	0.3	-0.3
Disposals for the year	0.0	-47.3
Cost at 31 January	107.2	106.9
Revaluations at 1 February	28.8	51.3
Foreign-exchange adjustments, beginning of year	0.1	-0.1
Revaluations for the year	25.0	2.9
Revaluations reversed	0.0	-25.3
Revaluations at 31 January	53.9	28.8
Carrying amount at 31 January	53.3	78.1
Rental income, investment properties	1.7	2.4
Direct operating expenses, premises let	-0.4	-1.2
Direct operating expenses, unlet premises	-1.3	-0.7
Net income from investment properties before financing and tax	0.0	0.5

Investment properties:

	Location	Ownership in %	Year acquired	m ²
Lüdenscheid	Germany	100 %	1994-1998	16,500

The Group's investment property is measured at fair value (Fair-value hierarchy: Level 3). The valuation of the property is based on a discounted cash-flow model over a ten-year period and a return requirement of 6.5 % p.a. The fair-value measurement is based on expected rental income and operating expenses. 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. There have been no changes to the methods used for calculating fair values in the current financial year. No transfers between the different levels of the fair-value hierarchy have been made in the current financial year, and the services of external appraisers have not been used for the valuation.

Otherwise, the most significant non-observable input data is an average rent per square metre of DKK 520 (31 January 2015 DKK 750) based on full occupancy.

An increase in the return requirement will result in a decline in the property's fair value, while an increase in the occupancy rate and/or the average rent per square metre will cause the fair value of the property to rise. In Management's opinion, there is not necessarily a direct relationship between changes to the rent per square metre and changes to the return requirement.

Future minimum rent on irrevocable lease contracts:

	31 Jan 2016	31 Jan 2015
Within 1 year from reporting date	1.1	1.6
Within 1 - 5 years from reporting date	3.1	4.2
After 5 years from reporting date	4.3	0.0
Total	8.5	5.8

A few lease agreements concluded for completed investment properties stipulate a period during which the agreement is non-terminable by the tenant. Generally, the term of the lease agreements can be extended.

NOTE 19. DEFERRED TAX

	31 Jan 2016	31 Jan 2015
Deferred tax assets/tax liabilities at 1 February, net	95.4	99.7
Foreign-exchange adjustment, beginning of year	-0.5	0.4
Deferred tax for the year recognized in profit or loss for the year	-31.8	-2.6
Deferred tax for the year recognized in other comprehensive income	4.4	-2.4
Other additions, net	0.0	0.3
Deferred tax assets/tax liabilities at 31 January, net	67.5	95.4
Deferred tax relates to:		
Investments	0.0	1.5
Property, plant and equipment	0.3	0.5
Other non-current assets	10.5	8.2
Current assets	22.6	-4.7
Untaxed reserve relating to Sweden	-2.8	-6.9
Provisions	7.7	11.3
Temporary differences	38.3	9.9
Value of tax loss(es)	310.9	311.4
Impairment of tax assets	-281.7	-225.9
Total	67.5	95.4
Deferred tax recognized in balance sheet breaks down as follows:		
Deferred tax assets	81.6	114.7
Deferred tax liabilities	-14.1	-19.3
Deferred tax assets/tax liabilities at 31 January, net	67.5	95.4
Deferred tax assets not recognized in balance sheet:		
Value of tax losses	219.7	191.2
Other non-current assets	22.4	8.5
Current assets	32.0	21.2
Provisions	7.6	5.0
Total	281.7	225.9
Deferred tax liabilities not recognized in balance sheet:		
Contingent retaxation liabilities attaching to German subsidiaries	97.4	97.4

The Company controls whether the retaxation liability will be triggered. It is not the Company's intention for such taxation to be triggered.

NOTE 19. DEFERRED TAX, CONTINUED

	Deferred tax assets/tax liabilities at 1 February, net	Recognized in profit/loss	Recognized in other comprehensive income	Other additions, net	Foreign exchange adjustments, beginning of year	Deferred tax assets/tax liabilities at 31 January, net
31 Jan 2016						
Investments	1.5	-1.5	0.0	0.0	0.0	0.0
Property, plant and equipment	0.5	-0.2	0.0	0.0	0.0	0.3
Other non-current assets	8.2	2.4	0.0	0.0	-0.1	10.5
Current assets	-4.7	24.0	4.4	0.0	-1.1	22.6
Untaxed reserve relating to Sweden	-6.9	4.1	0.0	0.0	0.0	-2.8
Provisions	11.3	-3.1	0.0	0.0	-0.5	7.7
Temporary differences	9.9	25.7	4.4	0.0	-1.7	38.3
Value of tax losses	311.4	1.1	0.0	0.0	-1.6	310.9
Impairment of tax assets	-225.9	-58.6	0.0	0.0	2.8	-281.7
Total	95.4	-31.8	4.4	0.0	-0.5	67.5

Deferred tax recognized in other comprehensive income:

Tax on foreign-exchange adjustments, foreign operations	4.6
Tax on value adjustments of hedging instruments	-0.2
Total	4.4

	Deferred tax assets/tax liabilities at 1 February, net	Recognized in profit/loss	Recognized in other comprehensive income	Other additions, net	Foreign exchange adjustments, beginning of year	Deferred tax assets/tax liabilities at 31 January, net
31 Jan 2015						
Investments	1.5	0.0	0.0	0.0	0.0	1.5
Property, plant and equipment	0.6	-0.1	0.0	0.0	0.0	0.5
Other non-current assets	12.0	-3.8	0.0	0.0	0.0	8.2
Current assets	-15.0	12.2	-2.4	0.3	0.2	-4.7
Untaxed reserve relating to Sweden	-6.8	-0.5	0.0	0.0	0.4	-6.9
Provisions	9.3	2.0	0.0	0.0	0.0	11.3
Temporary differences	1.6	9.8	-2.4	0.3	0.6	9.9
Value of tax losses	318.6	-7.3	0.0	0.0	0.1	311.4
Impairment of tax assets	-220.5	-5.1	0.0	0.0	-0.3	-225.9
Total	99.7	-2.6	-2.4	0.3	0.4	95.4

Deferred tax recognized in other comprehensive income:

Tax on foreign-exchange adjustments, foreign operations	2.4
Tax on value adjustments of hedging instruments	0.0
Total	2.4

The major part of the total tax asset comes from the Danish part of the joint taxation. In the Danish joint taxation the tax losses can be carried forward perpetually. In the most recent financial years, TK Development has realized positive accounting results within the Danish joint taxation.

The valuation of the tax asset 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 has been based on specific projects in the project portfolio with a longer time horizon than three years as well as various project opportunities. These valuations are subject to substantial uncertainty, for which reason a provision has been made for the risk that projects are postponed or not implemented and the risk that project profits fall below expectations. On this basis, Management assessed the total impairment loss on the tax asset to be DKK 281.7 million at 31 January 2016. At 31 January 2015, total impairment of the tax asset amounted to DKK 225.9 million.

NOTES, CONSOLIDATED FINANCIAL STATEMENTS

NOTE 19. DEFERRED TAX, CONTINUED

The impairment of the tax asset relates mainly to Danish tax losses that can be carried forward perpetually, as well as Polish and Czech losses.

Reference is made to note 2, Accounting estimates and assessments.

NOTE 20. PROJECTS IN PROGRESS OR COMPLETED

	31 Jan 2016	31 Jan 2015
Projects in progress or completed, excl. interest, etc.	2,124.3	2,050.5
Capitalized interest, etc.	350.2	378.0
Payments received on account	-75.6	-5.0
Impairment	-385.3	-301.8
Total projects in progress or completed	2,013.6	2,121.7
Which breaks down as follows:		
Development projects and land (development)	759.2	797.9
Completed projects in operation (asset management)	1,116.5	1,082.1
Other land and development projects (asset management)	137.9	241.7
Total projects in progress or completed	2,013.6	2,121.7

The carrying amount of the portion of the project portfolio on which impairment losses have been recognized is DKK 1,525.9 million (2014/15: DKK 1,549.0 million).

NOTE 21. TRADE RECEIVABLES

	31 Jan 2016	31 Jan 2015
Receivables from tenants	4.5	4.1
Other trade receivables	49.6	67.3
Total trade receivables	54.1	71.4
Impairment for the year recognized in the income statement	1.5	-5.4
	31 Jan 2016	31 Jan 2015
Impairment at 1 February	13.0	10.9
Correction of opening balance	-0.1	-0.7
Foreign-exchange adjustments, beginning of year	-0.1	0.0
Applied for the year	-1.9	-2.6
Provisions for the year	0.6	5.7
Reversed provisions	-2.1	-0.3
Impairment at 31 January	9.4	13.0

Any impairment is made to the net realizable value, equal to the sum total of future net cash flows that the receivables are expected to generate. Impairment losses on receivables are calculated on the basis of an assessment of the individual receivables.

The carrying amount of receivables written down to net realizable value based on an individual assessment is DKK 0.3 million. The corresponding amount at 31 January 2015 was DKK 4.1 million. The majority of the written-down receivables are past due. There are no major overdue receivables that have not been written down for impairment.

In by far the most cases, receivables from tenants are secured by deposits or other guarantees, which are included in the basis for any impairments.

No interest income on impaired receivables was recognized as revenue in the 2015/16 financial year or in the comparative year.

NOTE 22. OTHER SECURITIES AND INVESTMENTS

	31 Jan 2016	31 Jan 2015
Listed securities	0.2	0.2
Unlisted securities	3.9	3.9
Financial assets available for sale	4.1	4.1
Total other securities and investments	4.1	4.1

The securities consist of listed shares and unlisted equity interests. Listed securities consist of listed shares and are measured at fair value (Fair value hierarchy: Level 1). No transfers have been made between the individual levels of the fair-value hierarchy in the current financial year. Unlisted equity interests available for sale are not traded in an active market. As the fair value of these equity interests cannot be determined with a sufficient degree of reliability, they are measured at cost.

NOTE 23. SHARE CAPITAL

The share capital consist of 98,153,335 shares of each DKK 1. The share capital has been paid up in full. The shares are not divided into several share classes, and no shares are subject to special rights or restrictions, including restrictions with regard to the payment of dividend and repayment of capital.

Changes in the share capital over the past five years:

	Number in thousands		Nominal value	
	Changes	Year-end	Changes	Year-end
2011/12	-	42,065.7	0.0	631.0
2012/13	-	42,065.7	0.0	631.0
2013/14:				
Capital reduction on change of share denomination from nom. 15 to nom. 1	-	42,065.7	-588.9	42.1
Capital increase against cash payment	56,087.6	98,153.3	56.1	98.2
2014/15	-	98,153.3	0.0	98.2
2015/16	-	98,153.3	0.0	98.2

The Group did not hold treasury shares in the 2015/16 financial year or in the comparative year.

NOTE 24. OTHER RESERVES

	Special reserve	Reserve for value adjustment for avail- able-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 reserves	-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	0.5	-5.9	-5.4
Exchange-rate adjustment, foreign operations	0.0	0.0	0.0	0.9	0.9
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	-2.4	-2.4
Other reserves at 31 January 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	-0.5	2.9	2.4
Exchange-rate adjustment, foreign operations	0.0	0.0	0.0	-9.4	-9.4
Value adjustment of hedging instruments	0.0	0.0	1.2	0.0	1.2
Deferred tax on other comprehensive income	0.0	0.0	-0.2	4.6	4.4
Other reserves at 31 January 2016	0.0	-0.1	-1.5	-7.7	-9.3

Special reserve amounted to DKK 588.9 million at 31 January 2014 and concerned a special fund arising in connection with the capital reduction implemented in June 2013, when the denomination of the Group's shares was changed from DKK 15 to DKK 1. At the General Meeting in April 2014, it was resolved to transfer the special fund of DKK 588.9 million to distributable reserves.

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 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 transferred to the profit or loss.

NOTE 25. CREDIT INSTITUTIONS

	31 Jan 2016	31 Jan 2015
Payables to credit institutions are recognized as follows in the balance sheet:		
Non-current liabilities	34.1	0.0
Current liabilities	1,358.7	1,195.3
Total payables to credit institutions	1,392.8	1,195.3
Fair value	1,377.8	1,196.3
Carrying amount	1,392.8	1,195.3

The fair value has been determined at the present value of future principal repayments and interest payments by using the effective interest method (Fair value hierarchy: Level 2).

At 31 January, the Group had the following loans and credits:

Loans	Maturity	Fixed/variable	Effective rate		Carrying amount		Fair value	
			2015/16	2014/15	2015/16	2014/15	2015/16	2014/15
Mortgage credit DKK	n/a	n/a	n/a	5 - 5.5 %	0.0	25.3	0.0	27.2
Bank DKK	2016-2017	variable	2 - 4.5 %	3 - 5 %	395.6	242.9	395.6	242.9
Bank DKK	2020	fixed	5 %	5 %	500.0	494.5	485.0	493.6
Bank SEK	2017	variable	3.65 - 4.25 %	4.5 - 5.5 %	21.6	0.0	21.6	0.0
Bank PLN	2017	variable	4.98 - 5.5 %	5.3 - 7.25 %	149.6	97.6	149.6	97.6
Bank CZK	2016-2017	variable	3.6 - 4.1 %	3.5 - 4.75 %	29.7	31.6	29.7	31.6
Bank EUR	2016-2017	variable	2.5 - 4.7 %	3.25 - 4.75 %	296.3	303.4	296.3	303.4
Total					1,392.8	1,195.3	1,377.8	1,196.3

NOTE 26. PROVISIONS

	31 Jan 2016	31 Jan 2015
Provisions at 1 February	15.5	9.6
Applied during the year	-9.3	-7.2
Reversed rent guarantees	-0.4	0.0
Provisions for the year	0.3	13.1
Provisions at 31 January	6.1	15.5

Expected maturity dates of the liabilities provided for:

	31 Jan 2016	31 Jan 2015
0 - 1 year	5.7	15.0
1 - 5 years	0.4	0.5
Provisions at 31 January	6.1	15.5

Provisions consist of rent guarantee liabilities for sold properties and relate to guarantees issued by the Group in a few cases towards the buyers of the properties. Rent guarantee liabilities have been calculated based on experience with rent guarantees and an individual assessment of each lease.

NOTE 27. OPERATING LEASES

For the years 2016-2020, operating leases for the rental of office premises, office machines and operating equipment have been concluded. The leases have been concluded for a one to five-year period with fixed lease payments that are index-adjusted annually. The leases are non-terminable for the period mentioned, after which it is expected that the majority can be renewed for one to three-year periods.

Future minimum lease payments according to non-terminable lease contracts break down as follows:

	2015/16	2014/15
Within 1 year	7.5	7.1
Within 1 - 5 years	9.7	9.0
After 5 years	0.0	0.2
Total	17.2	16.3
Minimum lease payments for the year recognized in the income statement	9.1	9.3

NOTE 28. OTHER DEBT

	31 Jan 2016	31 Jan 2015
Employee-related payables	3.6	4.8
Holiday pay obligations	7.1	6.6
Derivative financial instruments (hedging instruments)	0.4	1.6
Other debt	16.5	30.9
Other debt, total	27.6	43.9

Broken down as follows under liabilities:

	31 Jan 2016	31 Jan 2015
Non-current liabilities	0.0	0.0
Current liabilities	27.6	43.9
Other debt, total	27.6	43.9

The carrying amount of employee related payables consisting of salaries, personal income tax, social security contributions, holiday pay, etc., project related costs and other costs payable is equal to the fair value of these payables.

Holiday pay obligations represent the Group's liability to pay salary during holiday periods to which the employees had earned entitlement by the reporting date and which are to be taken in the following financial year(s).

Derivative financial instruments concern interest-rate hedging transactions and are classified as financial liabilities used as hedging instruments, measured at fair value.

NOTE 29. CONTINGENT ASSETS AND LIABILITIES AS WELL AS SECURITY FURNISHED
Contingent assets

A contingent asset in the form of deferred tax assets not recognized appears from note 19.

Contingent liabilities and security furnished

	31 Jan 2016	31 Jan 2015
Surety and guarantee commitments on behalf of associates	10.0	23.8
Surety and guarantee commitments on behalf of joint ventures	95.8	268.1
Other surety and guarantee commitments	45.4	71.8
Carrying amount of projects in progress or completed furnished as security to credit institutions	1,850.8	1,953.4
Carrying amount of escrow account deposits, etc., investments, receivables and investment properties as security to credit institutions	274.0	336.0

NOTE 29. CONTINGENT ASSETS AND LIABILITIES AS WELL AS SECURITY FURNISHED , CONTINUED

The below figures in brackets are comparative figures for 2014/15.

The amounts stated for surety and guarantee commitments on behalf of associates and joint ventures are the upper limits.

The Group's other surety and guarantee commitments consist primarily of the Group's total rent guarantee commitments for which no provisions have been made in the financial statements. The provisions made in the financial statements relate to the rent guarantees that are likely to be called up.

The Group's project portfolio amounts to DKK 2,013.6 million (DKK 2,121.7 million), of which DKK 1,850.8 million (DKK 1,953.4 million) has been furnished as security to the credit institutions that have granted building credits or mortgage credit loans. The carrying amount of escrow account deposits, etc. and other assets, DKK 274.0 million (DKK 336.0) consists of security furnished in the form of escrow accounts, etc. DKK 94.1 million (DKK 45.8 million), investment properties DKK 53.3 million (DKK 78.1 million), investments in joint ventures DKK 78.5 million (DKK 159.4), and receivables DKK 48.1 million (DKK 52.7 million).

TK Development has entered into construction contracts regarding the execution of projects. The total remaining contract sum amounts to DKK 274.0 million (DKK 168.8 million).

Usual performance bonds have been furnished for construction works performed. The performance bonds have been issued via a credit insurance company. To a large extent, any work to be carried out under performance bonds will be attributable to subcontractors.

TK Development can in some cases be required to make the necessary funds available to joint ventures in step with the development and execution of specific projects, or might be required to contribute further capital where this is necessary. In a few cases guarantees have been granted for budget overruns on projects that have been handed over at the design stage.

TK Development is occasionally involved in disputes and lawsuits, but is not currently a party to any lawsuits that, either individually or collectively, are expected to materially affect the Group's earnings. However, TK Development is party to the following lawsuit that is of relevance due to its scope:

In the summer of 2002, De Samvirkende Købmænd, a trade association of grocery retailers, filed a complaint with the Nature Protection Board of Appeal (Naturklagenævnet) in respect of the City of Copenhagen's approval of the layout of the Field's department store. In particular, the claim asserted that the Field's department store is not one department store, but that it consists of several individual stores. The Nature Protection Board of Appeal made its decision in the matter on 19 December 2003, after which the department store layout was approved. De Samvirkende Købmænd subsequently took out a writ against the Nature Protection Board of Appeal before the Danish High Court. 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.

The contingent retaxation liability attaching to German subsidiaries regarding which no provisions for deferred tax have been made amounts to DKK 97.4 million (DKK 97.4 million). The Company controls whether the retaxation liability will be triggered. It is not the Company's intention for such taxation to be triggered.

NOTE 30. FINANCIAL RISKS AND FINANCIAL INSTRUMENTS**Capital management**

The Group's capital structure consists of equity, cash and cash equivalents and payables to credit institutions.

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.

Financial targets

The Group has adopted a solvency target corresponding to a solvency ratio of 30 %, and compliance with this target also represents a covenant that commits the Group vis-à-vis its main banker. This target was met throughout the financial year. Furthermore, the Board of Directors has adopted a goal of achieving a solvency ratio of about 40 %, calculated as the ratio of equity to total assets. The solvency ratio was 45.8 % at 31 January 2016 (31 January 2015: 53.1 %).

Liquidity covenant

The Group has used liquidity 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 liquidity covenant was met during the year under review.

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.

Moreover, Management has decided that the operation of the Group's asset management activities is to be matured and optimized, with a view to selling the activities within a period of three to five years, and the plan is to distribute the freed-up equity to the Company's shareholders.

Breach of loan agreements

In the 2015/16 financial year, TK Development was in dialogue with credit institutions about the need to change the terms and conditions applicable to individual loans. An agreement has been reached after the reporting date.

NOTE 30. FINANCIAL RISKS AND FINANCIAL INSTRUMENTS, CONTINUED
Categories of financial instruments

	31 Jan 2016	31 Jan 2015
Other securities and investments, non-current	13.4	14.2
Financial assets held to maturity	13.4	14.2
Trade receivables	54.1	71.4
Receivables from joint ventures	195.7	124.2
Receivables from associates	4.6	6.6
Other receivables	10.6	19.4
Cash, cash equivalents, blocked and escrow accounts	99.7	69.4
Loans and receivables	364.7	291.0
Securities	4.1	4.1
Financial assets available for sale	4.1	4.1
Credit institutions	1,392.8	1,195.3
Trade payables	70.4	49.1
Other debt	27.2	42.3
Financial liabilities measured at amortized cost	1,490.4	1,286.7
Derivative financial instruments entered into to hedge interest rates	0.4	1.6
Hedging instruments	0.4	1.6

The Group's risk management policy

As a consequence of its activities, TK Development is exposed to fluctuations in foreign-exchange and interest rates. The overall objective of the Group's risk policy is to manage risks and exposures and thus minimize the negative effects on earnings and cash flows. To the extent possible, the Parent Company manages the Group's financial risks centrally and coordinates the Group's liquidity management, including the raising of funds and the investment of surplus funds.

Foreign-exchange risks

The Group primarily hedges its foreign-exchange risks by matching the currency of payments received with the currency of payments made. As a main rule, the financing of the individual projects, whether raised with credit institutions or by forward funding, is raised in the same currency as the currency agreed upon or expected to be used for the project sale. Likewise, the main rule is for construction contracts to be concluded in the project invoicing currency. In the cases where the Company concludes the construction contract in a different currency than the relevant project's invoicing currency, it will be assessed in each case whether the foreign-exchange risk is to be hedged through a forward agreement or other derivative financial instruments. In the 2015/16 financial year and in the comparative year, the Group did not enter into any forward agreements or other financial instruments.

Interest-rate risks

As a main rule, the TK Development Group finances its projects in progress by way of short-term, floating-rate bank loans or by forward funding, generally based on a fixed interest rate. Other interest-bearing debt is largely subject to variable interest (floating-rate debt).

Based on the Group's risk policy, Management regularly assesses whether a portion of its loans should be hedged by financial instruments. In the financial year 2015/16 the Group did not enter into new interest swaps to hedge interest-rate-risks nor in the comparative year. TK Development Group had only one interest swap contract at 31 January 2016. The interest swap contract expires in 2016.

NOTE 30. FINANCIAL RISKS AND FINANCIAL INSTRUMENTS, CONTINUED
Liquidity risks

The Group manages its liquidity risks by using continuous short-term cash budgets and long-term cash budgets that cover several years. The Group aims to continuously secure an optimum liquidity buffer to make efficient use of its cash resources in case of unforeseen fluctuations in cash withdrawals. The Group aims to optimize its liquidity buffer by the sale of completed projects and plots of land, by raising loans or by entering into forward funding agreements for its projects in progress.

Credit risks

In connection with the sale of the Group's projects the title to a project does not pass to the investor until payment has been effected. Thus, the Group's sale of projects does not generally generate credit risks as such. Each receivable is assessed individually, after which any necessary impairment losses are recognized.

The maximum credit risks associated with securities, equity investments, trade receivables, other receivables, cash and cash equivalents and deposits in blocked and escrow accounts correspond to their carrying amounts. The impairment losses for the year relating to trade receivables appear from note 21.

Impairment losses on other financial assets amount to DKK 2.2 million in the financial year 2015/16 (2014/15: DKK 0 million). The carrying amount of other receivables written down to net realizable value amounts to DKK 0 million (2014/15: DKK 2.2 million).

Foreign-exchange risks relating to recognized assets and liabilities

	Cash, cash equivalents, blocked accounts and securities	Receivables	Credit institutions	Liabilities	Unsecured net position
2015/16					
EUR	0.0	66.6	-41.6	0.0	25.0
PLN	2.5	2.9	-0.1	-5.2	0.1
CZK	0.0	0.0	-0.1	0.0	-0.1
31 Jan 2016	2.5	69.5	-41.8	-5.2	25.0
2014/15					
EUR	0.0	70.7	-36.0	-1.9	32.8
PLN	7.4	1.6	0.0	-8.8	0.2
CZK	0.2	0.0	-8.4	0.0	-8.2
31 Jan 2015	7.6	72.3	-44.4	-10.7	24.8

NOTE 30. FINANCIAL RISKS AND FINANCIAL INSTRUMENTS, CONTINUED

	2015/16	2014/15
Sensitivity of equity to foreign-exchange fluctuations		
Effect if the EUR rate were 10 % lower than the actual rate	-1.9	-2.5
Effect if the CZK rate were 10 % lower than the actual rate	0.0	0.6

	2015/16	2014/15
Sensitivity of profit/loss to foreign-exchange fluctuations		
Effect if the EUR rate were 10 % lower than the actual rate	-1.9	-2.5
Effect if the CZK rate were 10 % lower than the actual rate	0.0	0.6

The Group's major foreign-exchange exposure relates to EUR. The above calculations show the effect on equity and profit or loss if the rate of the relevant currency had been 10 % lower than the actual rate. A corresponding increase in foreign exchange rates would have a corresponding impact on profit or loss and equity.

Interest-rate risks and the dates of revaluation or maturity regarding financial assets and liabilities

2015/16	Date of revaluation/maturity			Total	Effective rate in %
	0 - 1 year	1 - 5 years	> 5 years		
Other securities and investments, non-current	0.5	11.8	1.1	13.4	0 - 2.5 %
Other securities and investments, current	4.1	0.0	0.0	4.1	0 %
Trade receivables	54.1	0.0	0.0	54.1	0 %
Receivables from joint ventures	0.0	195.7	0.0	195.7	0 - 8 %
Other receivables	10.6	0.0	0.0	10.6	0 %
Deposits with credit institutions (cash, cash equivalents and blocked and escrow accounts)	99.7	0.0	0.0	99.7	0 - 1 %
Receivables from associates	0.0	4.6	0.0	4.6	0 - 6 %
Trade payables	-70.4	0.0	0.0	-70.4	0 %
Other debt	-27.6	0.0	0.0	-27.6	0 %
Payables to credit institutions	-358.3	-1,034.5	0.0	-1,392.8	2 - 5.5 %
Interest payments on loans	-51.2	-103.8	0.0	-155.0	
Total at 31 January 2016	-338.5	-926.2	1.1	-1,263.6	

2014/15	Date of revaluation/maturity			Total	Effective rate in %
	0 - 1 year	1 - 5 years	> 5 years		
Other securities and investments, non-current	0.4	12.2	1.6	14.2	0 - 2.5 %
Other securities and investments, current	4.1	0.0	0.0	4.1	0 %
Trade receivables	71.4	0.0	0.0	71.4	0 %
Receivables from joint ventures	124.2	0.0	0.0	124.2	0 - 8 %
Other receivables	19.4	0.0	0.0	19.4	0 - 7 %
Deposits with credit institutions (cash, cash equivalents and blocked and escrow accounts)	69.4	0.0	0.0	69.4	0 - 3 %
Receivables from associates	1.9	4.7	0.0	6.6	0 - 6 %
Trade payables	-49.1	0.0	0.0	-49.1	0 %
Other debt	-43.9	0.0	0.0	-43.9	0 %
Payables to credit institutions	-863.1	-306.9	-25.3	-1,195.3	3 - 7.25 %
Interest payments on loans	-26.1	-23.5	-11.1	-60.7	
Total at 31 January 2015	-691.4	-313.5	-34.8	-1,039.7	

NOTE 30. FINANCIAL RISKS AND FINANCIAL INSTRUMENTS, CONTINUED

The fair value at 31 January 2016 of outstanding interest swaps entered into to hedge interest-rate risks on floating-rate loans amounts to DKK 0.4 million. The interest swap contract expires in 2016. The income statement was not affected by hedge inefficiency in the 2015/16 financial year or in the year of comparison.

With regard to interest-rate sensitivity, an increase in the interest level of 1 % p.a. compared to the interest level at the reporting date in respect of the Group's variable-interest deposits with and payables to credit institutions would have a negative impact on the profit or loss for the year, and thus on equity, of DKK 6.1 million for a full year. A fall in the interest level of 1 % p.a. would result in a corresponding positive impact on the profit or loss for the year and on equity. For the 2014/15 financial year, the interest-rate sensitivity in case of a change in the interest level of 1 % p.a. would have a DKK 4.8 million impact for a full year.

Liquidity risks

The maturity dates of financial liabilities are specified for the individual categories of liabilities in the notes, with the exception of trade payables and other debt largely falling due for payment within one year. The TK Development Group's liquidity reserve consists of cash and cash equivalents as well as unutilized operating credit facilities.

	31 Jan 2016	31 Jan 2015
The liquidity reserve breaks down as follows:		
Cash and cash equivalents	5.6	23.6
Unutilized operating credit facilities	31.8	198.9
Total	37.4	222.5
Deposited funds for later release	94.1	45.8
Total liquidity reserve	131.5	268.3

NOTE 31. 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; see the Overview of group companies, note 34.

	2015/16	2014/15
Board of Directors and Executive Board (and their related parties):		
Holding of shares, in terms of number (balance)	30,706,745	30,958,931
Remuneration, Board of Directors	1.4	1.4
Remuneration, Executive Board, see note 7	6.8	5.2
Sale of projects (revenue)	8.1	0.0
Joint ventures:		
Fees	9.4	14.8
Interest income	6.6	3.3
Guarantee commission	0.2	0.0
Interest expenses	0.0	-2.6
Receivables (balance)	195.7	124.2
Associates:		
Interest income	0.2	0.2
Receivables (balance)	4.6	6.6



NOTE 31. TRANSACTIONS WITH RELATED PARTIES, CONTINUED

Suretyships and guarantees have been issued on behalf of joint ventures and associates; see note 29.

Apart from the above, there were no transactions with related parties in the year under review. In accordance with the accounting policies, transactions with subsidiaries are eliminated in the consolidated financial statements.

No security or guarantees had been furnished for balances owing to or by related parties at the reporting date.

Receivables and payables are settled by payment in cash. No losses were realized on receivables from related parties. In 2015/16 and the comparative year no impairment was made to provide for any probable losses on receivables from related parties.

NOTE 32. POST-BALANCE SHEET EVENTS

No such post-balance sheet events have occurred as could change the assessment of the Annual Report.

NOTE 33. APPROVAL OF ANNUAL REPORT FOR PUBLICATION

At the board meeting on 1 April 2016, the Board of Directors approved the Annual Report for publication. The Annual Report will be submitted to the Company's shareholders for adoption at the Annual General Meeting on 26 April 2016.

NOTE 34. OVERVIEW OF GROUP COMPANIES

No parent companies other than the listed company TK Development A/S prepare consolidated financial statements.

The TK Development Group's subsidiaries

Name	Reg. office	Ownership interest	Name	Reg. office	Ownership interest
TK Bygge-Holding A/S	Aalborg	100 %	Euro Mall Polska XXVII Sp. z o.o.	Warsaw	100 %
TK Bygge-Holding Russia A/S	Aalborg	100 %	TK Development Sp. z o.o.	Warsaw	100 %
TKD Projekt A/S	Aalborg	100 %	TK Czech Operations s.r.o.	Prague	100 %
Kommanditaktieselskabet Frederikssund Shoppingcenter	Aalborg	100 %	Euro Mall Ceske Budejovice s.r.o.	Prague	100 %
Driftsselskabet Frederikssund ApS	Aalborg	100 %	TK Czech Development III s.r.o.	Prague	100 %
Euro Mall Holding A/S	Aalborg	100 %	Euro Mall Bohemia s.r.o.	Prague	100 %
Projektselskabet Køge Centrum P/S	Aalborg	100 %	Euro Mall City s.r.o.	Prague	100 %
Komplementarselskabet TK-DK ApS	Aalborg	100 %	Euro Mall Delta s.r.o.	Prague	100 %
Euro Mall Sweden AB	Stockholm	100 %	Euro Mall Event s.r.o.	Prague	100 %
TK Development Sweden Holding AB	Stockholm	100 %	Euro Mall Praha a.s.	Prague	100 %
TK Projekt AB	Stockholm	100 %	TK Development Slovakia s.r.o.	Bratislava	100 %
EMO Projekt AB	Stockholm	100 %	UAB TK Development Lietuva	Vilnius	100 %
EMO Center AB	Stockholm	100 %	SIA TKD Retail Park	Riga	100 %
TK Utveckling AB	Stockholm	100 %	SIA "KK"	Riga	100 %
Enebyängen Fastighets AB Stockholm	Stockholm	100 %	Euro Mall Luxembourg S.A.	Luxembourg	100 %
TKD Suomi OY	Helsinki	100 %	Euro Mall Czech & Slovakia Invest B.V.	Amsterdam	100 %
OY TKD Construction Finland	Helsinki	100 %	Euro Mall Sterboholly Holding B.V.	Amsterdam	100 %
TK Polska Operations S.A.	Warsaw	100 %	TK Development Bau GmbH	Berlin	100 %
Euro Mall Polska X Sp. z o.o.	Warsaw	100 %	TK Development GmbH	Berlin	100 %
Euro Mall Targówek III Sp. z o.o.	Warsaw	100 %	TKH Datzeberg Grundstücks-gesellschaft mbH	Berlin	100 %
Euro Mall Polska XV Sp. z o.o.	Warsaw	100 %	TKH Oranienburg Grundstücks-gesellschaft mbH	Berlin	100 %
Nowa Wilda Sp. z o.o.	Warsaw	100 %	TKH Mahlow Wohnungsbaugesellschaft mbH	Berlin	100 %
TK Polska Development II Sp. z o.o.	Warsaw	100 %	TKH Ferienwohnungsgesellschaft mbH in liquidation	Berlin	100 %
Euro Mall Polska XXVI Sp. z o. o.	Warsaw	100 %	EKZ Datzeberg Scan-Car GmbH	Berlin	100 %
Euro Mall Polska XXVI Sp. z o. o. Sp.k.	Warsaw	100 %	EKZ Datzeberg Scan-Car GmbH & Co. KG	Berlin	100 %

The companies are included in the consolidated financial statements by full consolidation.

The TK Development Group's joint ventures

Kommanditaktieselskabet Østre Havn	Aalborg	50 %	The Yard, Beddingen P/S	Aalborg	50 %
Østre Havn ApS	Aalborg	50 %	Komplementarselskabet Beddingen ApS	Aalborg	50 %
Ringsted Outlet Center P/S	Aalborg	50 %	BROEN Shopping A/S	Aalborg	35 %
SPV Ringsted ApS	Aalborg	50 %	Komplementarselsk. Esbjerg Shoppingcenter ApS	Aalborg	35 %
Ringsted Retail Company ApS	Aalborg	50 %	Euro Mall Polska XIV Sp. z o.o.	Warsaw	30 %
Kommanditaktieselskabet Danlink - Udvikling	Copenhagen	50 %	Euro Mall Polska XXIII Sp. z o.o.	Warsaw	30 %
Komplementarselskabet DLU ApS	Copenhagen	50 %	Euro Mall Ventures S.á r.l.	Luxembourg	20 %
Ahlgade 34 - 36 A/S	Aalborg	50 %	Euro Mall Luxembourg JV S.á r.l.	Luxembourg	30 %
Udviklingselskabet Nordkranen A/S in voluntary liquidation	Copenhagen	50 %			

The companies are recognized in the consolidated financial statements according to the equity method.

Associates

Step Re CSP Invest I A/S	Herning	50 %	Trøjborg ApS	Ikast-Brande	20 %
Amerika Plads C P/S	Aalborg	25 %	Pedersen Fritscheshof Neubrandenburg KG	Hamburg	35 %
Komplementarselskabet Amerika Plads C ApS	Aalborg	25 %	Camacuri s.r.o.	Prague	45 %

The companies are recognized in the consolidated financial statements according to the equity method.



PARENT COMPANY FINANCIAL STATEMENTS

INCOME STATEMENT

DKKm	Note	2015/16	2014/15
Other external expenses		3.4	3.1
Staff costs	4	0.9	1.6
Total		4.3	4.7
Operating profit/loss		-4.3	-4.7
Income from investments in group enterprises	6	-294.4	-88.7
Financial income	7	81.8	75.9
Financial expenses	8	-2.2	-3.6
Total		-214.8	-16.4
Profit/loss before tax		-219.1	-21.1
Tax on profit/loss for the year	9	3.1	16.9
Profit/loss for the year		-222.2	-38.0

COMPREHENSIVE INCOME STATEMENT

Profit/loss for the year		-222.2	-38.0
Items that may be re-classified to profit/loss:			
Other comprehensive income after tax in group enterprises		-1.5	-6.4
Other comprehensive income for the year		-1.5	-6.4
Comprehensive income for the year		-223.7	-44.4

PARENT COMPANY FINANCIAL STATEMENTS

BALANCE SHEET

DKKm	Note	31 Jan 2016	31 Jan 2015	1 Feb 2014
ASSETS				
Non-current assets				
Investments in group enterprises	6	0.0	184.6	265.9
Receivables from group enterprises		1,363.9	1,385.9	1,380.7
Financial assets		1,363.9	1,570.5	1,646.6
Deferred tax assets	10	10.1	10.1	19.3
Other non-current assets		10.1	10.1	19.3
Non-current assets		1,374.0	1,580.6	1,665.9
Current assets				
Prepayments		0.5	0.5	0.2
Receivables		0.5	0.5	0.2
Other securities and investments	11	4.1	4.1	4.0
Cash and cash equivalents		0.0	0.1	0.1
Current assets		4.6	4.7	4.3
ASSETS		1,378.6	1,585.3	1,670.2



PARENT COMPANY FINANCIAL STATEMENTS

BALANCE SHEET

DKKm	Note	31 Jan 2016	31 Jan 2015	1 Feb 2014
EQUITY AND LIABILITIES				
Equity				
Share capital	12	98.2	98.2	98.2
Other reserves	12	-9.1	-7.6	587.7
Retained earnings		1,196.6	1,418.8	867.8
Equity		1,285.7	1,509.4	1,553.7
Liabilities				
Credit institutions	13	34.1	0.0	0.0
Provisions	14	23.6	18.5	18.4
Non-current liabilities		57.7	18.5	18.4
Credit institutions	13	29.1	47.0	81.5
Trade payables		0.4	0.6	0.5
Corporate income tax		3.7	7.7	12.7
Other debt	16	2.0	2.1	3.4
Current liabilities		35.2	57.4	98.1
Liabilities		92.9	75.9	116.5
EQUITY AND LIABILITIES		1,378.6	1,585.3	1,670.2

PARENT COMPANY FINANCIAL STATEMENTS

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 year	0.0	0.0	-38.0	-38.0
Other comprehensive income for the year	0.0	-6.4	0.0	-6.4
Total comprehensive income for the year	0.0	-6.4	-38.0	-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	-7.6	1,418.8	1,509.4
Profit/loss for the year	0.0	0.0	-222.2	-222.2
Other comprehensive income for the year	0.0	-1.5	0.0	-1.5
Total comprehensive income for the year	0.0	-1.5	-222.2	-223.7
Equity at 31 January 2016	98.2	-9.1	1,196.6	1,285.7



PARENT COMPANY FINANCIAL STATEMENTS

CASH FLOW STATEMENT

DKKm	2015/16	2014/15
Operating profit/loss	-4.3	-4.7
Adjustments for non-cash items:		
Exchange-rate adjustments	0.1	-0.3
Increase/decrease in receivables	-84.0	-19.1
Increase/decrease in payables and other debt	-0.4	-1.1
Cash flows from operations	-88.6	-25.2
Interest paid, etc.	-2.2	-3.5
Interest received, etc.	81.8	75.9
Corporate income tax paid	-7.2	-12.8
Cash flows from operating activities	-16.2	34.4
Repayment, short term credit institutions	0.0	-34.4
Raising of financing, short term credit institutions	16.1	0.0
Cash flows from financing activities	16.1	-34.4
Cash flows for the year	-0.1	0.0
Cash and cash equivalents, beginning of year	0.1	0.1
Cash and cash equivalents at year-end	0.0	0.1

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



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NOTE 1. IMPACT OF AMENDMENTS TO IAS 27, RECOGNITION AND MEASUREMENT OF INVESTMENTS ACCORDING TO THE EQUITY METHOD

The Management of TK Development has chosen to implement the amendments to IAS 27, Separate Financial Statements, with effect from 1 February 2015, which is earlier than the effective date for mandatory application of the amendments. Accordingly, investments in group enterprises are now recognized and measured according to the equity method.

Such investments have so far been measured at cost less any writedown for impairment.

The amendment affects items in the income statement as well as assets, equity and liabilities, and the overall result is a reduction of the Company's balance sheet total and equity.

In accordance with the provisions regarding the applicability of the amendments, the change in the accounting policies from recognition at cost to use of the equity method has been implemented with retroactive effect.

The effects on the comparative figures for 2014/15 and the opening balance sheet at 1 February 2014 are shown below.

Comprehensive income statement, 1 February 2014 to 31 January 2015

DKKm	Based on previous accounting policies	Impact of changed IAS 27	Based on new accounting policies
Other external expenses	3.1	-	3.1
Staff costs	1.6	-	1.6
Operating profit/loss	-4.7	-	-4.7
Income from investments in group enterprises	-100.0	11.3	-88.7
Financial income	75.9	-	75.9
Financial expenses	-3.6	-	-3.6
Profit/loss before tax	-32.4	11.3	-21.1
Tax on profit/loss for the year	16.9	-	16.9
Profit/loss for the year	-49.3	11.3	-38.0
Other comprehensive income after tax in group enterprises	-	-6.4	-6.4
Comprehensive income for the year	-49.3	4.9	-44.4

The changes in accounting policies has no effect on the cash flow statement.

NOTES, PARENT COMPANY FINANCIAL STATEMENTS

NOTE 1. IMPACT OF AMENDMENTS TO IAS 27, RECOGNITION AND MEASUREMENT OF INVESTMENTS ACCORDING TO THE EQUITY METHOD, CONTINUED

Balance sheet at 1 February 2014

DKKm	Based on previous accounting policies	Impact of changed IAS 27	Based on new accounting policies
Assets			
Goodwill	5.1	-5.1	-
Investments in group enterprises	718.1	-452.2	265.9
Receivables from group enterprises	1,371.8	8.9	1,380.7
Deferred tax assets	19.3	-	19.3
Non-current assets	2,114.3	-448.4	1,665.9
Currents assets	4.3	-	4.3
Assets	2,118.6	-448.4	1,670.2
Equity and liabilities			
Share capital	98.2	-	98.2
Other reserves	588.9	-1.2	587.7
Retained earnings	1,314.2	-446.4	867.8
Equity	2,001.3	-447.6	1,553.7
Provisions	19.2	-0.8	18.4
Non-current liabilities	19.2	-0.8	18.4
Current liabilities	98.1	-	98.1
Liabilities	117.3	-0.8	116.5
Equity and liabilities	2,118.6	-448.4	1,670.2

Balance sheet at 31 January 2015

DKKm	Based on previous accounting policies	Impact of changed IAS 27	Based on new accounting policies
Assets			
Goodwill	5.1	-5.1	-
Investments in group enterprises	643.2	-458.6	184.6
Receivables from group enterprises	1,365.6	20.3	1,385.9
Deferred tax assets	10.1	-	10.1
Non-current assets	2,024.0	-443.4	1,580.6
Currents assets	4.7	-	4.7
Assets	2,028.7	-443.4	1,585.3
Equity and liabilities			
Share capital	98.2	-	98.2
Other reserves	-	-7.6	-7.6
Retained earnings	1,853.9	-435.1	1,418.8
Equity	1,952.1	-442.7	1,509.4
Provisions	19.2	-0.7	18.5
Non-current liabilities	19.2	-0.7	18.5
Current liabilities	57.4	-	57.4
Liabilities	76.6	-0.7	75.9
Equity and liabilities	2,028.7	-443.4	1,585.3

NOTE 2. ACCOUNTING POLICIES

The financial statements of the Parent Company for 2015/16 are presented in compliance with the International Financial Reporting Standards, as adopted by the EU, and in accordance with Danish disclosure requirements for annual reports of listed companies; see the Executive Order on IFRS issued in pursuance of the Danish Financial Statements Act.

The parent financial statements are presented in DKK, which is the Company's presentation currency.

The parent financial statements are presented on the basis of historical cost, with the exception of investments in group enterprises, which are measured according to the equity method.

Generally, the Parent Company applies the same accounting policies regarding recognition and measurement as the Group. The cases where the Parent Company's accounting policies deviate from those of the Group are described below. For a detailed overall description of accounting policies, reference is made to note 1 to the consolidated financial statements.

IMPLEMENTATION OF NEW AND AMENDED FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS ISSUED BY IFRIC

The parent financial statements for 2015/16 have been presented in accordance with the financial reporting standards (IFRS/IAS) and IFRIC interpretations applicable for financial years beginning at 1 February 2015, with early adoption of the amendments to IAS 27, which means that investments in group enterprises are now recognized and measured according to the equity method.

With effect from 1 February 2015, a number of new and amended financial reporting standards and interpretations have been implemented with no effect on recognition and measurement. The implementation of the amendments to IAS 27 has resulted in changes to the accounting policies and affected recognition and measurement. The comparative figures have been restated accordingly. The impact of the implementation appears from note 1.

In other respects, the accounting policies have been consistently applied with those of the previous financial year.

FINANCIAL REPORTING STANDARDS AND IFRIC INTERPRETATIONS NOT YET IN FORCE

At the date of publication of this Annual Report, a number of new or amended financial reporting standards and interpretations had not yet entered into force or been adopted by the EU. Thus, they have not been incorporated into the Annual Report. None of the above-mentioned standards and interpretations are expected to materially affect the financial statements for the next financial years.

CASES WHERE THE PARENT COMPANY'S ACCOUNTING POLICIES DEVIATE FROM THOSE OF THE GROUP**Translation of foreign-currency items**

Foreign-exchange adjustments of receivables from or payables to subsidiaries that are considered part of the Parent Company's total investment in the relevant subsidiary are recognized in the income statement under financial items. Such foreign-exchange adjustments are recognized in other comprehensive income in the consolidated financial statements.

Investments in group enterprises

In the parent financial statements, investments in group enterprises are recognized and measured according to the equity method, which means that the investments are measured at the proportionate share of the group enterprises' carrying amount, determined according to the Parent Company's accounting policies, with the addition of goodwill and plus or less any proportionate intercompany profits or losses.

The proportionate share of the group enterprise's results after tax and the proportionate elimination of unrealized intercompany profits and losses are recognized in profit or loss, less any impairment of goodwill. The proportionate share of all transactions and events recognized in the group enterprises' other comprehensive income is recognized in other comprehensive income.

Investments in group enterprises with a negative equity value are measured at DKK 0. Receivables and other non-current financial assets considered to be part of the overall investment are written down by any remaining negative equity value. Trade receivables and other receivables are written down to the extent that they are considered uncollectible. A provision for the remaining negative equity value is only recognized if the Parent Company has a legal or constructive obligation to meet the relevant group enterprise's liabilities.

NOTE 3. ACCOUNTING ESTIMATES AND JUDGMENTS

Many account items cannot be measured with certainty, but only estimated. Such estimates consist of assessments based on the most recent information available at the time of presenting the financial statements. It may be necessary to change previous estimates based on changes in the assumptions underlying the estimate or based on supplementary information, additional experience or subsequent events.

In connection with the practical application of the accounting policies described, Management has made a number of significant accounting estimates and judgments that have materially affected this Annual Report:

Investments in and receivables from group enterprises

The need to make provisions for losses on investments in and receivables from group enterprises is based on a specific assessment of each individual group enterprises. If the applied assumptions change or if the actual course of events deviates from the expected development, the value may deviate from the value determined at 31 January 2016. The carrying amount of investments in group enterprises amounted to DKK 0 million and receivables from group enterprises to DKK 1,363.9 million at 31 January 2016.

NOTE 4. STAFF COSTS

	2015/16	2014/15
Fees for Board of Directors	1.4	1.4
Salaries, etc. for the Parent Company's Executive Board; see below	6.8	5.2
Other salaries and staff costs, etc.	0.0	0.7
Reinvoiced via service agreements	-7.3	-5.7
Total staff costs	0.9	1.6
Average number of employees	2	2
Number of employees at year-end	2	2

For salaries, etc. for the Parent Company's Executive Board and fees for the Board of Directors reference is made to note 7 in the consolidated financial statements.

Defined contribution plans

The Company has entered into defined contribution plans with the employees in the Company. According to these plans, the Company pays a monthly amount of 2 % of the relevant employees' basic salaries to independent pension companies.

An amount of DKK 0.2 million was expensed for defined contribution plans in the 2015/16 financial year (2014/15: DKK 0.2 million).

No employees in the Company are comprised by defined benefit plans.

For share-based payment reference is made to note 8 in the consolidated financial statements.



NOTES, PARENT COMPANY FINANCIAL STATEMENTS

NOTE 5. FEES PAYABLE TO THE AUDITORS ELECTED AT THE GENERAL MEETING

	2015/16	2014/15
Statutory audit	0.5	0.3
Total	0.5	0.3

NOTE 6. INVESTMENTS IN GROUP ENTERPRISES

	31 Jan 2016	31 Jan 2015
Cost at 1 February	1,127.3	1,127.1
Additions for the year	0.0	0.2
Cost at 31 January	1,127.3	1,127.3
Impairment at 1 February	-1,256.8	-1,161.6
Foreign-exchange adjustments	-1.5	-6.5
Share of profit/loss for the year	-294.4	-88.9
Changes in intercompany profits/losses	0.0	0.2
Impairment at 31 January	-1,552.7	-1,256.8
Carrying amount at 31 January	-425.4	-129.5
Investments in group enterprises recognized in balance sheet breaks down as follows:		
Financial assets	0.0	184.6
Set off against receivables from group enterprises	-401.8	-295.6
Provisions	-23.6	-18.5
Carrying amount at 31 January	-425.4	-129.5

In the Parent Company's balance sheet, investments in group enterprises are measured according to the equity method and are equal to the individual subsidiaries' carrying amount, determined according to the Group's accounting policies, with the addition of goodwill and less any intercompany profits or losses, etc.

Overview of investments in group enterprises:

Name	Reg. office	Ownership interest
TK Bygge-Holding A/S	Aalborg	100 %
TK Development Bau GmbH	Berlin	100 %
TK Development GmbH	Berlin	100 %

The ownership interests shown above are the Company's direct holdings.

NOTE 7. FINANCIAL INCOME

	2015/16	2014/15
Interest income from group enterprises	80.6	74.7
Financial income from loans and receivables	80.6	74.7
Other financial income	1.2	1.2
Total financial income	81.8	75.9

Which breaks down as follows:

Interest income from financial assets not measured at fair value through profit and loss	80.6	74.7
Other financial income	1.2	1.2
Total financial income	81.8	75.9

NOTE 8. FINANCIAL EXPENSES

	2015/16	2014/15
Interest expenses, credit institutions	2.0	3.1
Miscellaneous interest expenses	0.2	0.3
Foreign-exchange losses and capital losses on securities	0.0	0.2
Total financial expenses	2.2	3.6

Which break down as follows:

Interest expenses on financial liabilities not measured at fair value through profit and loss	2.2	3.4
Other financial expenses	0.0	0.2
Total financial expenses	2.2	3.6

NOTE 9. TAX ON PROFIT/LOSS FOR THE YEAR

	2015/16	2014/15
Current corporate income tax	2.1	7.7
Adjustment regarding tax relating to prior year(s)	1.0	0.0
Change in deferred tax	0.0	9.2
Tax on profit/loss for the year	3.1	16.9

The tax on the profit/loss for the year results as follows:

Calculated tax based on the Danish tax rate of 23.5 % (2014/15: 24.5 %)	-51.5	-5.1
Adjustment regarding tax relating to prior year(s)	1.0	0.0
Tax effect of:		
Non-deductible expenses/non-taxable income	69.2	21.6
Other	-1.0	0.0
Change in value adjustment	-15.9	0.4
Change of tax rate	1.3	0.0
Tax on profit/loss for the year	3.1	16.9



NOTES, PARENT COMPANY FINANCIAL STATEMENTS

NOTE 10. DEFERRED TAX ASSETS

	31 Jan 2016	31 Jan 2015
Deferred tax assets at 1 February	44.3	53.1
Disposals for the year	-15.9	-8.8
Deferred tax assets at 31 January	28.4	44.3
Value adjustment at 1 February	-34.2	-33.8
Value adjustment for the year	15.9	-0.4
Value adjustments at 31 January	-18.3	-34.2
Carrying amount at 31 January	10.1	10.1
Deferred tax assets relate to:		
Investments	0.0	1.5
Current assets	-1.6	-1.7
Postponed deduction of interest expenses	6.1	25.3
Temporary differences	4.5	25.1
Value of tax losses	23.9	19.2
Impairment of tax assets	-18.3	-34.2
Total	10.1	10.1

The change in deferred tax assets for the year has been recognized in the income statement.

Deferred tax assets not recognized in balance sheet:

Value of tax losses	18.3	19.2
Postponed deduction of interest expenses	0.0	15.0
Total	18.3	34.2

Deferred tax liability not recognized in balance sheet:

Contingent retaxation liability attaching to German subsidiaries	97.4	97.4
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The Company controls whether the retaxation liability will be triggered. It is not the Company's intention for such taxation to be triggered.

NOTE 11. OTHER SECURITIES AND INVESTMENTS

Reference is made to note 22 in the consolidated financial statement.

NOTE 12. SHARE CAPITAL AND OTHER RESERVES
Share capital

Reference is made to note 23 in the consolidated financial statement.

Other reserves

	Special reserve	Reserve for value adjustment for available-for-sale financial assets	Reserve for foreign exchange adjustments, etc. in group enterprises	Total
Other reserves at 1 February 2014	588.9	-0.1	-1.1	587.7
Special reserve transferred to distributable reserves	-588.9	0.0	0.0	-588.9
Other comprehensive income:				
Other comprehensive income after tax in group enterprises	0.0	0.0	-6.4	-6.4
Other reserves at 31 January 2015	0.0	-0.1	-7.5	-7.6
Other comprehensive income:				
Other comprehensive income after tax in group enterprises	0.0	0.0	-1.5	-1.5
Other reserves at 31 January 2016	0.0	-0.1	-9.0	-9.1

NOTE 13. CREDIT INSTITUTIONS

	31 Jan 2016	31 Jan 2015
Payables to credit institutions are recognized as follows in the balance sheet:		
Non-current liabilities	34.1	0.0
Current liabilities	29.1	47.0
Total payables to credit institutions	63.2	47.0
Fair value	63.2	47.0
Carrying amount	63.2	47.0

At 31 January, the Parent Company had the following loans and credits:

Loans	Maturity	Fixed/ variable	Effective rate		Carrying amount		Fair value	
			2015/16	2014/15	2015/16	2014/15	2015/16	2014/15
Bank DKK	2017	variable	3.8 - 4 %	3.5 - 4.75 %	28.3	12.9	28.3	12.9
Bank EUR	2017	variable	2.5 - 3 %	3.25 - 3.5 %	34.9	34.1	34.9	34.1

The fair value has been determined at the present value of future principal repayments and interest payments by using the effective interest method (Fair value hierarchy: Level 2).

NOTE 14. PROVISIONS

	31 Jan 2016	31 Jan 2015
Provisions at 1 February	18.5	18.4
Provisions for the year	5.1	0.1
Provisions at 31 January	23.6	18.5

Expected maturity dates of the liabilities provided for:

1 - 5 years	23.6	18.5
Provisions at 31 January	23.6	18.5

Provisions relate to provisions for negative equity in subsidiaries.

NOTE 15. OPERATING LEASES

For 2016, operating leases for the rental of operating equipment have been concluded. The leases have been concluded for a five-year period with fixed lease payments. The leases are non-terminable for the period mentioned, and will expire in 2016/17.

Future minimum lease payments according to non-terminable lease contracts break down as follows:

	31 Jan 2016	31 Jan 2015
Within 1 year	0.2	0.3
Within 1 - 5 years	0.0	0.2
Total	0.2	0.5
Minimum lease payments for the year recognized in the income statement	0.3	0.3

NOTE 16. OTHER DEBT

	31 Jan 2016	31 Jan 2015
Holiday pay obligations	1.0	0.8
Other debt	1.0	1.3
Other debt, total	2.0	2.1

Broken down as follows under liabilities:

Current liabilities	2.0	2.1
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The carrying amount of employee related payables consisting of salaries, personal income tax, social security contributions, holiday pay, etc., project related costs and other costs payable is equal to the fair value of these payables. Holiday pay obligations represent the Company's liability to pay salary during holiday periods to which the employees had earned entitlement by the reporting date and which are to be taken in the following financial year(s).

NOTE 17. CONTINGENT ASSETS AND LIABILITIES AS WELL AS SECURITIES FURNISHED**Contingent assets**

Contingent assets in the form of tax assets not recognized appear from note 10.

Contingent liabilities and securities furnished

	31 Jan 2016	31 Jan 2015
Surety and guarantee commitments on behalf of group enterprises	1,512.4	1,455.4
Surety and guarantee commitments on behalf of joint ventures	95.5	267.8
Surety and guarantee commitments on behalf of associates	10.0	10.0
Other surety and guarantee commitments	7.6	7.6
Carrying amount of equity investments furnished as security to credit institutions	0.0	184.6

The below figures in brackets are comparative figures for 2014/15.

The amounts stated for surety and guarantee commitments on behalf of group enterprises are the upper limits. At 31 January 2016, the subsidiaries had drawn an amount of DKK 1,149.4 million (DKK 1,161.4 million) on their credit facilities.

In addition, the Company has guaranteed the liabilities of a few group enterprises in relation to construction contracts, and a few other project related contracts.

The contingent retaxation liability attaching to German subsidiaries regarding which no provisions for deferred tax have been made amounts to DKK 97.4 million (DKK 97.4 million). The Company controls whether the retaxation liability will be triggered. It is not the Company's intention for such taxation to be triggered.

The Company is the management company for the Group's Danish jointly taxed companies, and as from the 2013/14 financial year it has unlimited, joint and several liability together with the other jointly taxed companies for all corporate income taxes arising under the joint taxation scheme and as from 1 July 2012 the Company has unlimited, joint and several liability for the withholding taxes payable by these companies. Corporate income tax payable for the Danish jointly taxed companies amounted to DKK 1.6 million at 31 January 2016 (DKK 1.5 million).

NOTE 18. FINANCIAL RISKS AND FINANCIAL INSTRUMENTS

Categories of financial instruments	31 Jan 2016	31 Jan 2015
Receivables from group enterprises	1,363.9	1,385.9
Cash, cash equivalents and blocked and escrow accounts	0.0	0.1
Loans and receivables	1,363.9	1,386.0
Securities	4.1	4.1
Financial assets available for sale	4.1	4.1
Credit institutions	63.2	47.0
Trade payables	0.4	0.6
Other debt	2.0	2.1
Financial liabilities measured at amortized cost	65.6	49.7

For a description of the Company's capital management, risk management policy, foreign-exchange risks, interest-rate risks, liquidity risks and credit risks, reference is made to note 30 in the consolidated financial statements.

Foreign-exchange risks relating to recognized assets and liabilities

In the 2015/16 financial year and the comparative year, the Company did not enter into any forward agreements or other derivative financial instruments to hedge foreign-exchange risks in the Company.

2015/16	Cash, cash equivalents and securities	Receivables	Credit institutions	Unsecured net position
EUR at 31 January 2016	0.0	117.7	-34.9	82.8
PLN at 31 January 2016	0.0	4.6	0.0	4.6
CZK at 31 January 2016	0.0	0.6	0.0	0.6

2014/15	Cash, cash equivalents and securities	Receivables	Credit institutions	Unsecured net position
EUR at 31 January 2015	0.1	117.3	-34.1	83.3
PLN at 31 January 2015	0.0	3.9	0.0	3.9
CZK at 31 January 2015	0.0	0.5	0.0	0.5

Sensitivity of profit/loss and equity to foreign-exchange fluctuations	2015/16	2014/15
Effect if the EUR rate were 10 % lower than the actual rate	-6.3	-6.3

The Company's major foreign-exchange exposures relate to EUR. The above calculations show the effect on equity and profit or loss if the rate of exchange for EUR had been 10 % lower than the actual rate. A corresponding increase in the foreign-exchange rate would have a corresponding positive impact on profit or loss and equity.

As all foreign-exchange adjustments relating to the above-mentioned financial instruments are recognized in the income statement, any exchange-rate fluctuations will have the same effect on profit or loss and equity.

NOTE 18. FINANCIAL RISKS AND FINANCIAL INSTRUMENTS, CONTINUED
Interest-rate risks and the dates of revaluation or maturity regarding financial assets and liabilities

	Date of revaluation/maturity			Total	Effective rate in %
	0 - 1 year	1 - 5 years	> 5 years		
2015/16					
Securities	4.1	0.0	0.0	4.1	0 %
Receivables from group enterprises	0.0	1,363.9	0.0	1,363.9	0 - 8 %
Payables to credit institutions	0.0	-63.2	0.0	-63.2	2.5 - 4 %
Interest payments on loans	-2.0	-1.3	0.0	-3.3	
Trade payables	-0.4	0.0	0.0	-0.4	0 %
Other debt	-2.0	0.0	0.0	-2.0	0 %
Total at 31 January 2016	-0.3	1,299.4	0.0	1,299.1	
2014/15					
Securities	4.1	0.0	0.0	4.1	0 %
Receivables from group enterprises	0.0	1,385.9	0.0	1,385.9	0 - 8 %
Deposits with credit institutions	0.1	0.0	0.0	0.1	0 %
Payables to credit institutions	-47.0	0.0	0.0	-47.0	3.25 - 4.75 %
Interest payments on loans	-0.4	0.0	0.0	-0.4	
Trade payables	-0.6	0.0	0.0	-0.6	0 %
Other debt	-2.1	0.0	0.0	-2.1	0 %
Total at 31 January 2015	-45.9	1,385.9	0.0	1,340.0	

With regard to interest-rate sensitivity, an increase in the interest level of 1 % p.a. compared to the interest level at the reporting date in respect of the Company's variable-interest deposits with and payables to credit institutions would have a negative impact on the profit or loss for the year, and thus on equity, of DKK 0.5 million for a full year. A fall in the interest level of 1 % p.a. would result in a corresponding positive impact on the profit or loss for the year and on equity. For the 2014/15 financial year, the interest-rate sensitivity in case of a change in the interest level of 1 % p.a. would have an impact of about DKK 0.4 million for a full year.

Liquidity risks

The maturity dates of financial liabilities are specified for the individual categories of liabilities in the notes, with the exception of trade payables and other debt largely falling due for payment within one year. The Company's liquidity reserve consists of cash and cash equivalents as well as unutilized credit facilities. Reference is also made to note 30 in the consolidated financial statements.

Breach of loan agreements

During the financial year and the previous year, the Company was not in breach of any loan agreements.

NOTE 19. 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)
- Associates, joint ventures and group enterprises; see the Overview of group companies, note 34 in the consolidated financial statements.

	2015/16	2014/15
Board of Directors and Executive Board (and their related parties)		
Holding of shares, in terms of number (balance)	30,706,745	30,958,931
Remuneration, Board of Directors	1.4	1.4
Remuneration, Executive Board	6.8	5.2
Joint ventures and group enterprises		
Management fee to group enterprises (cost)	1.0	1.0
Interest income from group enterprises	80.6	74.7
Receivables from group enterprises (balance)	1,363.9	1,385.9
Costs allocated to group enterprises according to service agreements concluded	7.3	5.7
Guarantee commission from group enterprises	1.2	1.2

Surety and other security furnished for subsidiaries appear from note 17. Suretyships and guarantees have been issued on behalf of joint ventures and associates; see note 29 in the consolidated financial statements.

Apart from this, no securities or guarantees had been furnished for balances owing to or by related parties at the reporting date. Receivables and payables are expected to be settled by payment in cash. No losses were realized on receivables from related parties.

Apart from the above, there were no transactions with related parties in the year under review.

NOTE 20. POST-BALANCE SHEET EVENTS

Reference is made to note 32 in the consolidated financial statements.

NOTE 21. APPROVAL OF ANNUAL REPORT FOR PUBLICATION

Reference is made to note 33 in the consolidated financial statements.

COMPANY INFORMATION

TK Development A/S

CVR no.:
24256782

ISIN code:
DK0010258995 (TKDV)

Municipality of registered office:
Aalborg, Denmark

Website:
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e-mail:
tk@tk.dk

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 Annual General Meeting will be held at 3 p.m. on 26 April 2016 at Aalborg Kongres & Kultur Center, Radiosalen, Europa Plads 4, DK-9000 Aalborg.

