

ILLUSTRATION:
DOMUS VISTA, YOUTH HOUSING UNITS,
FREDERIKSBERG, DENMARK



TK DEVELOPMENT A/S | CVR NO. 24256782
VESTRE HAVNEPROMENADE 7 | 9000 AALBORG | DENMARK
COMPANY ANNOUNCEMENT NO. 15/2016 | 15 DECEMBER 2016

INTERIM REPORT Q1-Q3 2016/17

(1 February 2016 - 31 October 2016)

RESULTS FOR THE FIRST NINE MONTHS OF 2016/17

- The results before tax amounted to DKK 0.2 million against DKK -180.7 million in the first nine months of 2015/16. The results after tax amounted to DKK -4.1 million against DKK -212.1 million in the same period of 2015/16.
- The balance sheet total amounted to DKK 2,797.4 million against DKK 2,808.8 million at 31 January 2016. Consolidated equity totalled DKK 1,281.4 million, and the solvency ratio stood at 45.8 %.

Breakdown by segment:

DKK m	Property development	Asset management	Unallocated
Profit/loss			
Profit/loss before tax	18.3	-10.7	-7.4
Balance sheet			
Development projects	839.9	-	-
Completed properties under asset management	-	1,176.6	-
Other asset management projects	-	124.2	-
Other assets	301.5	278.8	76.4
Total assets	1,141.4	1,579.6	76.4
Tied-up equity	653.8	566.3	61.3

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 expected execution of a few small and medium-sized projects in Q4 2016/17 as well as the anticipated sale of a few plots of land before the reporting date. TK Development is recording good progress on the individual projects. 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 18.3 million before tax for the first nine months of 2016/17. At 31 October 2016 the balance sheet total came to DKK 1,141.4 million, and the equity tied up represented DKK 653.8 million.
- During the first nine months of 2016/17, TK Development completed the sale of a superstore of about 2,150 m² in Røddekro, a retail property of about 1,200 m² in Holbæk, a small

superstore in Dronninglund and a few plots of land, and also generated fee income on several projects. In addition, TK Development handed over a substantial number of the completed units comprised by the second phase of the Bielany residential project in Warsaw, Poland, to the buyers.

- Major development projects:
 - TK Development has conditionally sold a 5,300 m² youth housing project in Frederiksberg, Copenhagen. Construction started in October 2016, and handover to the buyer is scheduled for January 2018.
 - Construction of the new shopping centre, BROEN Shopping, in Esbjerg, Denmark, is proceeding according to plan and scheduled for completion in April 2017. The current occupancy rate is 80 % of the premises (Q2 2016/17: 75 %).
 - The construction project in Køge, Denmark, is moving ahead. Most of the project is still expected to be completed in autumn 2017, while a minor part is not scheduled for completion until 2018. The retail project, of which 78 % has been let (Q2 2016/17: 74 %), has been sold conditionally to the Finnish company Citycon together with the parking facilities. The sale to Citycon is still expected to have a significant positive impact on results in the 2017/18 financial year when the completed part of the project is handed over to the investor.
 - Construction of the Amerika Have residential project in Copenhagen, Denmark, is progressing as planned, and 88 of the 121 apartments have been sold (Q2 2016/17: 65).
 - In June 2016 construction started on the third phase of the Bielany residential project in Warsaw, Poland. The pre-completion sale is progressing satisfactorily, and 30 % (Q2 2016/17: 19 %) of the residential units have been sold.
 - After the reporting date TK Development has conditionally sold a residential rental project of about 4,900 m² at Østre Havn in Aalborg, Denmark, to a private investor. Construction is expected to start at the beginning of 2017, with completion and handover to the buyer scheduled for spring 2018.
- The projects in the pipeline are moving ahead at a good pace

SUMMARY

due to robust tenant and investor interest.

- A number of major projects for handover in 2017/18 have been sold in whole or in part, which underpins the strategic earnings goal in the property development business area.
- As from the 2017/18 financial year, the return on equity from the property development business area is expected to amount to 15-20 % p.a. before tax.

ASSET MANAGEMENT

- The results for this business area amounted to DKK -10.7 million before tax for the first nine months of 2016/17. At 31 October 2016 the balance sheet total came to DKK 1,579.6 million, and the equity tied up represented DKK 566.3 million.
- The portfolio of completed properties in this business area consists of 156,200 m², amounting to DKK 1,592.4 million at 31 October 2016. This amount includes joint venture projects. The annual net rent from the current leases corresponds to a return on the carrying amount of 4.3 % (Q2 2016/17: 4.5 %). Based on full occupancy, the return on the carrying amount is expected to reach 6.1 % (Q2 2016/17: 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.
- As previously announced, the aim is to sell the asset management activities within a period of three to five years starting in December 2015, and the tied-up equity thus released is planned to be distributed to TK Development's shareholders. The operation of the assets is to be matured and optimized prior to their sale, and intensive efforts are being made to achieve this.

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.

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

BROEN Shopping, Esbjerg, Denmark - scheduled for completion in April 2017



CONSOLIDATED FINANCIAL HIGHLIGHTS AND KEY RATIOS

DKKm	Q3 2016/17	Q3 2015/16	Q1-Q3 2016/17	Q1-Q3 2015/16	Full year 2015/16
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FINANCIAL HIGHLIGHTS

Net revenue	111.4	106.4	348.5	274.5	327.8
Value adjustment of investment properties, net	0.0	-25.0	0.0	-25.0	-25.0
Gross profit/loss	28.3	-116.4	72.6	-85.6	-67.3
Operating profit/loss (EBIT)	9.1	-169.9	12.8	-179.6	-183.0
Income from investments in joint ventures	10.2	2.1	15.2	29.3	30.4
Financing, etc.	-9.9	-10.0	-28.3	-31.2	-39.5
Profit/loss before tax and writedowns, etc.	10.0	15.1	2.4	13.9	3.6
Profit/loss before tax	9.5	-177.5	0.2	-180.7	-191.0
Profit/loss for the period	5.7	-204.9	-4.1	-212.1	-222.3
Comprehensive income for the period	7.5	-208.9	-4.3	-208.3	-223.7
Balance sheet total	-	-	2,797.4	2,811.2	2,808.8
Property, plant and equipment	-	-	1.0	0.9	0.9
Investment properties	-	-	53.1	53.3	53.3
Total project portfolio	-	-	2,087.6	1,977.7	2,013.6
Equity	-	-	1,281.4	1,301.1	1,285.7
Cash flows for the period	17.5	-4.9	16.5	-19.4	-17.1
Net interest-bearing debt, end of period	-	-	1,114.7	985.9	1,099.4

KEY RATIOS

Return on equity (ROE) ^{*)}	-	-	-0.4 %	-20.1 %	-15.9 %
Solvency ratio (based on equity)	-	-	45.8 %	46.3 %	45.8 %
Equity value in DKK per share	-	-	13.1	13.3	13.1
Price/book value (P/BV)	-	-	0.7	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	0.1	-2.1	0.0	-2.2	-2.3
Dividend in DKK per share	-	-	0	0	0
Listed price in DKK per share	-	-	9.0	8.3	7.2

^{*)} Annualized.

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

RESULTS

Results before tax for the first nine months of 2016/17 totalled DKK 0.2 million against DKK -180.7 million in the corresponding period of 2015/16. The results after tax amounted to DKK -4.1 million against DKK -212.1 million in the first nine months of 2015/16.

The revenue for the period under review totalled DKK 348.5 million against DKK 274.5 million in the first nine months of 2015/16. Gross results amounted to DKK 72.6 million against DKK -85.6 million in the same period the year before.

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 59.5 million against DKK 60.3 million in the same period the year before.

The income generated by investments in joint ventures amounted to DKK 15.2 million against DKK 29.3 million in the first nine months of 2015/16. This amount includes profits on the sale of projects, 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 28.3 million against DKK 31.2 million in the same period the year before.

Tax on the results for the period amounted to DKK 4.3 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 2,797.4 million against DKK 2,808.8 million at 31 January 2016.

TK Development's portfolio of investment properties consists of a single German investment property. The carrying amount of the property amounts to DKK 53.1 million, on a par with the carrying amount at 31 January 2016.

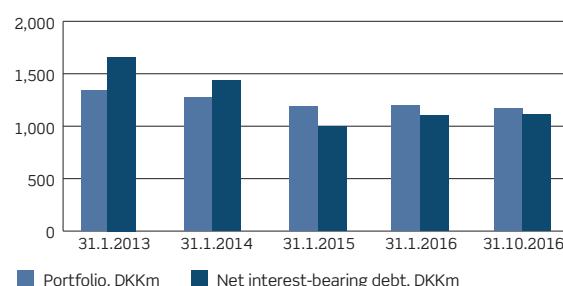
Net investments in and receivables from joint ventures amounted to DKK 438.4 million against DKK 456.4 million at 31 January 2016. The decline is a combined result of the distribution of dividend by individual joint ventures and additional investments in other joint ventures.

Deferred tax assets totalled DKK 75.2 million against DKK 81.6 million at 31 January 2016. The deferred tax assets exclusively relate to the Group's Danish activities.

The total project portfolio came to DKK 2,087.6 million against DKK 2,013.6 million at 31 January 2016. The rise derives mainly from a combination of two factors: an increase in the Group's portfolio of projects in progress, including Strædet in Køge; and a decrease resulting from the handover of sold projects, primarily the second phase of the Bielany residential project in Warsaw, where a substantial number of units have been handed over to the individual buyers. Total prepayments from customers amounted to DKK 69.1 million at 31 October 2016 versus DKK 75.6 million at 31 January 2016.

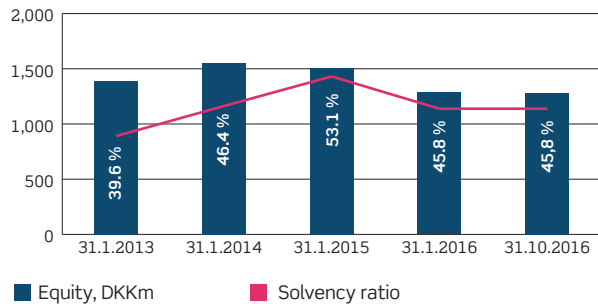
The development in the total portfolio of completed projects and investment properties, excluding projects and investment properties owned by joint ventures, is shown below together with the development in net interest-bearing debt.

Completed projects/investment properties and interest-bearing debt



Deposits in escrow accounts totalled DKK 53.5 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, subject to specific conditions being met.

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 45.8 %, the same figure as 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 1,516.0 million against DKK 1,523.1 million at 31 January 2016.

CASH FLOWS

Cash flows for the period amounted to DKK 16.5 million against DKK -19.4 million in the same period the year before.

Cash flows from operating activities were negative in the amount of DKK 11.3 million (Q1-Q3 2015/16: positive in the amount of DKK 30.1 million). This amount includes an increased net investment in projects and a decrease in funds tied up in receivables and in escrow accounts.

Cash flows from investing activities were positive in the amount of DKK 28.4 million (Q1-Q3 2015/16: negative in the amount of DKK 125.8 million), due mainly to the distribution of dividend by joint ventures.

Cash flows from financing activities were negative in the amount of DKK 0.6 million, a combined result of project loans being raised for ongoing projects and other payables to credit institutions being reduced (Q1-Q3 2015/16: positive in the amount of DKK 76.3 million).

FINANCIAL ISSUES

Net interest-bearing debt totalled DKK 1,114.7 million at 31 October 2016 against DKK 1,099.4 million at 31 January 2016. Project credit facilities of DKK 336 million at 31 January 2016 that were due to expire prior to end-January 2017 have all been prolonged or refinanced.

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. In Q2 2016/17 the joint venture refinanced the centre and floated a mezzanine loan in this connection.

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 expected execution of a few small and medium-sized projects in Q4 2016/17 as well as the anticipated sale of a few plots of land before the reporting date. TK Development is recording good progress on the individual projects. 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 further description of market conditions, please see TK Development's Interim Report for H1 2016/17.

SUBSEQUENT EVENTS

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

BOARD COMMITTEES

The Board of Directors has decided to set up an actual audit committee and a nomination committee, thus complying with the Recommendations on Corporate Governance on these points as well. In addition, the Board of Directors has decided to set up an asset management committee whose overarching objects are to contribute to accelerating the phase-out of the asset management activities. Accordingly, the board committees consist of an audit committee, a nomination committee, a remuneration committee and an asset management committee. The composition and terms of reference of each committee appear from TK Development's website.

RISKS

In 2006 the Senior Vice President in charge of the Group's Polish

branch office was charged, and subsequently indicted, on account of irregularities related to obtaining regulatory approval of a Polish shopping centre project. Throughout the process, TK Development's Management has been unable to find any irregularities in connection with the project. Legal proceedings have been ongoing for a prolonged period, and in May 2015 a first-instance court acquitted the Senior Vice President. The Prosecution chose to appeal the decision, and the appeal was decided in June 2016 by a second-instance court, which also acquitted the Senior Vice President. The Prosecution has subsequently

chosen to submit a cassation case (for reversal of the decision) to the Polish Supreme Court.

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

SEGMENT RESULTS

TK Development's segments comprise property development and asset management activities.

RESULTS Q1-Q3 2016/17 (DKKm)

Profit/loss	Q1-Q3 2016/17	Property development	Asset management	Unallocated
Revenue	348.5	279.3	69.2	-
Gross profit/loss	72.6	34.1	38.5	-
Costs, including depreciation of non-current assets	59.8	32.9	19.0	7.9
Operating profit/loss	12.8	1.2	19.5	-7.9
Income from investments in joint ventures	15.2	15.7	-1.0	0.5
Income from investments in associates	0.5	0.5	-	-
Financing, net	-28.3	0.9	-29.2	-
Profit/loss before tax	0.2	18.3	-10.7	-7.4
Tax on the profit/loss for the period	4.3			
Profit/loss for the period	-4.1			

BALANCE SHEET STRUCTURE AT 31.10.2016 (DKKm)

Balance sheet	31.10.2016	Property development	Asset management	Unallocated
Assets				
Investment properties	53.1	-	53.1	-
Investments in joint ventures	240.0	110.7	129.3	-
Non-current receivables	194.0	79.6	114.4	-
Other non-current assets	98.7	9.2	13.3	76.2
Projects in progress or completed	2,087.6	839.9	1,247.7	-
Current receivables	44.3	27.0	17.3	-
Cash, cash equivalents, escrow accounts, etc.	79.7	75.0	4.5	0.2
Assets	2,797.4	1,141.4	1,579.6	76.4
Equity and liabilities				
Equity	1,281.4	653.8	566.3	61.3
Credit institutions	1,393.4	409.3	984.1	-
Other liabilities	122.6	78.3	29.2	15.1
Equity and liabilities	2,797.4	1,141.4	1,579.6	76.4
Solvency ratio	45.8 %	57.3 %	35.9 %	80.2 %

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		
	Q1-Q3 2016/17	Q1-Q3 2015/16
DKKm		
Revenue	279.3	218.5
Gross profit/loss	34.1	0.3
Results of joint ventures	15.7	27.1
Profit/loss before tax	18.3	-6.6
	31.10.2016	31.01.2016
Balance sheet total	1,141.4	1,094.1
Tied-up equity	653.8	646.5

Handed-over projects

The projects handed over in Q1-Q3 2016/17 included the following:

Retail project, Rødekro, Denmark

TK Development has developed a project of 2,150 m² in Rødekro. The project 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.

Ahlgade, Holbæk, Denmark

TK Development has sold 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. The property was handed over to the buyer in Q3 2016/17.

MetroBielany, residential project, Bielany, Warsaw, Poland

In Warsaw TK Development has completed the second phase of a residential project totalling about 52,000 m². Comprising about 14,850 m², the second phase consists of 297 residential units and service facilities. All the residential units have been sold, and a substantial number of them have now been handed over to the individual buyers.

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

Project portfolio

At 31 October 2016 the development potential of the project portfolio represented sold projects of 29,000 m² and remaining projects of 304,000 m², a total of 333,000 m², as compared to 329,000 m² at 31 January 2016.

Overall, TK Development has ongoing construction projects covering about 115,000 m² and is recording good progress on these projects. The projects in the pipeline are moving ahead at a good pace due to robust tenant and investor interest. A number of major projects for handover in 2017/18 have been sold in whole or in part, which underpins the strategic earnings goal in this business area.

Portfolio of land

The Group's portfolio of land has been trimmed considerably in the past few years, most recently from DKK 561 million at 31 January 2016 to DKK 473 million at 31 October 2016, due mainly to the startup of the third phase of the Bielany residential project in Warsaw. TK Development maintains its strong focus on substantially reducing the portfolio of land, either by selling plots or initiating projects. When the last phase of the residential project in Bielany, Warsaw, is initiated, the portfolio of land will be reduced by a further DKK 97 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
In progress							
Strædet	Køge	DK	Mixed	25,300	100 %	March 2015	Autumn 2017/2018
BROEN Shopping	Esbjerg	DK	Retail	10,430	35 %	May 2015	April 2017
Amerika Have	Copenhagen	DK	Residential	3,125	25 %	September 2015	Spring 2017
Domus Vista	Frederiksberg	DK	Residential	5,300	100 %	October 2016	January 2018
Retail park, Oskarshamn	Oskarshamn	SE	Retail	3,200	100 %	May 2016	Spring 2017
MetroBielany, Bielany, phase 3	Warsaw	PL	Residential/services	15,650	100 %	June 2016	Spring 2018
Not initiated							
Vasevej	Birkerød	DK	Residential	1,900	100 %	-	-
Aarhus South, phase 2	Aarhus	DK	Retail	2,800	100 %	2017	2018
Ejby Industrivej	Copenhagen	DK	Office	6,300	100 %	-	-
Østre Havn/Stuhrs Brygge	Aalborg	DK	Mixed	25,000	¹⁾ 50 %	Continuously	Continuously
Kulan, shopping district	Gothenburg	SE	Mixed	55,000	100 %	2017	2019
Arninge, commercial district	Stockholm	SE	Mixed	60,000	100 %	2018	2020
Retail park, Södertälje	Södertälje	SE	Retail	8,000	100 %	Early 2017	Early 2018
Retail park, Söderhamn	Söderhamn	SE	Retail	10,000	100 %	2017	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. 267,000			

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

PROJECTS IN PROGRESS

Strædet, development of town centre, 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.

After problems caused by damage to a neighbouring property in connection with the startup of construction, which resulted in considerable delay, progress is now being made. The main part of the project is still expected to be completed in autumn 2017, while a minor part has been further delayed and is not scheduled for completion until 2018. The sale to Citycon is still expected to have a significant positive impact on results in the 2017/18 financial year when the completed part of the project is handed over to the investor.

The current occupancy rate is 78 % (Q2 2016/17: 74 %) for the overall retail project. 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. 80 % of the premises have been let (Q2 2016/17: 75 %). The tenants include Kvickly, H&M, Burger King, Bahne, Imerco, Sportmaster, Gina Tricot, Skoringen, Designers Market and Deichmann.

Construction is progressing according to plan, and the centre is scheduled to open in April 2017. The centre is to be expanded with a cinema, and a lease agreement has been concluded with Nordisk Film Cinemas regarding the establishment of an eight-screen cinema in connection with the centre. The work on the local plan required for this purpose has been initiated. The cinema is expected to open its doors in autumn 2018.

Amerika Have, residential project, 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 – 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 is progressing as planned, and 88 of the 121 apartments have been sold (Q2 2016/17: 65). 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 park, Oskarshamn, Sweden

In Oskarshamn TK Development has conditionally sold a 3,200 m² retail park project and an option to expand the project by a further 4,700 m². The project has been fully let (Q2 2016/17: 100 %), and construction is proceeding according to plan. The completed project is expected to be handed over to the investor in spring 2017.

Domus Vista, youth housing units, Frederiksberg, Copenhagen, Denmark

In Frederiksberg TK Development has conditionally sold a 5,300 m² youth housing project to Koncenton, which has taken over the letting process as part of the deal. Construction started in October 2016, and the completed project is expected to be handed over to the investor in January 2018.

MetroBielany, residential project, Bielany, Warsaw, Poland

In Warsaw TK Development is developing a residential project of owner-occupied apartments totalling about 52,000 m². The project is being built in four phases, and the first two phases of 7,850 m² and 14,850 m², respectively, have been completed. Most of the apartments have been sold and handed over to private users.

The third phase will comprise about 15,650 m², consisting of 263 residential units and service facilities. Construction was initiated in June 2016, with completion scheduled for spring 2018. The pre-completion sale is progressing satisfactorily, and 30 % (Q2 2016/17: 19 %) of the residential units have been sold.

The fourth and last phase is expected to start immediately after completion of the third phase.

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 through a company owned 50/50 with Frederikshavn Maritime Erhvervspark, and the next phase of 50,000 m² is currently being planned. The planned projects include 7,000 m² of

youth housing units, 12,000 m² of rental dwellings, 12,000 m² of owner-occupied dwellings and 13,000 m² of offices, as well as parking facilities. A few of the projects are described below.

Work is under way to develop the youth housing units of about 7,000 m², which will be sold to a housing association, with a view to starting construction in spring 2017.

Another project planned for this area comprises owner-occupied dwellings of almost 7,000 m² with a unique location at Beddingen 1A. The pre-construction sale of these apartments has begun. Construction is scheduled to start in early 2017, and the apartments are expected to be ready for occupation in mid-2018.

The rental housing is to be constructed in two phases, with the first phase to consist of a rental property of about 4,900 m². After the reporting date this project has been conditionally sold to a private investor, who will handle the letting process. The sale will be based on forward funding, which means that the investor will pay for the project in step with project completion. Construction is expected to start at the beginning of 2017, with completion and handover to the buyer scheduled for spring 2018.

Arninge, commercial district, Stockholm, Sweden

In Arninge in Stockholm, the municipality has chosen TK Development as its preferred partner for developing an area that is to serve as the entrance to the town centre of Arninge. TK Development is currently engaged in the planning process together with the municipality. The project is expected to comprise premises of about 60,000 m², primarily retail stores and possibly offices as well. Both tenants and investors have shown a good amount of interest in the project, and work on the planning, letting and sale will proceed during the months to come. Construction is expected to start in 2018, and the completion is scheduled for 2020.

Retail park, Södertälje, Sweden

TK Development is currently developing a retail park of about 8,000 m² in Södertälje. Lease agreements for 70 % of the premises (Q2 2016/17: 40 %) have been concluded, including with a supermarket operator, and tenants are showing a good amount of interest in the remaining premises. Construction is now expected to start at the beginning of 2017, with completion scheduled for the beginning of 2018.

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.

As announced in December 2015, the aim is to sell the asset management activities within a period of three to five years starting in December 2015, and the tied-up equity thus released is planned to be distributed to TK Development's shareholders. The operation of the assets is to be matured and optimized prior to their sale, and intensive efforts are being made to achieve this.

Asset management		
DKKm	Q1-Q3 2016/17	Q1-Q3 2015/16
Revenue	69.2	56.0
Gross profit/loss	38.5	-85.9
Results of joint ventures	-1.0	2.1
Profit/loss before tax	-10.7	-133.0
	31.10.2016	31.01.2016
Balance sheet total	1,579.6	1,632.0
Tied-up equity	566.3	577.2
Number of employees at centres	14	12

The results before tax for the asset management activities amounted to DKK -10.7 million against DKK -133.0 million in Q1-Q3 2015/16. The results for the comparative period include asset impairment losses totalling DKK 116.0 million.

The total portfolio of completed properties under asset management, including joint venture properties, amounted to DKK 1,592.4 million at 31 October 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 4.3 %^{*)} (Q2 2016/17: 4.5 %), which reflects a certain spread in the returns on individual centres, as local tenants in particular are generally experiencing difficulties. The decline in the current rate of return on the carrying amount is due mainly to a higher vacancy rate after two tenants moved out during the period under review. 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 %¹⁾ (Q2 2016/17: 6.1 %).

¹⁾ Before a preferred return for a joint venture partner in Polish projects.

An overview of the Group's completed properties under asset management is set out below.

The Group's completed properties in the asset management business area comprised the following at 31 October 2016:

	Country	Type	TKD's ownership interest	Project area (m ²)	Current occupancy rate
Projects in wholly owned companies					
Completed projects					
Sillebroen Shopping, Frederikssund	Denmark	Shopping centre	100 %	26,400	92 %
Galeria Sandecja, Nowy Sącz	Poland	Shopping centre	100 %	17,300	97 %
Most Retail Park	Czech Republic	Retail park	100 %	6,400	63 %
Aabenraa	Denmark	Retail park	100 %	4,200	81 %
Brønderslev	Denmark	Retail property	100 %	1,200	100 %
Investment properties					
Lüdenscheid	Germany	Mixed	100 %	14,000	50 %
Projects in joint ventures					
Galeria Nowy Rynek, Jelenia Góra	Poland	Shopping centre	30 %	24,800	93 %
Galeria Tarnovia, Tarnów	Poland	Shopping centre	30 %	^{*)} 16,700	91 %
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 five-screen cinema of about 1,300 m².

**SILLEBROEN SHOPPING, SHOPPING CENTRE,
FREDERIKSSUND, DENMARK**

Opening	March 2010
Leasable area	26,400 m ² , including about 5,000 m ² of supermarket units
Occupancy rate	92 % (Q2 2016/17: 93 %)
Footfall 2015	3.3 million

Planned operational improvements:

- To assess the derived effects of opening the 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 Sillebroen 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 of the centre's operation, with a rebound in footfall and revenue.

As an important step towards increasing customer flow and further strengthening revenue in the centre, an agreement was made with Nordisk Film Cinemas about the establishment of a cinema of about 1,400 m² in the centre, and the new cinema opened in August 2016. The positive effect of the cinema opening will make an important contribution to the continued optimization of the centre's tenant mix.

Footfall for 2016 to date is at index 106 compared to the same period of 2015, and the revenue is on a par with the revenue recorded in the same period last year. Overall, the mix of tenants in the centre has improved considerably in 2016. In addition to Nordisk Film opening a cinema, tenants such as Imerco, Søstrene Grene and Normal have also opened new retail stores in the centre.

**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	93 % (Q2 2016/17: 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 shopping centre opened in October 2015 and has a current occupancy rate of 93 %. Since the centre opened, the focus has been on ensuring a good tenant mix and replacing weak tenants with more robust tenants/concepts – 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 % (Q2 2016/17: 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 upgrade 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 affected the operation of Galeria Sandecja, whose footfall and revenue declined, but this negative trend has now been reversed. For the past months of 2016, footfall was at index 102 and revenue at index 115 compared to the same period of 2015.

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, an ambition that has now been fulfilled. The current focus is on replacing weak tenants and changing temporary leases to leases on conditions that are satisfactory to the Group. Moreover, efforts are being made to upgrade the first floor with discount stores in order to secure a higher occupancy rate and a better customer flow in the centre.

**RINGSTED OUTLET,
RINGSTED, DENMARK**

Opening	March 2008
Leasable area	13,200 m ²
Occupancy rate	85 % (Q2 2016/17: 87 %)
Footfall 2015	1.5 million

Planned operational improvements:

- To ensure a good tenant mix through proactive dialogue with tenants.
- To boost the occupancy rate (dialogue is ongoing with several potential tenants).
- To make preparations for contemplated expansion of the centre with a second phase.

Ringsted Outlet continues to record progress, with pleasing growth in both revenue and footfall. For the past months of 2016, footfall was at index 110 and revenue at index 113 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 BOSS and Calvin Klein have extended their outlets. A lease agreement has recently been concluded with Guess, which opened an outlet in the centre in autumn 2016. The outlet centre's occupancy rate has reached 85 %, and a good dialogue is ongoing with several potential tenants.

Ringsted Outlet has been developed in a 50/50 joint venture with Miller Developments. In June 2016 Miller Developments sold its 50 % stake to CapMan Real Estate. In the years to come TK Development and CapMan Real Estate will carry on developing the centre and thus proceed working on the contemplated expansion of the centre.

**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	91 % (Q2 2016/17: 89 %)
Footfall 2015	1.8 million

^{*)} Including a five-screen cinema of about 1,300 m².

Planned operational improvements:

- To establish a cinema scheduled to open in December 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 is owned by 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. Both footfall and revenue in the centre dropped substantially from 2014 to 2015. The situation is now improving, and the footfall for the past months of 2016 is at index 99 compared to the same period the year before, and the centre's revenue is at index 103. The occupancy rate has increased from 89 % to 91 % during the past quarter.

The current efforts to change the tenant composition of the shopping centre have included the relocation of a major electronics store and the opening of several LPP concept stores and a store operated by the Polish retail chain SMYK. In addition, a lease agreement has been concluded with a cinema operator. The conversion housing a cinema has been completed, and the cinema will open on 16 December 2016.

In Q2 2016/17 the joint venture refinanced the centre and floated a mezzanine loan in this connection. The loan agreements contain a number of covenants that are to be met at specific intervals in order for the loan to be upheld. Although the occupancy rate has increased from 89 % to 91 % in the past quarter, the letting process has proved more sluggish than was expected when the new loan agreements were concluded, for which reason the agreed covenants may have to be renegotiated.

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 31 October 2016 these plots of land and development projects totalled DKK 124.2 million, consisting of:

- Czech Republic: an outlet 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: a minor plot 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. Management chose to appoint a real estate agent to handle this selling process. In Management's opinion, it is not possible to complete a combined sale on terms that the Group finds satisfactory.

In connection with phasing out the Czech activities and optimizing their value, the Board of Directors has therefore decided to develop and execute the Outlet Arena Moravia development project in Ostrava. The outlet centre will comprise about 17,000 m², to be built in two phases, with the first phase covering about 11,600 m². Lease agreements have been concluded for 60 % of the first-phase premises, and two-thirds of these leases are binding. Negotiations about the sale of the project are currently ongoing with potential investors. Construction is expected to start in 2017 once a conditional agreement regarding the sale of the project has been concluded. TK Development anticipates that the execution and sale of the project will generate an attractive profit for the Group and therefore considers this option a better alternative than merely selling the project at its current stage.

At the same time negotiations about the sale of the completed retail park in Most are ongoing with a potential investor.

In addition, after the reporting date TK Development has entered into an agreement for the sale of one of the Group's plots of land in Prague, and the sale is expected to be completed in Q4 2016/17. The agreed selling price corresponds to the carrying amount.

Baltic States

In Vilnius, Lithuania, TK Development previously completed and handed over about 6,750 m² of a retail park with total premises of 11,300 m². TK Development is now developing a third phase comprising retail premises of about 850 m² and office premises of about 3,700 m². The third phase has been sold conditionally to a fund managed by Baltic Horizon Fund, which also bought the two first project phases. Construction of the third phase started after the reporting date, and the completed project is scheduled for handover to the investor at the end of 2017.

Germany

TK Development has sold one of the German plots of land, which leaves only one minor plot of land in addition to the property in Lüdenscheid.

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 31 October 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 31 October 2016 and of the results of the Group's operations and cash flows for the period from 1 February 2016 to 31 October 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 December 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-Q3 2016/17	Q1-Q3 2015/16	Q3 2016/17	Q3 2015/16	Full year 2015/16
Net revenue		348.5	274.5	111.4	106.4	327.8
Project costs	4	-275.9	-335.1	-83.1	-197.8	-370.1
Value adjustment of investment properties, net		0.0	-25.0	0.0	-25.0	-25.0
Gross profit/loss		72.6	-85.6	28.3	-116.4	-67.3
Other external expenses		15.5	16.8	4.8	5.5	23.1
Staff costs		44.0	43.5	14.3	14.6	58.9
Total		59.5	60.3	19.1	20.1	82.0
Profit/loss before financing and depreciation		13.1	-145.9	9.2	-136.5	-149.3
Depreciation and impairment of non-current assets		0.3	33.7	0.1	33.4	33.7
Operating profit/loss		12.8	-179.6	9.1	-169.9	-183.0
Income from investments in joint ventures		15.2	29.3	10.2	2.1	30.4
Income from investments in associates		0.5	0.8	0.1	0.3	1.1
Financial income		8.6	5.3	2.3	1.4	11.3
Financial expenses		-36.9	-36.5	-12.2	-11.4	-50.8
Total		-12.6	-1.1	0.4	-7.6	-8.0
Profit/loss before tax		0.2	-180.7	9.5	-177.5	-191.0
Tax on profit/loss for the period		4.3	31.4	3.8	27.4	31.3
Profit/loss for the period		-4.1	-212.1	5.7	-204.9	-222.3

EARNINGS PER SHARE IN DKK

Earnings per share (EPS)	0.0	-2.2	0.1	-2.1	-2.3
Diluted earnings per share (EPS-D)	n/a	-2.2	n/a	-2.1	n/a

COMPREHENSIVE INCOME STATEMENT

Profit/loss for the period	-4.1	-212.1	5.7	-204.9	-222.3
Items that may be re-classified to profit/loss:					
Foreign-exchange adjustments, foreign operations	4.1	0.4	2.3	-9.3	-9.4
Value adjustment of hedging instruments	-0.6	0.9	0.5	0.4	1.2
Tax on other comprehensive income	-2.4	1.0	-1.2	4.2	4.4
Other comprehensive income after tax from joint ventures	-1.3	1.5	0.2	0.7	2.4
Other comprehensive income for the period	-0.2	3.8	1.8	-4.0	-1.4
Comprehensive income for the period	-4.3	-208.3	7.5	-208.9	-223.7

CONSOLIDATED FINANCIAL STATEMENTS

BALANCE SHEET

DKKm	Note	31 Oct 2016	31 Jan 2016
ASSETS			
Non-current assets			
Other fixtures and fittings, tools and equipment		1.0	0.9
Property, plant and equipment		1.0	0.9
Investment properties		53.1	53.3
Investment properties		53.1	53.3
Investments in joint ventures		240.0	260.7
Investments in associates		4.9	4.4
Receivables from joint ventures		185.1	195.7
Receivables from associates		8.9	4.6
Other securities and investments		17.6	13.4
Financial assets		456.5	478.8
Deferred tax assets		75.2	81.6
Other non-current assets		75.2	81.6
Non-current assets		585.8	614.6
Current assets			
Projects in progress or completed		2,087.6	2,013.6
Trade receivables		7.9	54.1
Receivables from joint ventures		13.3	0.0
Other receivables		9.7	10.6
Prepayments		13.4	12.1
Receivables		44.3	76.8
Other securities and investments		4.1	4.1
Deposits in blocked and escrow accounts	5	53.5	94.1
Cash and cash equivalents	5	22.1	5.6
Current assets		2,211.6	2,194.2
ASSETS		2,797.4	2,808.8



CONSOLIDATED FINANCIAL STATEMENTS

BALANCE SHEET

DKKm	Note	31 Oct 2016	31 Jan 2016
EQUITY AND LIABILITIES			
Equity			
Share capital		98.2	98.2
Other reserves	6	-9.5	-9.3
Retained earnings		1,192.7	1,196.8
Equity		1,281.4	1,285.7
Liabilities			
Credit institutions		0.0	34.1
Provisions		0.9	0.4
Deferred tax liabilities		14.4	14.1
Non-current liabilities		15.3	48.6
Credit institutions		1,393.4	1,358.7
Trade payables		61.1	70.4
Prepayments from customers		6.8	0.0
Corporate income tax		0.7	6.6
Provisions		2.6	5.7
Other debt		29.2	27.6
Deferred income		6.9	5.5
Current liabilities		1,500.7	1,474.5
Liabilities		1,516.0	1,523.1
EQUITY AND LIABILITIES		2,797.4	2,808.8

CONSOLIDATED FINANCIAL STATEMENTS

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	-212.1	-212.1
Other comprehensive income for the period	0.0	3.8	0.0	3.8
Total comprehensive income for the period	0.0	3.8	-212.1	-208.3
Equity at 31 October 2015	98.2	-4.1	1,207.0	1,301.1
Equity at 1 February 2016	98.2	-9.3	1,196.8	1,285.7
Profit/loss for the period	0.0	0.0	-4.1	-4.1
Other comprehensive income for the period	0.0	-0.2	0.0	-0.2
Total comprehensive income for the period	0.0	-0.2	-4.1	-4.3
Equity at 31 October 2016	98.2	-9.5	1,192.7	1,281.4

CASH FLOW STATEMENT

DKKm	Q1-Q3 2016/17	Q1-Q3 2015/16
Operating profit/loss	12.8	-179.6
Adjustments for non-cash items:		
Value adjustments investment properties, net	0.0	25.0
Depreciation and impairment	2.4	169.8
Provisions	-2.6	-8.7
Foreign-exchange adjustment	0.9	-4.4
Increase/decrease in investments in projects, etc.	-53.3	20.5
Increase/decrease in receivables	41.5	-8.5
Changes in deposits on blocked and escrow accounts	42.6	-49.8
Increase/decrease in payables and other debt	0.5	104.6
Cash flows from operations	44.8	68.9
Interest paid, etc.	-56.3	-43.7
Interest received, etc.	5.7	4.7
Corporate income tax paid	-5.5	0.2
Cash flows from operating activities	-11.3	30.1
Investments in equipment, fixtures and fittings	-0.4	0.0
Sale of equipment, fixtures and fittings	0.1	0.0
Sale of joint ventures	1.0	10.5
Investments in joint ventures	-6.7	-72.9
Dividend from joint ventures	40.3	7.0
Increase/decrease in receivables from joint ventures	-2.6	-71.7
Purchase of securities and investments	-5.9	0.0
Sale of securities and investments	2.6	1.3
Cash flows from investing activities	28.4	-125.8
Raising of project financing	152.7	143.1
Reduction of project financing/repayments, credit institutions	-153.3	-66.8
Cash flows from financing activities	-0.6	76.3
Cash flows for the period	16.5	-19.4
Cash and cash equivalents, beginning of period	5.6	23.6
Foreign-exchange adjustment of cash and cash equivalents	0.0	-0.2
Cash and cash equivalents, end of period	22.1	4.0

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-Q3 2015/16 have also been restated accordingly.

DKKm	Property development	Asset management	Unallocated	Total
31 October 2016				
Net revenue, external customers	279.3	69.2	0.0	348.5
Profit/loss before tax	18.3	-10.7	-7.4	0.2
Segment assets	1,141.4	1,579.6	76.4	2,797.4
Segment liabilities	487.6	1,013.3	15.1	1,516.0
31 October 2015				
Net revenue, external customers	218.5	56.0	0.0	274.5
Profit/loss before tax	-6.6	-133.0	-41.1	-180.7
Segment assets	1,108.0	1,611.5	91.7	2,811.2
Segment liabilities	451.8	1,029.5	28.8	1,510.1

NOTE 4. PROJECT COSTS

DKKm	Q1-Q3 2016/17	Q1-Q3 2015/16	Full year 2015/16
Project costs	273.7	198.8	233.8
Impairment losses on projects in progress or completed projects	2.2	136.3	136.3
Project costs, total	275.9	335.1	370.1

NOTE 5. LIQUIDITY RESERVES

DKKm	31 Oct 2016	31 Jan 2016
The liquidity reserves break down as follows:		
Cash and cash equivalents	22.1	5.6
Unutilized operating credit facilities	11.1	31.8
Total	33.2	37.4
Deposited funds for later release	53.5	94.1
Total liquidity reserve	86.7	131.5

NOTE 6. OTHER RESERVES

DKKm	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	-0.4	1.9	1.5
Exchange-rate adjustment, foreign operations	0.0	0.0	0.4	0.4
Value adjustment of hedging instruments	0.0	0.9	0.0	0.9
Deferred tax on other comprehensive income	0.0	-0.2	1.2	1.0
Other comprehensive income, total	0.0	0.3	3.5	3.8
Other reserves at 31 October 2015	-0.1	-1.7	-2.3	-4.1
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	-0.3	-1.0	-1.3
Exchange-rate adjustment, foreign operations	0.0	0.0	4.1	4.1
Value adjustment of hedging instruments	0.0	-0.6	0.0	-0.6
Deferred tax on other comprehensive income	0.0	0.0	-2.4	-2.4
Other comprehensive income, total	0.0	-0.9	0.7	-0.2
Other reserves at 31 October 2016	-0.1	-2.4	-7.0	-9.5

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.

CONSOLIDATED FINANCIAL STATEMENTS

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.

DKKm	31 Oct 2016	31 Jan 2016	31 Oct 2015
Board of Directors and Executive Board (and their related parties):			
Fees for Board of Directors	1.0	1.4	1.1
Salaries, etc., Executive Board	5.6	6.8	4.9
Sale of projects (revenue)	0.0	8.1	8.1
Joint ventures:			
Fees	1.7	9.4	8.6
Interest income	5.5	6.6	4.9
Guarantee commission	0.1	0.2	0.0
Receivables (balance)	198.4	195.7	195.9
Associates:			
Fees	0.9	0.0	0.0
Interest income	0.1	0.2	0.1
Receivables (balance)	8.9	4.6	4.6

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-Q3 2016/17 to provide for any probable losses on such receivables (Q1-Q3 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.

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. However, changes have been made to the classification within the fair-value hierarchy, as a significant portion of the Group's unlisted shares became officially listed in the accounting period under review. The transfer between the fair-value hierarchies was made on the date when the shares were listed. Subsequent measurement of the shares is based on the prices listed on Nasdaq Tallinn.

The transfer from level 3 in the fair-value hierarchy represents an amount of DKK 10.0 million. The transfer is made to level 1.



COMPANY INFORMATION

TK Development A/S

CVR no.:
24256782

ISIN code:
DK0010258995 (TKDV)

Municipality of registered office:
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Website:
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e-mail:
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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.

