

PHOTO:
TOPPING-OUT CEREMONY, BROEN SHOPPING,
ESBJERG, DENMARK



TK DEVELOPMENT A/S | CVR NO. 24256782
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COMPANY ANNOUNCEMENT NO. 8/2016 | 15 JUNE 2016

INTERIM REPORT Q1 2016/17

(1 February 2016 - 30 April 2016)

RESULTS FOR THE FIRST QUARTER OF 2016/17

- The results before tax amounted to DKK -4.1 million in Q1 2016/17 against DKK -5.9 million in Q1 2015/16. The results after tax amounted to DKK -3.7 million against DKK -6.7 million in Q1 2015/16.
- The balance sheet total amounted to DKK 2,855.1 million at 30 April 2016 against DKK 2,808.8 million at 31 January 2016. Consolidated equity totalled DKK 1,281.4 million, and the solvency ratio stood at 44.9 %.

Breakdown by segment:

| DKK m | Property development | Asset management | Un-allocated |
|---|----------------------|------------------|--------------|
| Profit/loss | | | |
| Profit/loss before tax | 2.6 | -4.1 | -2.6 |
| Balance sheet | | | |
| Development projects | 753.6 | - | - |
| Completed properties under asset management | - | 1,173.0 | - |
| Other asset management projects | - | 138.3 | - |
| Other assets | 413.3 | 293.6 | 83.3 |
| Total assets | 1,166.9 | 1,604.9 | 83.3 |
| Tied-up equity | 644.9 | 573.0 | 63.5 |

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 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 2.6 million before tax in Q1 2016/17. At 30 April 2016 the balance sheet total came to DKK 1,166.9 million, and the equity tied up represented DKK 644.9 million.
- As from the 2017/18 financial year, the return on equity from this business area is expected to amount to 15-20 % p.a. before tax.

- The sales completed by TK Development in Q1 2016/17 included a superstore of about 2,150 m² in Røde Kro.
- Major development projects in progress:
 - Construction of the new shopping centre, BROEN Shopping, in Esbjerg, Denmark, is progressing according to plan, and the opening is scheduled for spring 2017. The current occupancy rate is 73 % of the premises.
 - Construction of Strædet in Køge, Denmark, is now on schedule and expected to be completed in autumn 2017. The retail project, of which 74 % 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, was completed in the period under review, and an occupancy permit was obtained immediately after the reporting date. 93 % of the units have been sold in advance, and the handover to the buyers of the individual units has begun.
 - 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 -4.1 million before tax in Q1 2016/17. At 30 April 2016 the balance sheet total came to DKK 1,604.9 million, and the equity tied up represented DKK 573.0 million.
- The portfolio of completed properties in this business area consists of 156,200 m², amounting to DKK 1,581.8 million at 30 April 2016. This amount includes 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 6.1 %.
- 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.

The expectations mentioned in this Interim Report, including earnings expectations, are naturally subject to risks and uncertainties, which may result in deviations from the expected results. Expectations may be impacted by factors generally applicable to the sector as well as the factors referred to in the Group's 2015/16 Annual Report under Risk issues and note 2 to the consolidated financial statements, Account-

SUMMARY

ing estimates and judgments, including the valuation of the Group's project portfolio.

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

CONSOLIDATED FINANCIAL HIGHLIGHTS AND KEY RATIOS

| DKKm | Q1 2016/17 | Q1 2015/16 | Full year 2015/16 |
|------|---------------|---------------|----------------------|
|------|---------------|---------------|----------------------|

FINANCIAL HIGHLIGHTS

| | | | |
|--|----------------|----------------|----------------|
| Net revenue | 45.7 | 40.7 | 327.8 |
| Value adjustment of investment properties, net | 0.0 | 0.0 | -25.0 |
| Gross profit/loss | 18.9 | 15.6 | -67.3 |
| Operating profit/loss (EBIT) | -0.5 | -4.0 | -183.0 |
| Income from investments in joint ventures | 5.2 | 8.0 | 30.4 |
| Financing, etc. | -9.0 | -10.2 | -39.5 |
| Profit/loss before tax and writedowns, etc. | -2.4 | -4.9 | 3.6 |
| Profit/loss before tax | -4.1 | -5.9 | -191.0 |
| Profit/loss for the period | -3.7 | -6.7 | -222.3 |
| Comprehensive income for the period | -4.3 | 4.4 | -223.7 |
| Balance sheet total | 2,855.1 | 2,863.3 | 2,808.8 |
| Property, plant and equipment | 0.8 | 0.9 | 0.9 |
| Investment properties | 53.2 | 78.3 | 53.3 |
| Total project portfolio | 2,011.7 | 2,168.2 | 2,013.6 |
| Equity | 1,281.4 | 1,513.8 | 1,285.7 |
| Cash flows for the period | 2.3 | -18.8 | -17.1 |
| Net interest-bearing debt, end of period | 1,086.1 | 997.4 | 1,099.4 |

KEY RATIOS

| | | | |
|--------------------------------------|------------|------------|------------|
| Return on equity (ROE) ^{*)} | -1.1 % | -1.8 % | -15.9 % |
| Solvency ratio (based on equity) | 44.9 % | 52.9 % | 45.8 % |
| Equity value in DKK per share | 13.1 | 15.4 | 13.1 |
| Price/book value (P/BV) | 0.5 | 0.6 | 0.5 |
| Number of shares, end of period | 98,153,335 | 98,153,335 | 98,153,335 |
| Earnings per share (EPS) in DKK | 0.0 | -0.1 | -2.3 |
| Dividend in DKK per share | 0 | 0 | 0 |
| Listed price in DKK per share | 6.8 | 9.2 | 7.2 |

KEY RATIOS ADJUSTED FOR WARRANTS

| | | | |
|---|-----|--------|-----|
| Return on equity (ROE) ^{*)} | n/a | -1.8 % | n/a |
| Solvency ratio (based on equity) | n/a | 52.9 % | n/a |
| Equity value in DKK per share | n/a | 15.4 | n/a |
| Diluted earnings per share (EPS-D) in DKK | n/a | -0.1 | n/a |

^{*)} Annualized.

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

RESULTS

The results before tax amounted to DKK -4.1 million in Q1 2016/17 against DKK -5.9 million in Q1 2015/16. The results after tax amounted to DKK -3.7 million against DKK -6.7 million in Q1 2015/16.

The revenue for the period under review totalled DKK 45.7 million against DKK 40.7 million in Q1 2015/16. The gross results for Q1 2016/17 amounted to DKK 18.9 million against DKK 15.6 million in Q1 2015/16.

The gross results and joint venture results for the period consist mainly of the impact from projects handed over in the property development business area, the operation of the Group's wholly and partly owned completed properties under asset management, as well as fee income and the value adjustment of investment properties under construction.

Staff costs and other external expenses amounted to DKK 19.3 million against DKK 19.5 million in the same period the year before.

The income generated by investments in joint ventures amounted to DKK 5.2 million against DKK 8.0 million in Q1 2015/16. This amount includes the operation of the Group's partly owned completed properties under asset management and value adjustments of investment properties under construction.

Net financing expenses amounted to DKK 9.0 million against DKK 10.2 million in Q1 2015/16.

Tax on the results for the period amounted to DKK -0.4 million. The Group's foreign tax assets have been valued at DKK 0 based on Management's decision to phase out the Group's activities in several countries and the low earnings expected from the Polish activities in the years ahead.

BALANCE SHEET

The balance sheet total came to DKK 2,855.1 million against DKK 2,808.8 million at 31 January 2016.

TK Development's investment properties consisted of a single German investment property at 30 April 2016. The carrying amount of the property amounts to DKK 53.2 million, on a par with the carrying amount at 31 January 2016.

Net investments in and receivables from joint ventures amounted to DKK 441.2 million against DKK 456.4 million at 31 January

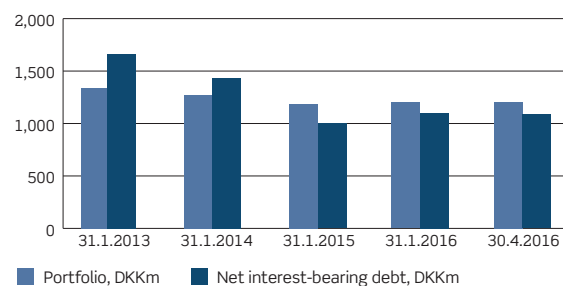
2016. The decline is a combined result of the distribution of dividend by individual joint ventures and additional investments in other joint ventures.

Deferred tax assets totalled DKK 82.3 million against DKK 81.6 million at 31 January 2016. 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 total project portfolio came to DKK 2,011.7 million against DKK 2,013.6 million at 31 January 2016. The decline derives mainly from a combination of the following factors: an increase in the Group's portfolio of projects in progress, including Strædet in Køge; a decrease resulting from the sale of projects; and a further decrease resulting from higher customer prepayments. Total prepayments from customers amounted to DKK 136.6 million at 30 April 2016 versus DKK 75.6 million at 31 January 2016.

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

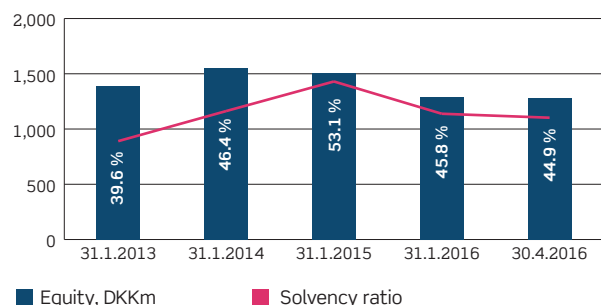
Completed projects/investment properties and interest-bearing debt



Deposits in escrow accounts totalled DKK 152.2 million against DKK 94.1 million at 31 January 2016. This amount consists largely of prepayments from customers, which are released upon the handover of projects.

The Group's equity came to DKK 1,281.4 million against DKK 1,285.7 million at 31 January 2016. The solvency ratio stood at 44.9 %, compared to 45.8 % at 31 January 2016. Management attaches great weight to the Group's solvency and aims to maintain a constant minimum solvency ratio of 40 %.

Equity and solvency



The Group's total liabilities came to DKK 1,573.7 million against DKK 1,523.1 million at 31 January 2016. The increase is mainly attributable to the debt to credit institutions for financing projects in progress.

Net interest-bearing debt amounted to DKK 1,086.1 million at 30 April 2016 against DKK 1,099.4 million at 31 January 2016.

CASH FLOWS

Cash flows for the period amounted to DKK 2.3 million against DKK -18.8 million in the same period the year before.

Cash flows from operating activities were negative in the amount of DKK 66.9 million (Q1 2015/16: negative in the amount of DKK 18.4 million). The amount includes a significant increase in funds tied up in escrow accounts because prepayments from customers on a few of the Group's projects are deposited in escrow accounts and only released to TK Development upon handover of the individual properties to the buyers.

Cash flows from investing activities were positive in the amount of DKK 19.9 million (Q1 2015/16: positive in the amount of DKK 1.9 million), due mainly to the distribution of dividend by joint ventures.

Cash flows from financing activities are positive in the amount of DKK 49.3 million, a combined result of project loans being raised for ongoing projects and other payables to credit institutions being reduced (Q1 2015/16: negative in the amount of DKK 2.3 million).

FINANCIAL ISSUES

One of the Group's partly owned companies in Poland has taken 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 for some time the company has been negotiating a

solution with the bank providing credit facilities. This financing agreement is now in place.

Of the total project credit facilities at 30 April 2016, a facility of DKK 51 million is due to expire before the end of January 2017. This facility has been refinanced after the reporting date.

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

The expectations mentioned in this Interim Report, including earnings expectations, are naturally subject to risks and uncertainties, which may result in deviations from the expected results. Expectations may be impacted by factors generally applicable to the sector as well as the factors referred to in the Group's 2015/16 Annual Report under Risk issues and note 2 to the consolidated financial statements, Accounting estimates and judgments, including the valuation of the Group's project portfolio.

MARKET CONDITIONS

Management's general assessment of the market conditions for the property sector and for TK Development is unchanged compared to the Group's most recently published assessment. For a more detailed description, please see TK Development's Annual Report for 2015/16.

SUBSEQUENT EVENTS

No significant events that may affect the Company's financial position have occurred after the reporting date.

THE BOARD OF DIRECTORS

All members of the Board of Directors were re-elected at the Company's Annual General Meeting in April 2016. After the Annual General Meeting, Niels Roth was elected as the Chairman and Peter Thorsen as the Deputy Chairman of the Board of Directors.

In May 2016 Morten E. Astrup decided to step down from the Company's Board of Directors following Storm Real Estate ASA's sale of its shareholding in TK Development A/S. Morten E. Astrup retired from the Board of Directors with immediate effect. Accordingly, the Board of Directors is composed of five members, and a decision will be made at the Company's Annual General Meeting in spring 2017 as to whether a new member should be elected to the Board.

RISKS

The most important risks faced by the Group are described in the Annual Report for 2015/16.



SEGMENT RESULTS / PROPERTY DEVELOPMENT

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. Con-

sequently, property development activities now comprise the development of real property in Denmark, Sweden and Poland. Moreover, with effect from 1 February 2016 Management has chosen to allocate a share of the fixed costs to the individual business areas. The comparative figures for Q1 2015/16 have been restated accordingly.

RESULTS Q1 2016/17 (DKKM)

| Profit/loss | Q1 2016/17 | Property development | Asset management | Unallocated |
|---|-------------|----------------------|------------------|-------------|
| Revenue | 45.7 | 30.2 | 15.5 | - |
| Gross profit/loss | 18.9 | 7.7 | 11.2 | - |
| Costs, including depreciation of non-current assets | 19.4 | 10.6 | 6.2 | 2.6 |
| Operating profit/loss | -0.5 | -2.9 | 5.0 | -2.6 |
| Income from investments in joint ventures | 5.2 | 4.0 | 1.2 | - |
| Income from investments in associates | 0.2 | 0.2 | - | - |
| Financing, net | -9.0 | 1.3 | -10.3 | - |
| Profit/loss before tax | -4.1 | 2.6 | -4.1 | -2.6 |
| Tax on profit/loss for the period | 0.4 | | | |
| Profit/loss for the period | -3.7 | | | |

BALANCE SHEET STRUCTURE AT 30 APR 2016 (DKKM)

| Balance sheet | 30 Apr 2016 | Property development | Asset management | Unallocated |
|---|----------------|----------------------|------------------|---------------|
| Assets | | | | |
| Investment properties | 53.2 | - | 53.2 | - |
| Investments in joint ventures | 243.7 | 100.6 | 143.1 | - |
| Non-current receivables | 197.3 | 88.2 | 109.1 | - |
| Other non-current assets | 101.0 | 3.1 | 14.8 | 83.1 |
| Projects in progress or completed | 2,011.7 | 753.6 | 1,258.1 | - |
| Current receivables | 84.0 | 60.8 | 23.2 | - |
| Cash, cash equivalents, escrow accounts, etc. | 164.2 | 160.6 | 3.4 | 0.2 |
| Assets | 2,855.1 | 1,166.9 | 1,604.9 | 83.3 |
| Equity and liabilities | | | | |
| Equity | 1,281.4 | 644.9 | 573.0 | 63.5 |
| Credit institutions | 1,442.8 | 445.2 | 997.6 | - |
| Other liabilities | 130.9 | 76.8 | 34.3 | 19.8 |
| Equity and liabilities | 2,855.1 | 1,166.9 | 1,604.9 | 83.3 |
| Solvency ratio | 44.9 % | 55.3 % | 35.7 % | 76.2 % |

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 | Q1 2016/17 | Q1 2015/16 |
| Revenue | 30.2 | 18.5 |
| Gross profit/loss | 7.7 | 9.6 |
| Results of joint ventures | 4.0 | 7.4 |
| Profit/loss before tax | 2.6 | 5.8 |
| | 30 Apr 2016 | 31 Jan 2016 |
| Balance sheet total | 1,166.9 | 1,094.1 |
| Tied-up equity | 644.9 | 646.5 |

PROPERTY DEVELOPMENT

Handed-over projects

The projects handed over in Q1 2016/17 included the following:

Retail project, Røddekro, Denmark

TK Development has developed a project of 2,150 m² in Røddekro, which has been let to Harald Nyborg and sold to a private investor. Following the completion of construction, the finished project was handed over to the tenant and investor in Q1 2016/17.

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

Project portfolio

At 30 April 2016 the development potential of the project portfolio represented sold projects of 33,000 m² and remaining projects of 289,000 m², a total of 322,000 m², as compared to 329,000 m² at 31 January 2016.

Overall, TK Development has ongoing construction projects covering close to 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.

Portfolio of land

The Group's total portfolio of plots of land amounted to DKK 558 million at 30 April 2016. TK Development maintains its strong focus on substantially reducing the portfolio of land, either by selling plots or initiating projects. 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 185 million.

PROJECT OUTLINE

The outline below lists the key projects in the portfolio in the property development business area. The outline includes projects both in wholly owned companies and in joint ventures. In addition, TK Development's activities include a number of small and medium-sized projects in the Group's primary segments – the retail, office and residential segments – as well as 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 |
| MetroBielany, Bielany, phase 2 | Warsaw | PL | Residential/services | 14,850 | 100 % | June 2014 | May 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 | 3,200 | 100 % | May 2016 | Spring 2017 |
| Retail park, Söderhamn | Söderhamn | SE | Retail | 10,000 | 100 % | 2017 | 2018 |
| MetroBielany, Bielany, phase 3 | Warsaw | PL | Residential/services | 15,650 | 100 % | June 2016 | Spring 2018 |
| MetroBielany, 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. 224,000 | | | |

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



A SELECTION OF 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 comprises 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 comprises parking facilities of about 13,000 m². The building rights for a town hall and rehabilitation centre have been sold to Køge Municipality.

The retail project of about 19,000 m² has been sold conditionally to the Finnish company Citycon together with parking facilities of about 13,000 m². 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 construction project is making good progress, and the retail premises are expected to be completed and handed over to Citycon in autumn 2017.

The current occupancy rate is 74 % for the overall retail project (Q4 2015/16: 72 %). The tenants include Irma, Fakta, H&M, Bones, Gina Tricot, Deichmann and Nordisk Film Cinemas, which will be opening a six-screen cinema.

BROEN Shopping, shopping centre, Esbjerg, Denmark

Together with CapMan Real Estate, TK Development is building a new shopping centre in Esbjerg, BROEN Shopping, of about 29,800 m² at Esbjerg Station. 73 % of the premises have been let (Q4 2015/16: 73 %). The tenants include Kvicky, H&M, Bahne, Imerco, Sportmaster, Gina Tricot, Skoringen, Designers Market and Deichmann.

Construction is progressing according to plan, and completion of the shopping centre is scheduled for spring 2017. The centre is expected to be expanded with a cinema, and the pertinent local planning process has been initiated.

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

Kommanditaktieselskabet Danlink Udvikling (DLU), owned 50/50 by Udviklingsselskabet 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 – 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 and is progressing as planned. To date 64 of the apartments have been put up for sale, of which 38 have been sold. 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.

MetroBielany residential project, 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. 93 % of the units (Q4 2015/16: 85 %) have been sold in advance at the budgeted selling prices. Construction is now complete, and an occupancy permit was obtained immediately after the reporting date. TK Development began handing over the individual residential units to the buyers in May 2016 and will continue to do so in the months to come.

The third phase will consist of 263 residential units and service facilities. The pre-construction sale is progressing satisfactorily, and the startup of construction of the third phase is scheduled for June 2016.

A SELECTION OF PROJECTS NOT INITIATED

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. In May 2016 the municipal council approved a local plan for part of the area. The local plan allows for the construction of housing, offices and parking facilities totalling about 31,000 m². Plans are in progress to develop housing for young people, rental housing, owner-occupied dwellings and offices in the area.

Retail park, Oskarshamn, Sweden

In Oskarshamn TK Development has conditionally sold a 3,200 m² retail project and an option to expand the project by a further 4,700 m². The project premises are fully let, and construction began in May 2016 after the reporting date. The retail project is scheduled for completion and handover to the investor in spring 2017.

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 | Q1 2016/17 | Q1 2015/16 |
| Revenue | 15.5 | 22.2 |
| Gross profit/loss | 11.2 | 6.0 |
| Results of joint ventures | 1.2 | 0.3 |
| Profit/loss before tax | -4.1 | -9.6 |
| | 30 Apr 2016 | 31 Jan 2016 |
| Balance sheet total | 1,604.9 | 1,632.0 |
| Tied-up equity | 573.0 | 577.2 |
| Number of employees at centres | 12 | 12 |

The total portfolio of completed properties under asset management, including joint venture properties, amounted to DKK 1,581.8 million at 30 April 2016 against DKK 1,577.9 million at 31 January 2016.

The annual net rent from current leases in the total portfolio corresponds to a return on the carrying amount of 4.4 %^{*)} (Q4 2015/16: 4.4 %), 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 6.1 % (Q4 2015/16: 6.2 %).

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



Extension of BOSS outlet, Ringsted Outlet, Denmark

The Group's completed properties in the asset management business area comprised the following at 30 April 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 | 94 % |
| Galeria Sandecja, Nowy Sącz | Poland | Shopping centre | 100 % | 17,300 | 97 % |
| Most Retail Park | Czech Republic | Retail park | 100 % | 6,400 | 69 % |
| Aabenraa | Denmark | Retail park | 100 % | 4,200 | 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 | 94 % |
| Galeria Tarnovia, Tarnów | Poland | Shopping centre | 30 % | ^{**)} 16,700 | 89 % |
| Ringsted Outlet | Denmark | Outlet centre | 50 % | 13,200 | 85 % |
| 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 five-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 super-market units |
| Occupancy rate | 94 % (Q4 2015/16: 96 %) |
| 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 August 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 Sillebroyen and make it a natural choice for daily shoppers.
- To upgrade the parking facilities.

The running-in and maturing phase after the opening in 2010 took longer than expected. However, 2015 saw a successful reversal, in terms of both footfall and revenue. For the first months of 2016, the centre's footfall and revenue were at index 101 compared to the same period of 2015. The occupancy rate has fallen from 96 % to 94 % after a few tenants have moved out. Dialogue is ongoing with potential tenants, and the occupancy rate is shortly expected to reach 96 % again.

An agreement has been concluded with Nordisk Film Cinemas about the establishment of a cinema of about 1,400 m² in the Sillebroyen 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 August 2016.

GALERIA NOWY RYNEK, SHOPPING CENTRE, JELENIA GÓRA, POLAND

| Opening | October 2015 |
|----------------|---|
| Leasable area | 24,800 m ² , including a supermarket of about 2,400 m ² |
| Occupancy rate | 94 % (Q4 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, based on the novelty value after the recent opening.

**GALERIA TARNOVIA, SHOPPING CENTRE,
TARNÓW, POLAND**

| Opening | November 2009 |
|-----------------------------|---|
| Leasable area ^{*)} | 16,700 m ² , including a supermarket of about 2,000 m ² |
| Occupancy rate | 89 % (Q4 2015/16: 86 %) |
| Footfall 2015 | 1.8 million |

^{*)} Including an agreed five-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 - dialogue is ongoing with potential tenants.

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 occupancy rate has increased from 86 % to a current rate of 89 %.

Steps have been taken to change the tenant composition of the shopping centre, including relocating a major electronics store and concluding lease agreements with several LPP concepts and a cinema. The centre is being converted to house the cinema, which is expected to open in autumn 2016.

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 centre opened in October 2015.

Centre operations have so far 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.

**GALERIA SANDECJA, SHOPPING CENTRE,
NOWY SĄCZ, POLAND**

| | |
|----------------|--|
| Opening | October 2009 |
| Leasable area | 17,300 m ² , including a 5,000 m ² hypermarket |
| Occupancy rate | 97 % (Q4 2015/16: 96 %) |
| 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 products at low prices.

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 trend now seems to have been reversed. For the first months of 2016, footfall was at index 101 and revenue at index 116 compared to the same period of 2015.

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. The ground-floor premises are almost fully let, and efforts are continuing to replace weak tenants and to 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.

**RINGSTED OUTLET,
DENMARK**

| | |
|----------------|-------------------------|
| Opening | March 2008 |
| Leasable area | 13,200 m ² |
| Occupancy rate | 85 % (Q4 2015/16: 84 %) |
| Footfall 2015 | 1.5 million |

Planned operational improvements:

- To open a new and larger BOSS outlet (opened in April 2016).
- To expand the premises let to the Calvin Klein brand (fitting-out is in progress).
- To ensure a good tenant mix through proactive dialogue with tenants.
- To boost the occupancy rate (dialogue is ongoing with several potential tenants).
- To investigate the possibilities of expanding the centre with a second phase.

Ringsted Outlet has been developed in a 50/50 joint venture with Miller Developments. After the reporting date Miller Developments sold its 50 % stake to CapMan Real Estate, which has thus become a party to the existing shareholders' agreement. In the years to come TK Development and CapMan Real Estate will carry on developing the centre and thus continue investigating the possibilities of expanding the centre.

Ringsted Outlet has recorded pleasing progress, with respectable growth in both revenue and footfall. For the first months of 2016, footfall was at index 110 and revenue at index 114 compared to the same period of 2015. New tenants, such as Golfino, Villeroy & Boch and Gant, opened outlets in the centre in spring 2016, and the extended BOSS unit also opened in April 2016. The outlet centre's occupancy rate has reached 85 %.



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.

At 30 April 2016 these plots of land and development projects totalled DKK 138.3 million, consisting of:

- Czech Republic: a retail project under development and two plots of land in Prague.
- Baltic States: a retail project in Vilnius and two plots of land in Riga.
- Germany: two minor plots of land.
- Russia: a minor project for letting.

Czech Republic

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. 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 the premises will be handed over to the buyer in step with completion. The last part of the second phase was handed over to the investor after the reporting date. TK Development is now developing a third phase comprising additional retail premises of about 850 m² and office premises of about 3,700 m². The third phase has been sold conditionally to BPT Baltic Opportunity Fund, which also bought the two first 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 plot of land is based on the expectation that the planned project will be executed.

Germany

TK Development has received an offer for one of its German plots of land and chosen to accept it. A conditional agreement has been signed, and the sale is expected to be completed in Q3 2016/17. Subsequently, TK Development will only have one minor plot of land left in Germany.

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





STATEMENT BY THE BOARD OF DIRECTORS AND EXECUTIVE BOARD ON THE INTERIM REPORT

The Board of Directors and Executive Board have today considered and adopted the Interim Report of TK Development A/S for the period from 1 February 2016 to 30 April 2016.

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

In our opinion, the Interim Report gives a true and fair view of the Group's financial position at 30 April 2016 and of the results of the Group's operations and cash flows for the period from 1 February 2016 to 30 April 2016.

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

Aalborg, 15 June 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

Henrik Heideby



CONSOLIDATED FINANCIAL STATEMENTS

INCOME STATEMENT

| DKKm | Note | Q1 2016/17 | Q1 2015/16 | Full year 2015/16 |
|--|------|---------------|---------------|----------------------|
| Net revenue | | 45.7 | 40.7 | 327.8 |
| Project costs | 4 | -26.8 | -25.1 | -370.1 |
| Value adjustment of investment properties, net | | 0.0 | 0.0 | -25.0 |
| Gross profit/loss | | 18.9 | 15.6 | -67.3 |
| Other external expenses | | 5.2 | 5.6 | 23.1 |
| Staff costs | | 14.1 | 13.9 | 58.9 |
| Total | | 19.3 | 19.5 | 82.0 |
| Profit/loss before financing and depreciation | | -0.4 | -3.9 | -149.3 |
| Depreciation and impairment of non-current assets | | 0.1 | 0.1 | 33.7 |
| Operating profit/loss | | -0.5 | -4.0 | -183.0 |
| Income from investments in joint ventures | | 5.2 | 8.0 | 30.4 |
| Income from investments in associates | | 0.2 | 0.3 | 1.1 |
| Financial income | | 2.0 | 2.5 | 11.3 |
| Financial expenses | | -11.0 | -12.7 | -50.8 |
| Total | | -3.6 | -1.9 | -8.0 |
| Profit/loss before tax | | -4.1 | -5.9 | -191.0 |
| Tax on profit/loss for the period | | -0.4 | 0.8 | 31.3 |
| Profit/loss for the period | | -3.7 | -6.7 | -222.3 |

EARNINGS PER SHARE IN DKK

| | | | |
|------------------------------------|-----|------|------|
| Earnings per share (EPS) | 0.0 | -0.1 | -2.3 |
| Diluted earnings per share (EPS-D) | n/a | -0.1 | n/a |

COMPREHENSIVE INCOME STATEMENT

| | | | |
|--|-------------|-------------|---------------|
| Profit/loss for the period | -3.7 | -6.7 | -222.3 |
| Items that may be re-classified to profit/loss: | | | |
| Foreign-exchange adjustments, foreign operations | 0.5 | 17.2 | -9.4 |
| Value adjustment of hedging instruments | -0.7 | 0.2 | 1.2 |
| Tax on other comprehensive income | 0.2 | -6.6 | 4.4 |
| Other comprehensive income after tax from joint ventures | -0.6 | 0.3 | 2.4 |
| Other comprehensive income for the period | -0.6 | 11.1 | -1.4 |
| Comprehensive income for the period | -4.3 | 4.4 | -223.7 |

CONSOLIDATED FINANCIAL STATEMENTS

BALANCE SHEET

| DKKm | Note | 30 Apr 2016 | 31 Jan 2016 |
|--|------|----------------|----------------|
| ASSETS | | | |
| Non-current assets | | | |
| Other fixtures and fittings, tools and equipment | | 0.8 | 0.9 |
| Property, plant and equipment | | 0.8 | 0.9 |
| Investment properties | | 53.2 | 53.3 |
| Investment properties | | 53.2 | 53.3 |
| Investments in joint ventures | | 243.7 | 260.7 |
| Investments in associates | | 4.6 | 4.4 |
| Receivables from joint ventures | | 191.5 | 195.7 |
| Receivables from associates | | 5.8 | 4.6 |
| Other securities and investments | | 13.3 | 13.4 |
| Financial assets | | 458.9 | 478.8 |
| Deferred tax assets | | 82.3 | 81.6 |
| Other non-current assets | | 82.3 | 81.6 |
| Non-current assets | | 595.2 | 614.6 |
| Current assets | | | |
| Projects in progress or completed | | 2,011.7 | 2,013.6 |
| Trade receivables | | 52.8 | 54.1 |
| Receivables from joint ventures | | 6.0 | 0.0 |
| Other receivables | | 10.7 | 10.6 |
| Prepayments | | 14.5 | 12.1 |
| Receivables | | 84.0 | 76.8 |
| Other securities and investments | | 4.1 | 4.1 |
| Deposits in blocked and escrow accounts | 5 | 152.2 | 94.1 |
| Cash and cash equivalents | 5 | 7.9 | 5.6 |
| Current assets | | 2,259.9 | 2,194.2 |
| ASSETS | | 2,855.1 | 2,808.8 |



CONSOLIDATED FINANCIAL STATEMENTS

BALANCE SHEET

| DKKm | Note | 30 Apr 2016 | 31 Jan 2016 |
|--------------------------------|------|----------------|----------------|
| EQUITY AND LIABILITIES | | | |
| Equity | | | |
| Share capital | | 98.2 | 98.2 |
| Other reserves | 6 | -9.9 | -9.3 |
| Retained earnings | | 1,193.1 | 1,196.8 |
| Equity | | 1,281.4 | 1,285.7 |
| Liabilities | | | |
| Credit institutions | | 34.1 | 34.1 |
| Provisions | | 1.3 | 0.4 |
| Deferred tax liabilities | | 14.4 | 14.1 |
| Non-current liabilities | | 49.8 | 48.6 |
| Credit institutions | | 1,408.7 | 1,358.7 |
| Trade payables | | 69.8 | 70.4 |
| Prepayments from customers | | 1.8 | 0.0 |
| Corporate income tax | | 5.4 | 6.6 |
| Provisions | | 4.1 | 5.7 |
| Other debt | | 28.0 | 27.6 |
| Deferred income | | 6.1 | 5.5 |
| Current liabilities | | 1,523.9 | 1,474.5 |
| Liabilities | | 1,573.7 | 1,523.1 |
| EQUITY AND LIABILITIES | | 2,855.1 | 2,808.8 |

STATEMENT OF CHANGES IN EQUITY

| DKKm | Share capital | Other reserves | Retained earnings | Total equity |
|--|---------------|----------------|-------------------|----------------|
| Equity at 1 February 2015 | 98.2 | -7.9 | 1,419.1 | 1,509.4 |
| Profit/loss for the period | 0.0 | 0.0 | -6.7 | -6.7 |
| Other comprehensive income for the period | 0.0 | 11.1 | 0.0 | 11.1 |
| Total comprehensive income for the period | 0.0 | 11.1 | -6.7 | 4.4 |
| Equity at 30 April 2015 | 98.2 | 3.2 | 1,412.4 | 1,513.8 |
| Equity at 1 February 2016 | 98.2 | -9.3 | 1,196.8 | 1,285.7 |
| Profit/loss for the period | 0.0 | 0.0 | -3.7 | -3.7 |
| Other comprehensive income for the period | 0.0 | -0.6 | 0.0 | -0.6 |
| Total comprehensive income for the period | 0.0 | -0.6 | -3.7 | -4.3 |
| Equity at 30 April 2016 | 98.2 | -9.9 | 1,193.1 | 1,281.4 |

CASH FLOW STATEMENT

| DKKm | Q1 2016/17 | Q1 2015/16 |
|--|---------------|---------------|
| Operating profit/loss | -0.5 | -4.0 |
| Adjustments for non-cash items: | | |
| Depreciation and impairment | 1.8 | 1.1 |
| Provisions | -0.7 | -0.8 |
| Foreign-exchange adjustment | -1.6 | -3.1 |
| Increase/decrease in investments in projects, etc. | 7.8 | -21.2 |
| Increase/decrease in receivables | -2.4 | 41.2 |
| Changes in deposits on blocked and escrow accounts | -57.5 | -24.3 |
| Increase/decrease in payables and other debt | 2.2 | 7.1 |
| Cash flows from operations | -50.9 | -4.0 |
| Interest paid, etc. | -16.8 | -17.3 |
| Interest received, etc. | 1.9 | 2.6 |
| Corporate income tax paid | -1.1 | 0.3 |
| Cash flows from operating activities | -66.9 | -18.4 |
| Sale of joint ventures | 0.0 | 9.7 |
| Investments in joint ventures | -4.6 | 0.0 |
| Dividend from joint ventures | 26.2 | 0.0 |
| Increase/decrease in receivables from joint ventures | -1.8 | -8.9 |
| Sale of securities and investments | 0.1 | 1.1 |
| Cash flows from investing activities | 19.9 | 1.9 |
| Raising of project financing | 90.4 | 44.9 |
| Reduction of project financing/repayments, credit institutions | -41.1 | -47.2 |
| Cash flows from financing activities | 49.3 | -2.3 |
| Cash flows for the period | 2.3 | -18.8 |
| Cash and cash equivalents, beginning of period | 5.6 | 23.6 |
| Foreign-exchange adjustment of cash and cash equivalents | 0.0 | 1.2 |
| Cash and cash equivalents, end of period | 7.9 | 6.0 |

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

CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1. ACCOUNTING POLICIES

The Interim Report is presented in accordance with IAS 34, Interim Financial Reporting, as adopted by the EU, and Danish disclosure requirements for listed companies. The Interim Report has been presented in accordance with the financial reporting standards (IFRS/IAS) and IFRIC interpretations applicable for financial years beginning at 1 February 2016.

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

With effect from 1 February 2016, a number of new and amended financial reporting standards and interpretations have been implemented. These have not resulted in any changes as compared to the accounting policies applied by the Group in the 2015/16 Annual Report, thus their implementation has not impacted earnings per share.

NOTE 2. UNCERTAINTY IN RECOGNITION AND MEASUREMENT

In connection with the preparation of the Interim Report, Management makes a number of accounting estimates and judgments that materially affect the interim financial statements, particularly as concerns the measurement of the Group's ongoing and completed projects and the Group's deferred tax assets. The most significant uncertainties are the same as those prevailing at the time of preparing the Annual Report for 2015/16.

NOTE 3. SEGMENT INFORMATION

Internal reporting in TK Development is based on the business areas property development and asset management. 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 activities now comprise the development of real property in Denmark, Sweden and Poland. Moreover, with effect from 1 February 2016 Management has chosen to allocate a share of the fixed costs to the individual business areas. Segment information has been disclosed accordingly, and the comparative figures for Q1 2015/16 have also been restated accordingly.

| DKKm | Property development | Asset management | Unallocated | Total |
|---------------------------------|----------------------|------------------|-------------|---------|
| 30 Apr 2016 | | | | |
| Net revenue, external customers | 30.2 | 15.5 | 0.0 | 45.7 |
| Profit/loss before tax | 2.6 | -4.1 | -2.6 | -4.1 |
| Segment assets | 1,166.9 | 1,604.9 | 83.3 | 2,855.1 |
| Segment liabilities | 522.0 | 1,031.9 | 19.8 | 1,573.7 |
| 30 Apr 2015 | | | | |
| Net revenue, external customers | 18.5 | 22.2 | 0.0 | 40.7 |
| Profit/loss before tax | 5.8 | -9.6 | -2.1 | -5.9 |
| Segment assets | 1,132.4 | 1,583.4 | 147.5 | 2,863.3 |
| Segment liabilities | 256.0 | 1,061.7 | 31.8 | 1,349.5 |

NOTE 4. PROJECT COSTS

| | Q1 2016/17 | Q1 2015/16 | Full year 2015/16 |
|---|---------------|---------------|----------------------|
| Project costs | 25.1 | 24.1 | 233.8 |
| Impairment losses on projects in progress or completed projects | 1.7 | 1.0 | 136.3 |
| Project costs, total | 26.8 | 25.1 | 370.1 |

NOTE 5. LIQUIDITY RESERVES

| | 30 Apr 2016 | 31 Jan 2016 |
|--|--------------|--------------|
| The liquidity reserves break down as follows: | | |
| Cash and cash equivalents | 7.9 | 5.6 |
| Unutilized operating credit facilities | 7.1 | 31.8 |
| Total | 15.0 | 37.4 |
| Deposited funds for later release | 152.2 | 94.1 |
| Total liquidity reserve | 167.2 | 131.5 |

NOTE 6. OTHER RESERVES

| | Reserve for value adjust- ment of avai- lable-for-sale financial assets | Reserve for value adjustment of hedging instruments | Reserve for foreign exchange adjustments | Total |
|--|---|---|---|-------------|
| Other reserves at 1 February 2015 | -0.1 | -2.0 | -5.8 | -7.9 |
| Other comprehensive income: | | | | |
| Other comprehensive income after tax in joint ventures | 0.0 | 1.1 | -0.8 | 0.3 |
| Exchange-rate adjustment, foreign operations | 0.0 | 0.0 | 17.2 | 17.2 |
| Value adjustment of hedging instruments | 0.0 | 0.2 | 0.0 | 0.2 |
| Deferred tax on other comprehensive income | 0.0 | 0.0 | -6.6 | -6.6 |
| Other comprehensive income, total | 0.0 | 1.3 | 9.8 | 11.1 |
| Other reserves at 30 April 2015 | -0.1 | -0.7 | 4.0 | 3.2 |
| Other reserves at 1 February 2016 | -0.1 | -1.5 | -7.7 | -9.3 |
| Other comprehensive income: | | | | |
| Other comprehensive income after tax in joint ventures | 0.0 | -0.1 | -0.5 | -0.6 |
| Exchange-rate adjustment, foreign operations | 0.0 | 0.0 | 0.5 | 0.5 |
| Value adjustment of hedging instruments | 0.0 | -0.7 | 0.0 | -0.7 |
| Deferred tax on other comprehensive income | 0.0 | 0.1 | 0.1 | 0.2 |
| Other comprehensive income, total | 0.0 | -0.7 | 0.1 | -0.6 |
| Other reserves at 30 April 2016 | -0.1 | -2.2 | -7.6 | -9.9 |

NOTE 7. CHANGES IN CONTINGENT ASSETS AND CONTINGENT LIABILITIES

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

NOTE 8. TRANSACTIONS WITH RELATED PARTIES

The Company has no related parties with a controlling interest.

The Company has the following related parties:

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

| | 30 Apr 2016 | 31 Jan 2016 | 30 Apr 2015 |
|--|-------------|-------------|-------------|
| Board of Directors and Executive Board (and their related parties): | | | |
| Fees for Board of Directors | 0.4 | 1.4 | 0.4 |
| Salaries, etc., Executive Board | 1.8 | 6.8 | 1.2 |
| Sale of projects (revenue) | 0.0 | 8.1 | 0.0 |
| Joint ventures: | | | |
| Fees | 0.4 | 9.4 | 2.2 |
| Interest income | 1.8 | 6.6 | 2.2 |
| Guarantee commission | 0.0 | 0.2 | 0.0 |
| Receivables (balance) | 197.5 | 195.7 | 133.2 |
| Associates: | | | |
| Interest income | 0.0 | 0.2 | 0.0 |
| Receivables (balance) | 5.8 | 4.6 | 4.7 |

No security or guarantees had been furnished for balances owing to or by related parties at the reporting date or at 31 January 2016. Receivables and payables are settled by payment in cash. No losses were realized on receivables from related parties. No impairment was made in Q1 2016/17 to provide for any probable losses on such receivables (Q1 2015/16: DKK 0.0 million).

NOTE 9. FINANCIAL INSTRUMENTS

TK Development has no significant financial instruments that are measured at fair value. The carrying amount of the Group's financial instruments is generally equal to the fair value.

During the period under review, no changes were made to the classification within the fair-value hierarchy. There have been no changes in the Group's situation or the financial markets that materially affect the disclosures regarding financial instruments measured at fair value as appearing from the Group's Annual Report for 2015/16.



COMPANY INFORMATION

TK Development A/S

CVR no.:
24256782

ISIN code:
DK0010258995 (TKDV)

Municipality of registered office:
Aalborg, Denmark

Website:
www.tk-development.com

e-mail:
tk@tk.dk

Executive Board:
Frede Clausen and Robert Andersen

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

The Group's mission

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

