ILLUSTRATION:
STRÆDET, KØGE, DENMARK

TK DEVELOPMENT A/S | CVR NO. 24256782
COMPANY ANNOUNCEMENT NO. 12/2015 | 11 SEPTEMBER 2015

INTERIM REPORT H1
2015/16

(1 February 2015 - 31 July 2015)

TK·development

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RESULTS FOR THE FIRST HALF OF 2015/16

- During the first six months of 2015/2016, TK Development recorded results of DKK 0.7 million*) before tax, excluding discontinuing activities, against DKK 15.0 million*) in the first six months of 2014/15.

- The Group's total results after tax amounted to DKK -7.2 million against DKK 7.0 million in the first half of 2014/15.

- The balance sheet total amounted to DKK 2,835.3 million at 31 July 2015 against DKK 2,845.2 million at 31 January 2015. Consolidated equity totalled DKK 1,510.0 million versus DKK 1,509.4 million at 31 January 2015, corresponding to a solvency ratio of 53.3 % (31 January 2015: 53.1 %).

- Cash flows for the period amounted to DKK -14.5 million against DKK 4.3 million in the same period the year before. Net interest-bearing debt amounted to DKK 978.1 million at 31 July 2015 against DKK 1,000.4 million at 31 January 2015.

PROPERTY DEVELOPMENT

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

- In a joint venture with a contractor and other partners, TK Development has developed apartments for young people totalling about 1,500 m² at Smallegade, Frederiksberg, Denmark. Following completion of construction, the apartments were ready for occupation in December 2014. In the first quarter of 2015/16, TK Development sold its share of the joint venture at a profit to one of the other owners.

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

- TK Development has developed a 6,000 m² office project in Aalborg, Denmark, for the international Alfa Laval Group, which has entered into a long-term lease for the property. The project has been sold to PensionDanmark at a total price of DKK 126.1 million. Construction was completed in April 2015, and the finished project was handed over to the investor in June 2015 as planned. Earnings from the sale were recognized in the second quarter of 2015/16.

- TK Development has sold a lot of about 13,000 m² at Amerika Plads, Copenhagen, Denmark, to A.P. Møller - Mærsk A/S. The selling price amounts to DKK 97.5 million, and TK Development's ownership interest is 50 %. The lot was handed over to A.P. Møller - Mærsk A/S in June 2015, and the profit on the sale thus impacted TK Development's results in the second quarter of 2015/16.

Moreover, TK Development is involved in several ongoing building projects, including major development projects initiated in the first half of 2015/16:

- In Esbjerg, Denmark, TK Development is working on the development and construction of a new shopping centre, BROEN, of about 29,800 m². Having attracted keen interest from future tenants, the Group has concluded lease agreements for more than 60 % of the premises. The anchor tenants include Kvickly, H&M, Bahne, Fona, Imerco, Sportmaster and Gina Tricot. A contamination cleanup process and preliminary construction works have been completed in the past months, and the first turf was cut at the end of May 2015. The shopping centre is scheduled for completion in spring 2017.

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

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

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

ity regarding its takeover of building rights for both the town hall and rehabilitation centre. These building rights are expected to be handed over to the municipality at the end of the 2015/16 financial year. Construction of the first phase began in March 2015, while construction work on the next phase is expected to start in autumn 2015.

- In Bielany in Warsaw, Poland, TK Development is developing a residential project of about 53,700 m². The first phase of 7,850 m² has been completed and sold to private users. The plan is to initiate construction of the remaining approx. 45,850 m² in three successive phases. The second project phase consists of 297 residential units and service facilities. The residential units are being sold as owner-occupied apartments to private users, and 67 % of the units have been sold in advance. Construction has started, and handover to the buyers is slated for spring 2016.

- Overall, TK Development has ongoing construction projects covering more than 100,000 m², of which more than 65,000 m² represents construction projects initiated in Denmark in the first half of 2015/16. Construction of a further 15,000 m² will start in the third quarter of 2015/16, and the Group is recording good progress on a range of other projects in the portfolio.

- The Group's project portfolio in the Property development business area comprised 314,000 m² at 31 July 2015 (31 January 2015: 351,000 m²).

ASSET MANAGEMENT

- The total portfolio of properties that are under asset management and thus generate cash flow comprised 117,200 m² and amounted to DKK 1,382.7 million at 31 July 2015, including joint venture projects, compared to DKK 1,256.1 million at 31 January 2015.

- The annual net rent from the current leases in the total portfolio corresponds to a return on the carrying amount of 4.1 %. This figure reflects a large spread in the returns on individual properties. Based on full occupancy, the return on the carrying amount is expected to reach 6.2 %. The current letting situation is affected by vacancies, short-term rent discount agreements and improvement initiatives that have not yet materialized.

DISCONTINUING ACTIVITIES

- TK Development is phasing out its activities in Germany, Finland, the Baltic States and Russia.

- The results for the discontinuing activities before tax amounted to DKK -4.1 million in the first six months of 2015/16 against DKK -6.3 million in the first six months of 2014/15. At 31 July 2015 the balance sheet total for the discontinuing activities amounted to DKK 245.7 million against DKK 250.3 million at 31 January 2015.

- The Group had the following discontinuing activities at 31 July 2015:
  - Germany: an investment property and two minor plots of land, totalling DKK 103.9 million.
  - Finland: a minor plot of land, totalling DKK 7.2 million.
  - The Baltic States: a retail park project, see below, and two plots of land, totalling DKK 96.2 million.
  - Russia: a minor project for letting, totalling DKK 22.6 million.

- TK Development's DomusPro Retail Park project in Vilnius, Lithuania, has been conditionally sold to BPT Baltic Opportunity Fund, which is managed by BPT Asset Management. The first phase of about 7,500 m² was handed over to the investor in the 2014/15 financial year. The second phase of the project of about 3,800 m² has been fully let. Construction of this phase started in spring 2015, and the premises will be handed over to the buyer upon completion in 2016.

- The timing and phase-out of the discontinuing activities are subject to uncertainty. The phase-out is progressing, and the risk exists that these activities may be phased out at a value lower than their carrying amount.

MARKET CONDITIONS

- Management's general assessment of the market conditions in the property sector is unchanged compared to the Group's most recently published assessment. Generally, property markets are characterized by optimism, reasonable opportunities for financing property acquisitions and a fair amount of investor interest. The historically low interest level and surplus of liquidity have contributed to increasing interest in real property as an asset class, particularly among institutional investors.

- Management believes that new projects can be executed at a satisfactory profit in the current market.

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

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

- The activity level is increasing in the Property development business area, and the Group is working on several new project opportunities in the retail and residential segments.

FINANCIAL ISSUES

- Net interest-bearing debt amounted to DKK 978.1 million at 31 July 2015 against DKK 1,000.4 million at 31 January 2015.

- Project credit facilities of DKK 495.9 million at 31 January 2015 that were due to expire prior to end-January 2016 were prolonged in the first quarter of 2015/16.

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

OUTLOOK FOR 2015/16

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

- The timing and phase-out of the discontinuing activities are subject to major uncertainty. The activities are in the process of being discontinued, and the Group risks incurring further losses before the phase-out is complete. Therefore, the results before tax of the discontinuing activities have not been included in the outlook for 2015/16.

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

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

CONSOLIDATED FINANCIAL HIGHLIGHTS AND KEY RATIOS

DKKm	H1 2015/16	H1 2014/15	Full year 2014/15
FINANCIAL HIGHLIGHTS			
Net revenue	**168.1**	194.3	854.7
Value adjustment of investment properties, net	**0.0**	0.0	-3.5
Gross profit/loss	**30.8**	48.8	93.3
Operating profit/loss (EBIT)	**-9.7**	9.0	12.3
Income from investments in joint ventures	**27.2**	25.9	30.1
Financing, etc.	**-21.2**	-30.4	-57.9
Profit/loss before tax and writedowns, etc.	**-1.2**	9.4	42.1
Profit/loss before tax	**-3.2**	4.8	-25.2
Profit/loss for the period	**-7.2**	7.0	-37.7
Profit/loss before tax for the period, forward-looking strategy	**0.7**	15.0	36.7
Comprehensive income for the period	**0.6**	0.1	-44.4
Balance sheet total	**2,835.3**	3,204.7	2,845.2
Property, plant and equipment	**0.9**	1.0	1.0
Investment properties	**78.3**	103.2	78.1
Total project portfolio	**2,022.2**	2,246.9	2,121.7
Equity	**1,510.0**	1,553.9	1,509.4
Cash flows for the period	**-14.5**	4.3	17.4
Net interest-bearing debt, end of period	**978.1**	1,335.0	1,000.4
KEY RATIOS			
Return on equity (ROE) *)	**-1.0 %**	0.9 %	-2.5 %
Solvency ratio (based on equity)	**53.3 %**	48.5 %	53.1 %
Equity value in DKK per share	**15.4**	15.8	15.4
Price/book value (P/BV)	**0.6**	0.6	0.6
Number of shares, end of period	**98,153,335**	98,153,335	98,153,335
Earnings per share (EPS) in DKK	**-0.1**	0.1	-0.4
Dividend in DKK per share	**0**	0	0
Listed price in DKK per share	**9**	9	9
KEY RATIOS ADJUSTED FOR WARRANTS			
Return on equity (ROE) *)	**n/a**	0.9 %	-2.5 %
Solvency ratio (based on equity)	**n/a**	48.5 %	53.1 %
Equity value in DKK per share	**n/a**	15.8	15.4
Diluted earnings per share (EPS-D) in DKK	**n/a**	0.1	-0.4

*) Annualized.

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

During the first six months of 2015/2016, TK Development recorded results of DKK 0.7 million**) before tax, excluding discontinuing activities, against DKK 15.0 million in the first six months of 2014/15.

The calculation of results before tax, excluding discontinuing activities, includes an adjustment for the tax withheld from Income from investments in joint ventures, as this income was calculated after tax. The tax amounts to DKK -0.2 million.

The Group's total results after tax amounted to DKK -7.2 million against DKK 7.0 million in H1 2014/15.

The balance sheet total amounted to DKK 2,835.3 million at 31 July 2015 against DKK 2,845.2 million at 31 January 2015.

Consolidated equity totalled DKK 1,510.0 million versus DKK 1,509.4 million at 31 January 2015, corresponding to a solvency ratio of 53.3 % (31 January 2015: 53.1 %).

The results for H1 2015/16 and the balance sheet at 31 July 2015, broken down by business area, appear from the tables below.

The activities within each individual business area are described in more detail on pages 14-22.

The Property development business area is described on pages 14-17. The description includes information about the development potential of TK Development's project portfolio, including an outline of the individual development projects.

RESULTS H1 2015/16 (DKKM)

Profit/loss	H1 2015/16	Property development	Asset management	Discontinuing activities	Unallocated
Revenue	168.1	139.0	27.8	1.3	-
Gross profit/loss	30.8	9.5	23.6	-2.3	-
Costs, excl. depreciation and amortization	40.2	-	-	1.1	39.1
Operating profit/loss	-9.7	9.5	23.6	-3.4	-39.4
Income from investments in joint ventures*)	27.2	26.9	0.1	-	0.2
Financing, net	-21.2	-0.4	-18.1	-0.6	-2.1
Profit/loss before tax**)	-3.2	36.6	5.6	-4.1	-41.3
Tax on the profit/loss for the period	4.0				
Profit/loss for the period	**-7.2**				

*) Income from investments in joint ventures has been calculated after tax in accordance with IFRS. To ensure a correct breakdown by segment and meaningful results before tax relative to the Group's earnings expectations for 2015/16, which were calculated before tax and before results of discontinuing activities, the tax on results of joint ventures has been included in the column Unallocated.
**) The results of DKK 0.7 million before tax, excluding discontinuing activities, have been calculated as pre-tax results of DKK -3.2 million adjusted for losses on discontinuing activities of DKK 4.1 million and tax on the results of joint ventures of DKK -0.2 million.

BALANCE SHEET STRUCTURE AT 31 JULY 2015 (DKKM)

Balance sheet	31 Jul 2015	Property development	Asset management	Discontinuing activities	Unallocated
Assets					
Investment properties	78.3	-	-	78.3	-
Investments in joint ventures	234.9	99.3	135.6	-	-
Non-current receivables	217.9	150.9	67.0	-	-
Other non-current assets	164.4	2.4	1.5	12.9	147.6
Projects in progress or completed	2,022.2	772.4	1,098.2	151.6	-
Current receivables	41.5	27.9	10.6	2.9	0.1
Cash, cash equivalents, escrow accounts, etc.	76.1	53.6	12.9	-	9.6
Assets	**2,835.3**	**1,106.5**	**1,325.8**	**245.7**	**157.3**
Equity and liabilities					
Equity	**1,510.0**	**788.2**	**490.3**	**198.7**	**32.8**
Credit institutions	1,217.0	276.1	811.3	37.1	92.5
Other liabilities	108.3	42.2	24.2	9.9	32.0
Equity and liabilities	**2,835.3**	**1,106.5**	**1,325.8**	**245.7**	**157.3**
Solvency ratio	**53.3 %**	**71.2 %**	**37.0 %**	**80.9 %**	**20.9 %**

The Asset management business area is described on pages 18-21. The description contains information about TK Development's own properties under asset management, including an outline of the operation and customer influx for the individual projects.

The discontinuing activities are described on page 22, which provides more details about TK Development's properties and projects in the countries where Management has decided to phase out activities.

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

ACCOUNTING POLICIES

The Interim Report for H1 2015/16 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 2015.

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

With effect from 1 February 2015, the Group implemented a number of new and amended financial reporting standards and IFRIC interpretations that have not resulted in any changes as compared to the accounting policies applied by the Group in the 2014/15 Annual Report. Their implementation has impacted neither earnings per share nor diluted earnings per share.

UNCERTAINTY IN RECOGNITION AND MEASUREMENT

When applying the Group's accounting policies in practice, Management makes a number of accounting estimates and judgments that materially affect the interim financial statements, particularly as concerns the measurement of the Group's ongoing and completed projects and the Group's deferred tax assets. For a more detailed description, please see note 3 in the 2014/15 Annual Report.

INCOME STATEMENT

Revenue

The revenue for the period under review totalled DKK 168.1 million against DKK 194.3 million in H1 2014/15. The revenue stems from the sale of projects, rental and fee income, etc.

Gross profit/loss

The gross profit for the first half of 2015/16 amounted to DKK 30.8 million against DKK 48.8 million in H1 2014/15. The gross profit derives mainly from the operation of the Group's wholly owned completed projects, the operation of the Group's German investment property, profits on handed-over projects and fee income.

Handed-over projects

The projects handed over in H1 2015/16 include the following:

Residential units, Smallegade, Frederiksberg, Denmark

In a joint venture with a contractor and other partners, TK Development has developed apartments for young people totalling about 1,500 m² at Smallegade, Frederiksberg. Following completion of construction, the apartments were ready for occupation in December 2014. In Q1 2015/16 TK Development sold its share of the joint venture at a profit to one of the other owners.

Retail park, Marsvej, Randers, Denmark

The Group is developing a retail project of about 3,700 m² at Marsvej in Randers. The first phase of about 1,550 m² has been completed and let to jem & fix and Petworld. The Petworld premises were handed over to a private investor in Q1 2015/16. The selling price corresponds to the carrying amount.

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

The joint venture between TK Development and Frederikshavn Maritime Erhvervspark has developed a 6,000 m² office project in Aalborg for the international Alfa Laval Group and handed it over to the investor, PensionDanmark, which has bought the project for a total price of DKK 126.1 million. Construction was completed in April 2015, and the completed project was handed over to the investor in June 2015 as planned. Earnings from the sale were recognized in Q2 2015/16.

Amerika Plads, lot A, Copenhagen, Denmark

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

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

Staff costs and other external expenses

Staff costs amounted to DKK 28.9 million against DKK 27.7 million in H1 2014/15. The number of employees totalled 87 at 31 July 2015 (31 January 2015: 88), including employees working at operational centres.

Other external expenses for the period under review totalled DKK 11.3 million against DKK 11.7 million in H1 2014/15.

Results of joint ventures

The results of joint ventures amounted to DKK 27.2 million in H1 2015/16 against DKK 25.9 million in the same period the year before. The joint venture results include the operation of the Group's partly owned completed projects, the operation of the Group's interests in projects classified as investment properties, and profits, etc. on the sale of partly owned projects. Accordingly, these results include the profit on the sale of TK Development's ownership interest in the joint venture that developed residential units at Smallegade, Frederiksberg, and the profits on the sale of an office property developed for Alfa Laval, Aalborg, as well as lot A at Amerika Plads, Copenhagen; see above.

Financing

TK Development realized net financing expenses of DKK 21.2 million against DKK 30.4 million in H1 2014/15. The decline is largely attributable to the effect of selling several plots of land and major completed projects.

Corporate income tax

Tax on the results for the period amounts to DKK 4.0 million, and tax withheld from the results of joint ventures amounts to DKK -0.2 million. Thus, total tax payments for H1 2015/16 amount to DKK 3.8 million.

BALANCE SHEET

The Group's balance sheet total came to DKK 2,835.3 million against DKK 2,845.2 million at 31 January 2015.

Goodwill

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

Investment properties

TK Development's investment properties consisted of only one German investment property at 31 July 2015. The value of this investment property amounted to DKK 78.3 million against DKK 78.1 million at 31 January 2015. The property is described in more detail in the section Discontinuing activities below.

Investments in joint ventures

The net investment in joint ventures amounted to DKK 234.9 million at 31 July 2015 against DKK 171.9 million at 31 January 2015. Part of the increase is attributable to the Group's 35 % ownership interest in BROEN, Esbjerg, that has been included under joint ventures after the sale of 65 % of the project to CapMan Real Estate.

The projects owned in joint ventures at 31 July 2015 consist mainly of the following (TK Development's ownership interest is shown in brackets):

Development projects:

- Jelenia Góra, Poland (30 %).
- Amerika Plads, lot C, Copenhagen, Denmark (25 %).
- Østre Havn, Aalborg, Denmark (50 %).
- BROEN, Esbjerg, Denmark (35 %).

Asset management projects:

- Galeria Tarnovia, Tarnów, Poland (30 %).
- Ringsted Outlet, Denmark (50 %).
- Amerika Plads, car park, Copenhagen, Denmark (50 %).

The individual projects owned in joint ventures are described in the project outline in the two sections Property development and Asset management.

Deferred tax assets

Deferred tax assets were recorded at DKK 113.4 million in the balance sheet against DKK 114.7 million at 31 January 2015.

The valuation of the tax assets is based on existing budgets and profit forecasts for a five-year period. For the first three years, budgets are based on an evaluation of specific projects in the Group's project portfolio. The valuation for the next two years is based on specific projects in the project portfolio with a longer time horizon than three years as well as various project opportunities.

Due to the substantial uncertainties attaching to these valuations, provisions have been made for the risk that projects are postponed or not implemented and the risk that project profits fall below expectations. A change in the conditions and assumptions for budgets and profit forecasts, including time estimates, could result in the value of the tax assets being substantially lower than that computed at 31 July 2015, which could have an adverse effect on the Group's results of operations and financial position.

Projects in progress or completed

The total project portfolio came to DKK 2,022.2 million against DKK 2,121.7 million at 31 January 2015. The decline is a combined result of an increase in the Group's portfolio of ongoing projects and a decrease due to the sale of projects and plots of land, including BROEN, Esbjerg, now recognized as a net investment under Investments in joint ventures following the sale of 65 % of the project.

Total prepayments based on forward-funding agreements amounted to DKK 34.7 million against DKK 5.0 million at 31 January 2015. The increase is attributable to accumulated forward funding of ongoing projects.

The Group's total portfolio of completed projects and investment properties, excluding projects and investment properties in joint ventures, amounted to DKK 1,199 million at 31 July 2015 (31 January 2015: DKK 1,185 million), and the Group's net interest-bearing debt amounted to DKK 978 million (31 January 2015: DKK 1,000 million).

Cash and cash equivalents

Cash and cash equivalents amounted to DKK 9.4 million against DKK 23.6 million at 31 January 2015. TK Development's total cash resources, see note 4 in the Interim Report, came to DKK 144.6 million against DKK 268.3 million at 31 January 2015.

Equity

The Group's equity came to DKK 1,510.0 million against DKK 1,509.4 million at 31 January 2015.

Since 31 January 2015, equity has partly been affected by the results for the period and positive market-value adjustments after tax of DKK 7.8 million related to foreign subsidiaries and joint ventures as well as hedging instruments.

The solvency ratio amounts to 53.3 %.

Non-current liabilities

The Group's non-current liabilities represented DKK 23.5 million against DKK 19.8 million at 31 January 2015.

Current liabilities

The Group's current liabilities represented DKK 1,301.8 million against DKK 1,316.0 million at 31 January 2015.

CASH FLOW STATEMENT

The Group's cash flows from operating activities were positive in the amount of DKK 89.9 million (H1 2014/15: negative in the amount of DKK 18.6 million). This amount includes a decrease in funds tied up in projects, an increase in funds tied up in escrow accounts, etc., and a decrease in funds tied up in receivables, lower debt, interest paid, as well as other operating items.

Cash flows from investing activities were negative in the amount of DKK 122.9 million (H1 2014/15: positive in the amount of DKK 171.3 million). The negative cash flows consist mainly of investments in and loans to joint ventures, including as a consequence of the Group's BROEN project in Esbjerg being recognized under joint ventures after the sale of 65 % to CapMan Real Estate. Cash flows in H1 2014/15 included the sale of the Group's 75 % stake in the Fashion Arena Outlet Center, Prague, the Czech Republic.

The Group's cash flows from financing activities are positive in the amount of DKK 18.5 million, a combined result of project loans being raised and payables to credit institutions being reduced (H1 2014/15: negative in the amount of DKK 148.4 million).

Overall, cash flows for the period were negative in the amount of DKK 14.5 million against positive cash flows of DKK 4.3 million in the same period the year before.

FINANCIAL ISSUES

Net interest-bearing debt amounted to DKK 978.1 million at 31 July 2015 against DKK 1,000.4 million at 31 January 2015.

Project credit facilities of DKK 495.9 million at 31 January 2015 that were due to expire prior to end-January 2016 were prolonged in the first quarter of 2015/16.

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

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

Management attaches great weight to the Group's solvency and aims to maintain a constant minimum solvency ratio of 40 %. The solvency ratio amounted to 53.3 % at 31 July 2015.

OUTLOOK FOR 2015/16

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

The timing and phase-out of the discontinuing activities are subject to major uncertainty. The activities are in the process of being discontinued, and the Group risks incurring further losses before the phase-out is complete. Therefore, the results before tax of the discontinuing activities have not been included in the outlook for 2015/16.

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

SUBSEQUENT EVENTS

After the reporting date TK Development has entered into an agreement regarding the sale of a residential rental project of about 2,500 m² in Aarhus to a private investor. The project will be handed over to the investor once a building permit has been issued, expectedly before the end of 2015. The buyer will be in charge of executing actual construction work, with TK Development managing construction of the project. Apart from this, no significant events of relevance to the Company have occurred after the reporting date.


PHOTO:
CONSTRUCTION OF BROEN SHOPPING CENTRE
ESBJERG, DENMARK

MARKET CONDITIONS

Management's general assessment of the market conditions in the property sector is unchanged compared to the Group's most recently published assessment. Generally, property markets are characterized by optimism, reasonable opportunities for financing property acquisitions and a fair amount of investor interest. The historically low interest level and surplus of liquidity have contributed to increasing interest in real property as an asset class, particularly among institutional investors.

In Management's opinion, the determining variables in property development – land prices, construction costs, rental rates and selling prices – are at a level that enables new projects to be executed at a satisfactory profit.

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

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

The activity level is increasing in the Property development business area, and the Group is working on several new project opportunities in the retail and residential segments.

TENANTS

In the retail property market, tenants continue to focus on location, and the rental level for prime-location projects is expected to remain fairly stable in the period ahead. Vacancy rates for retail premises vary considerably, ranging from low rates for primary locations to relatively high rates for secondary locations. Thus, the retail sector is showing a good amount of interest in well-situated projects, which are attractive to robust national and international branded retailers wishing to expand and/or optimize their retail locations. However, the interest shown by tenants in secondary locations is slack, and the rental level for such locations is also expected to remain under pressure in the period to come. As concerns shopping centres, the overall picture remains unchanged, viz. that chain stores are managing satisfactorily and that local tenants are generally recording difficulties. Rising consumer confidence in the Group's markets contributes to expectations for growth in private consumption over the years to come, which will benefit the retail trade sector. However, climbing Internet sales are considered to contribute to fiercer competition in the retail trade sector.

Vacancy rates in the office property market generally remain relatively high, but with great variations between properties in primary and secondary locations. In the years to come, the vacancy rate is expected to remain at a relatively high level, but with reasonable demand for fairly new premises with a practical layout. The rental level for primary locations is expected to remain relatively stable, while the level for secondary locations will most likely continue to be under pressure.

In the residential property sector, there is a clear trend on all markets: a vast number of people are moving to major towns and cities, thus pushing up demand for new dwellings. Depending on local tradition in the individual market, this trend manifests itself as demand for either new owner-occupied dwellings or new rental dwellings or both. As far as rental housing is concerned, this has led to higher rental levels over a period of time, levels that are expected to be maintained in the period ahead.

INVESTORS

TK Development has observed a good amount of interest in investing in real property, and the historically low interest level has contributed to increasing interest in real property as an asset class, particularly among institutional investors. Many institutional investors wish to increase the share of property investments in their portfolios, being confident that real property will deliver good and competitive returns going forward. Management has observed that investors are also showing interest in projects in major towns outside capital cities, and that they are increasingly seeking to play an active role in project development, thus assuming a higher risk against an anticipated higher return. These opportunities fall in line with the Group's business model, according to which TK Development is interested in entering into partnerships regarding development projects and completed properties in order to improve the allocation of the Company's equity, diversify risks and better utilize the Group's development competencies.

Location is the paramount consideration for retail property investors, and in the case of shopping centres, a good performance record, customer influx and revenue will also be key to making investors feel secure about the investment risk. The required rates of return for prime locations are relatively low. The return requirement is somewhat higher for properties in secondary locations. However, investors tend to be increasingly willing to make investments with a different and slightly higher risk profile than in recent years.

Prime-location office properties with stable tenants are attracting great investor interest, and the return requirement is satisfactory. Return requirements are a great deal higher for properties in more secondary locations, although investors are also currently assessed to be willing to assume a slightly higher risk than in recent years.

Residential properties are likewise attracting great investor interest. This interest is focused on locations in capitals, major towns and cities, where substantial population growth is being recorded. The migration towards major towns and cities is expected to continue in future years. Coupled with low return requirements for prime locations, the higher rental level has rekindled the interest in developing residential projects. Potential investors include high-net-worth individuals, local or major property companies, institutional investors and foreign investors.

Population growth in major towns and cities combined with confidence in the future development of the economy also decisively impacts families' interest in buying owner-occupied dwellings, and the price level of such properties has shown a respectable upward trend in the past year. Thus, the market for developing housing for sale to private owner-occupants has once again become interesting.

FINANCING

Management is of the opinion that project finance options are available again. However, the options for procuring financing vary from project to project, depending on the type, location and status of the properties concerned, including letting and sales. When granting project finance credits, the banks continue to require relatively high borrower equity.

The Group's primary business area is the development of real property, termed Property development. The Group's primary segments are the retail, office and residential segments, with variations from country to country. The Group develops the projects on its own books and with business partners in joint ventures.

Strategy for business area – Property development
Developing projects from the conceptual phase through to project completion, based on one of several models: • Sold projects (forward funding/forward purchase). • Projects with partners. • On TK Development's own books based on a high degree of confidence in the letting and sales potential. • Services for third parties.

Property development	
Countries:	Denmark, Sweden, Poland and the Czech Republic
Revenue:	H1 2015/16: DKK 139.0 million (H1 2014/15: DKK 76.9 million)
Gross profit/loss:	H1 2015/16: DKK 9.5 million (H1 2014/15: DKK 26.7 million)
Results of joint ventures:	H1 2015/16: DKK 26.9 million (H1 2014/15: DKK 1.0 million)
Balance sheet total:	31 Jul 2015: DKK 1,106.5 million (31 Jan 2015: DKK 1,172.1 million)

In its Property development business area, TK Development focuses on executing existing projects in the portfolio, as well as on securing robust pre-construction letting or sales. In addition, Management focuses on new projects and project opportunities aimed at generating satisfactory future returns for the Company's shareholders.

Planned projects are initiated once the commercial conditions for starting construction have been met and partial or full financing of the project has been procured, either from credit institutions or from investors in the form of forward funding. Project startup is also contingent on the provision of any equity financing by means of TK Development's own financial resources.

The gross margin for development activities amounted to DKK 9.5 million in H1 2015/16 against DKK 26.7 million in the same period of 2014/15. The results of joint ventures amounted to DKK 26.9 million against DKK 1.0 million in H1 2014/15.

The development potential of the project portfolio represented 314,000 m² at 31 July 2015, of which sold projects accounted for 40,000 m² and remaining projects for 274,000 m². The project portfolio had a total development potential of 351,000 m² at 31 January 2015. The development potential declined by 37,000 m² (net), in part due to the reclassification of the underground car park at Amerika Plads, Copenhagen, to Asset management and the handover of projects to investors in H1 2015/16.

Overall, TK Development has ongoing construction projects covering more than 100,000 m², of which more than 65,000 m² represents construction projects initiated in Denmark in the first half of 2015/16. Construction of a further 15,000 m² will start in the third quarter of 2015/16, and the Group is recording good progress on a range of other projects in the portfolio.

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

DKKm	31 Jan 2014	31 Jan 2015	31 Jul 2015
Sold			
Completed	2	0	0
In progress	10	94	126
Not initiated	0	44	0
Total	**12**	**138**	**126**
Remaining			
Completed	6	49	31
In progress	206	183	52
Not initiated	887	739	580
Total	**1,099**	**971**	**663**
Net project portfolio	**1,111**	**1,109**	**789**
Forward funding	59	5	35
Gross project portfolio	1,170	1,114	824
Forward funding in % of gross carrying amount of sold projects	83.1 %	3.5 %	21.7 %

Table 1

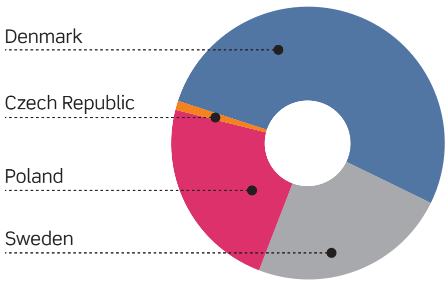
By means of forward funding, the Group reduces the funds tied up in the portfolio of sold projects. The increase in forward funding since 31 January 2015 results from an accumulation of forward funding relating to ongoing projects.

The development potential of the Group's project portfolio in square metres, including joint venture projects, is shown below:

m² ('000)	31 Jan 2014	31 Jan 2015	31 Jul 2015
Sold			
Completed	0	0	0
In progress	21	10	40
Not initiated	0	35	0
Total	**21**	**45**	**40**
Remaining			
Completed	0	3	2
In progress	21	32	29
Not initiated	363	271	243
Total	**384**	**306**	**274**
Total project portfolio	**405**	**351**	**314**
Number of projects	**36**	**39**	**39**

Table 2

Geographical segmentation of the development potential in square metres:



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.

Project	City/town	Country	Segment	TKD's ownership share of area (m²)	TKD's ownership interest	Construction start/ expected construction start	Opening/ expected opening
Completed							
Ahlgade	Holbæk	DK	Mixed	1,200	100 %	October 2013	October 2014
Shopping centre, Frýdek Místek	Frýdek Místek	CZ	Retail	1,480	10 %	Autumn 2013	November 2014
In progress							
Strædet	Køge	DK	Mixed	34,300	100 %	March 2015	Spring 2017
BROEN, shopping centre	Esbjerg	DK	Retail	10,430	35 %	May 2015	Spring 2017
Retail park, Marsvej, phase 2	Randers	DK	Retail	2,150	100 %	Spring 2015	End-2015
Residential park, Bielany, phase 2	Warsaw	PL	Residential/services	14,850	100 %	June 2014	Spring 2016
Shopping centre, Jelenia Góra	Jelenia Góra	PL	Retail	7,380	30 %	May 2014	October 2015
Not initiated							
Amerika Plads, lot C	Copenhagen	DK	Mixed	3,125	25 %	September 2015	Spring 2017
Vasevej	Birkerød	DK	Residential	1,900	100 %	-	-
Aarhus South, phase 2	Aarhus	DK	Retail	2,800	100 %	2015	2016
Ejby Industrivej	Copenhagen	DK	Office	12,900	100 %	-	-
Østre Havn/Stuhrs Brygge	Aalborg	DK	Mixed	33,000	[1] 50 %	Continuously	Continuously
The Kulan commercial district	Gothenburg	SE	Mixed	55,000	100 %	2017	2019
Retail park, Söderhamn	Söderhamn	SE	Retail	10,000	100 %	2016	2017
Residential park, Bielany, phases 3-4	Warsaw	PL	Residential/services	31,000	100 %	Continuously	Continuously
Bytom Retail Park	Bytom	PL	Retail	21,400	100 %	Continuously	Continuously
Most Retail Park, phase 2	Most	CZ	Retail	2,000	100 %	-	-
Property development, total floor space				**approx. 245,000**			

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

COMPLETED PROJECTS

Ahlgade, Holbæk, Denmark

TK Development has developed residential and retail premises of about 3,100 m² in Holbæk. The residential section has a floor space of about 1,900 m² and was sold and handed over to a housing association in the 2014/15 financial year. The commercial section has premises of about 1,200 m², which have been fully let to Imerco and the two Bestseller concepts Jack & Jones and Vila (Q1 2015/16: 100 %). Construction was completed in October 2014. The project has been developed in a joint venture with a contractor. In November 2014 TK Development bought the retail section from the jointly owned company for the purpose of reselling it to an investor.

PROJECTS IN PROGRESS

Development of town centre, Strædet, Køge, Denmark

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

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

In addition, an agreement has been made with Køge Municipality regarding its takeover of building rights for both the town hall and rehabilitation centre. These building rights are expected to be handed over to the municipality at the end of the 2015/16 financial year.

Letting of the retail premises has started, and potential tenants are showing a good amount of interest in the project. A number of lease agreements with anchor tenants, including Irma and Fakta, are in place, and a lease agreement has been concluded with Nordisk Film Biografer regarding the establishment of a six-screen cinema. The current occupancy rate is 59 % for the combined retail project.

Construction of the first phase was initiated in March 2015. The first phase comprises retail premises of about 3,800 m², of which about 2,000 m² has been let to supermarket operators, a rehabilitation centre for the municipality of about 5,700 m², an extension of about 3,300 m² to the existing town hall, and an approx. 4,500 m² underground car park, which has been let to Apcoa Parking.

Construction of the next phase, comprising service space/restaurants and a cinema of about 4,400 m², is scheduled to start in autumn 2015.

BROEN, shopping centre, Esbjerg, Denmark

TK Development is working on the development and construction of a new shopping centre, BROEN, of about 29,800 m² at Esbjerg Station. The shopping centre is expected to comprise about 70 stores. Having attracted keen interest from future tenants, the Group has concluded lease agreements for more than 60 % of the premises. The anchor tenants include Kvickly, H&M, Bahne, Fona, Imerco, Sportmaster and Gina Tricot.

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

In May 2015 the Group sold 65 % of the project to CapMan Real Estate, which joined the project at the then current stage and is participating in completing its development. The sale will have no immediate impact on the Group's results. The project earnings relate to the earnings potential on the remaining 35 % ownership interest, to which must be added continuous fee income from letting and project development.

Retail park, Marsvej, Randers, Denmark

At Marsvej in Randers the Group is developing a retail project of about 3,700 m², of which the first phase of about 1,550 m² has been let, sold and handed over to private investors. The entire second phase has been let to Harald Nyborg (Q1 2015/16: 100 %). Construction started in spring 2015, and the project has been sold to private investors, with the handover agreed to take place upon project completion.

Residential park, Bielany, Warsaw, Poland

TK Development owns a tract of land in Warsaw on which a residential project of about 53,700 m² is being developed. The first phase of 7,850 m² has been completed and sold to private users. The plan is to initiate construction of the remaining approx. 45,850 m² in three successive phases once pre-construction sales have reached a satisfactory level. The second project phase consists of 297 residential units and service facilities. 67 % of the units have been sold in advance (Q1 2015/16: 58 %). Construction of the second phase started in June 2014, and handover to the buyers is slated for spring 2016. The residential units are being sold as owner-occupied apartments to private users.

Shopping centre, Jelenia Góra, Poland

In Jelenia Góra TK Development is developing a shopping centre of about 24,600 m². The project is being executed as a joint venture with Heitman, in which the Group has an ownership interest of 30 %. The project consists of a supermarket of about 2,400 m² and retail, restaurant and service premises totalling about 22,200 m². 93 % of the premises have now been let (Q1 2015/16: about 80 %). Other tenants include Intermarché, H&M, Reserved, Stradivarius, Carry, Bershka, CCC, Deichmann, Rossmann, New Yorker and Sportisimo. Construction started in May 2014, and the shopping centre is planned to open in October 2015. TK Development receives fee income from the jointly owned company for developing, letting and managing the construction of the project.

PROJECTS NOT INITIATED

Amerika Plads, lot C, Copenhagen, Denmark

Following the sale of lot A to A.P. Møller - Mærsk A/S in June 2015, Kommanditaktieselskabet Danlink Udvikling (DLU), owned 50/50 by Udviklingsselskabet By & Havn I/S and TK Development, now owns two projects at Amerika Plads: lot C and an underground car park.

Lot C is being developed by a joint venture owned 50/50 by AP Pension and DLU. The project will have a total floor space of about 12,500 m², with housing of about 12,000 m² and ground-floor business premises of about 500 m² targeting the general public. The plan is to build about 120 high-quality apartments for sale to private owners. The joint venture has obtained an approval in principle from the public authorities, with construction scheduled to start in September 2015. The profits anticipated on the development, construction and sale of the project will be recognized upon handover of the apartments to the respective buyers, expected to take place from spring 2017.

The part of the underground car park owned by DLU has been completed. Car park occupancy and operations will be optimized by developing projects in the two remaining lots, A and C. The underground car park is expected to be sold upon completion of these two projects. Therefore, Management has chosen to reclassify this project from the Property development to the Asset management business area.

Østre Havn/Stuhrs Brygge, Aalborg, Denmark

In the area previously occupied by Aalborg Shipyard at Stuhrs Brygge, TK Development is developing a business and residential park of about 72,000 m² through a company jointly owned with Frederikshavn Maritime Erhvervspark on a 50/50 basis. The area was acquired by the jointly owned company, with payment being effected for the building rights acquired in step with the development and execution of specific projects. For one thing an office property has been developed for the international Alfa Laval Group; see above. In addition, work on a new local plan comprising about 31,000 m² of housing, offices and parking facilities has been launched.

The Kulan commercial district, shopping centre and service/commercial space, Gothenburg, Sweden

TK Development has entered into a cooperation agreement with SKF Sverige AB to develop SKF's former factory area in the old part of Gothenburg. The contemplated project comprises a total floor space of about 85,000 m²: 40,000 m² for a shopping centre, 15,000 m² for service/commercial space and 30,000 m² for housing. TK Development will be in charge of developing the 55,000 m² for a shopping centre, services and commercial facilities, while a housing developer will have responsibility for the 30,000 m² of housing. The local plan is currently being prepared, but it has been delayed and is not expected to be adopted until autumn 2016. The project is being discussed with potential tenants, and a number of lease agreements have been concluded.

Residential park, Bielany, Warsaw, Poland

Reference is made to the description of the project under the heading Projects in progress.

Bytom Retail Park, Bytom, Poland

TK Development sold a share of its plot at the Plejada shopping centre in Bytom, centrally located in the Katowice region, to Decathlon in 2014/15, which helps boost interest and development potential in the area. It is anticipated that a retail park with total leasable space of about 21,400 m² will be built on the remaining part of the site. Construction of the project will be phased in step with letting. Letting efforts are ongoing, and construction will start as space is let.

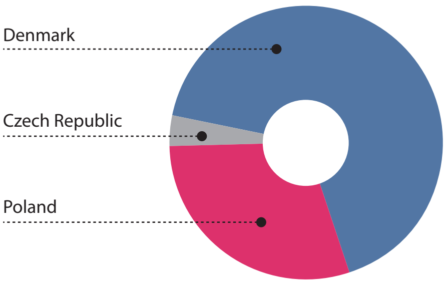
ASSET MANAGEMENT

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

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

Asset management	
Countries:	Denmark, Sweden, Poland and the Czech Republic
Revenue:	H1 2015/16: DKK 27.8 million (H1 2014/15: DKK 32.7 million)
Gross profit/loss:	H1 2015/16: DKK 23.6 million (H1 2014/15: DKK 25.7 million)
Results of joint ventures:	H1 2015/16: DKK 0.1 million (H1 2014/15: DKK 28.8 million)
Balance sheet total:	31 Jul 2015: DKK 1,325.8 million (31 Jan 2015: DKK 1,249.9 million)
Number of employees at centres:	31 Jul 2015: 13 (31 Jan 2015: 13)

Breakdown by country of properties in the Asset management business area (carrying amount):



The gross margin for asset management activities amounted to DKK 23.6 million in the first half of 2015/16 against DKK 25.7 million in the first half of 2014/15. The gross margin declined compared to the year before, which was partly attributable to increased vacancy rates and rent discounts granted in a few of the shopping centres.

The results of joint ventures under asset management amounted to DKK 0.1 million in H1 2015/16 against DKK 28.8 million in the same period the year before. The results for H1 2014/15 included the profit on the sale of the Fashion Arena Outlet Center. The net rental income of joint ventures has dropped as a natural consequence of two completed projects being sold in the Czech Republic in the 2014/15 financial year: the Fashion Arena Outlet Center and Futurum Hradec Králové.

TK Development is still working towards selling the properties under asset management in whole or in part. The current focus is on maturing the individual properties to the extent possible and selling them once the best balance between selling price and expected future use of resources has been achieved for the Group, based on an assessment of the possibilities for alternative capital use.

The total portfolio of properties under asset management, including joint venture properties, amounted to DKK 1,382.7 million at 31 July 2015 against DKK 1,256.1 million at 31 January 2015. The increase is partly attributable to the underground car park project at Amerika Plads, Copenhagen, being reclassified from the Property development to the Asset management business area in Q2 2015/16.

Kommanditaktieselskabet Danlink Udvikling (DLU), which is owned 50/50 by Udviklingsselskabet By & Havn I/S and TK Development, owns part of the underground car park at Amerika Plads, and construction of this part has been completed. At present the underground car park is not utilized to capacity, but car park occupancy and operations will be optimized by developing projects in the two remaining lots, A and C. The underground car park is expected to be sold upon completion of these two projects. Therefore, Management has chosen to reclassify this project from the Property development to the Asset management business area.

The annual net rent from the current leases in the total portfolio corresponds to a return on the carrying amount of 4.1 % (Q1 2015/16: 4.4 %), which reflects a large spread in the returns on individual centres, as local tenants in particular are generally experiencing difficulties. Based on full occupancy, the return on the carrying amount is expected to reach 6.2 % (Q1 2015/16: 6.5 %). One reason for the decline is that the underground car park at Amerika Plads, Copenhagen, was reclassified to Asset management with effect from Q2 2015/16. The current letting situation is still affected by vacancies, short-term rent discount agreements with tenants and improvement initiatives that have not yet materialized.

The Group's properties in the Asset management business area comprised the following properties at 31 July 2015:

Project	Country	Type	TKD's ownership interest	Project area (m²)	Current occupancy rate
Projects in joint ventures					
Investment properties					
Galeria Tarnovia, Tarnów	Poland	Shopping centre	30 %	16,500	76 %
Other completed projects					
Ringsted Outlet	Denmark	Outlet centre	50 %	13,200	80 %
Amerika Plads, underground car park	Denmark	Car park	50 %	32,000	n/a
Projects in wholly owned companies					
Other completed projects					
Sillebroen, Frederikssund	Denmark	Shopping centre	100 %	*) 26,400	91 %
Galeria Sandecja, Nowy Sącz	Poland	Shopping centre	100 %	17,300	99 %
Most Retail Park	Czech Republic	Retail park	100 %	6,400	69 %
Aabenraa	Denmark	Retail park	100 %	4,200	71 %
Brønderslev	Denmark	Retail property	100 %	1,200	100 %
Total				**117,200**	

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

The development of the most significant properties is described below.

SILLEBROEN, SHOPPING CENTRE, FREDERIKSSUND, DENMARK

Opening	**March 2010**
Leasable area *)	**26,400 m², including about 5,000 m² of supermarket units**
Occupancy rate	**91 % (Q1 2015/16: 91 %)**
Footfall 2014	**3.1 million**

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

The Sillebroen shopping centre opened in spring 2010. The running-in and maturing phase took longer than expected, and a number of tenants are recording difficulties, particularly local tenants. Despite an increase in footfall to about 3.1 million in 2014, the shopping centre's revenue was at index 99 in 2014 compared to 2013. For the first seven months of 2015, the footfall is at index 106 and the revenue at index 99 compared to the same period of 2014.

Since the centre opened, the occupancy rate has ranged from about 90 to 92 %. Generally, chain stores are managing satisfactorily, and at the end of 2014 and the beginning of 2015 Management negotiated extensions of the lease agreements with several major tenants. In addition, a lease agreement has been concluded with Imerco, which opened for business in early September 2015.

Management has taken steps to increase the centre's customer flow, and thus its revenue, in order to improve the prospects of attracting new tenants that can establish viable business units. As part of this strategy, TK Development has entered into an agreement with Nordisk Film Biografer about the establishment of a cinema of about 1,400 m² in the Sillebroen shopping centre. Management considers this an important step towards increasing customer flow and revenue in the rest of the centre. The centre will have to be extended to accommodate the cinema, and work on this extension started in June 2015.

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

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

GALERIA TARNOVIA, SHOPPING CENTRE, TARNÓW, POLAND

Opening	**November 2009**
Leasable area	**16,500 m², including a supermarket of about 2,000 m²**
Occupancy rate	**76 % (Q1 2015/16: 78 %)**
Footfall 2014	**1.9 million**

TK Development owns 30 % of the centre. In 2014 the centre's revenue index was 101 and the footfall index 100 compared to 2013. For the first seven months of 2015, the centre's revenue was at index 95 and the footfall at index 96 compared to the same period of 2014.

The current occupancy rate is 76 % after several stores closed, including a major retail unit. As before, the general picture is that chain stores are managing satisfactorily, while local tenants are experiencing difficulties. The current focus is on achieving a higher occupancy rate and replacing weak tenants with more robust tenants with a view to increasing the centre's footfall and revenue for the benefit of tenants. The rental level is generally under pressure.

Since taking over the lease from the previous supermarket operator in October 2014, Carrefour has been the centre's supermarket operator. This is expected to help increase the centre's footfall and revenue in the longer term.

Steps are currently being taken to change the tenant composition of the shopping centre, including establishing a cinema, and a lease agreement has been concluded with a cinema operator for this purpose. If the plan to change the tenant composition and layout is realized, the cinema is expected to open in autumn 2016.

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

GALERIA SANDECJA, SHOPPING CENTRE, NOWY SĄCZ, POLAND

Opening	**October 2009**
Leasable area	**17,300 m², including a 5,000 m² hypermarket**
Occupancy rate	**99 % (Q1 2015/16: 97 %)**
Footfall 2014	**2.2 million**

The opening of a competing centre in Nowy Sącz in autumn 2013 has affected the operation of Galeria Sandecja. In 2014 the revenue index was 80 and the footfall index 90 compared to 2013. For the first seven months of 2015, the centre's revenue was at index 93 and the footfall at index 95 compared to the same period of 2014.

The change in the competitive situation has put the rental level under pressure, and for a period of time the shopping centre recorded an increased vacancy rate. Including the lease agreements recently concluded, the centre has now reached an occupancy rate of 99 %.

Work is proceeding on a long-term plan to regain satisfactory revenue and footfall levels in the centre within the next few years. The initial focus was on creating a strong mix of tenants on the ground floor, and one of the newcomers, Rossmann, opened for business in April 2015. The ground-floor premises are now fully let, and negotiations are ongoing with potential tenants with a view to replacing a few weak tenants.

Moreover, efforts are being made to relaunch the first floor with discount stores in order to secure a better customer flow. Some of the first-floor premises have been let for this purpose. Recently, a lease agreement for a large share of the first-floor premises was concluded with a sports chain, which expects to open its doors for business in December 2015.

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

RINGSTED OUTLET, RINGSTED, DENMARK

Opening	**March 2008**
Leasable area	**13,200 m²**
Occupancy rate	**80 % (Q1 2015/16: 75 %)**
Footfall 2014	**1.3 million**

Ringsted Outlet has been developed in a 50/50 joint venture with Miller Developments. After a long running-in period, Ringsted Outlet has recorded pleasing progress in the past years. In 2014 Ringsted Outlet recorded revenue growth of about 14 % and an increase in footfall of about 10 % compared to 2013. This progress has continued during the first seven months of 2015, with footfall up by about 11 % and revenue by about 16 % compared to the same period of 2014.

Ringsted Outlet succeeded in substantially raising occupancy in 2014, a year that saw the opening of several new stores, including Stiletto, LEGO Wear, Hunkemöller, POMPdeLUX, Desigual and Samsonite. In 2015 OBH Nordica, Peak Performance and The Body Shop opened outlets in the centre.

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

Major tenants: Hugo Boss, Nike, Puma, Diesel, G-Star Raw, Redgreen, Desigual, McDonald's, Superdry, Levi's, Samsøe & Samsøe, Rosendahl, Noa Noa, Helly Hansen, Le Creuset, Asics, Signal, LEGO Wear, Samsonite, Peak Performance.

DISCONTINUING ACTIVITIES

TK Development has a market focus that targets the countries expected in future to contribute to generating substantial value and more efficient utilization of capital resources. Therefore, the Group is phasing out its activities in Finland, Germany, the Baltic States and Russia. The phase-out is being carried out as quickly as possible, while at the same time taking into account that the countries in question have projects that need to be handled in such a way as to retain maximum value.

Discontinuing activities	
Countries:	Germany, Finland, Lithuania, Latvia and Russia
Revenue:	H1 2015/16: DKK 1.3 million (H1 2014/15: DKK 84.7 million)
Gross profit/loss:	H1 2015/16: DKK -2.3 million (H1 2014/15: DKK -3.6 million)
Balance sheet total:	31 Jul 2015: DKK 245.7 million (31 Jan 2015: DKK 250.3 million)
Number of employees:	31 Jul 2015: 2 (31 Jan 2015: 2)

The results for the discontinuing activities before tax amounted to DKK -4.1 million in the first six months of 2015/16 against DKK -6.3 million in the first six months of 2014/15. At 31 July 2015 the balance sheet total for the discontinuing activities amounted to DKK 245.7 million against DKK 250.3 million at 31 January 2015.

Discontinuing activities comprised the following at 31 July 2015:

- Germany: an investment property and two minor plots of land, totalling DKK 103.9 million.
- Finland: a plot of land, totalling DKK 7.2 million.
- Baltic States: a retail park project and two plots of land, totalling DKK 96.2 million.
- Russia: a minor project for letting, totalling DKK 22.6 million.

The timing and phase-out of the discontinuing activities are subject to uncertainty. The phase-out is progressing, and the risk exists that these activities may be phased out at a value lower than their carrying amount.

GERMANY

The Group's German investment property is a combined commercial and residential rental property in Lüdenscheid in western Germany. The value of this property amounted to DKK 78.3 million at 31 July 2015 against DKK 78.1 million at 31 January 2015. The value adjustment for the period under review amounts to DKK 0.0 million. As was the case at 31 January 2015, the valuation is based on a return requirement of 6.5 % p.a. calculated on the basis of a discounted cash-flow model over a ten-year period and recognition of the terminal value in year ten. Part of the property has not been let, and work is proceeding on a development plan aimed at optimizing and subsequently selling the whole property. Therefore, Management expects the time horizon for disposing of this property to be slightly longer.

FINLAND

The Group's remaining plot of land in Finland is situated in Tammerfors and allows for the construction of a retail park of about 5,400 m². TK Development has entered into a lease agreement with Plantagen regarding the establishment of a 2,000 m² retail store on the land. Efforts are being made to sell this project as quickly as possible.

BALTIC STATES

The Group's Baltic activities comprise the following projects:

Project	City/town	Segment	Floor space (m²)
DomusPro Retail Park, phase 2	Vilnius (LT)	Retail	3,800
Milgravja Street	Riga (LV)	Residential	10,400
Ulmana Retail Park	Riga (LV)	Retail	12,500

DomusPro Retail Park, Vilnius, Lithuania

In Vilnius TK Development is developing a retail park with total premises of 11,300 m². The project has been sold to BPT Baltic Opportunity Fund, which is managed by BPT Asset Management. The selling price is based on a return requirement of 8.5 %. The first phase of about 7,500 m² was completed and handed over to the investor in the 2014/15 financial year. The second phase of the project of about 3,800 m² has been fully let. Construction of this phase started in spring 2015, and the premises will be handed over to the buyer upon completion in 2016. In addition, TK Development has the option of developing and constructing a third phase, to consist of retail stores of about 850 m² and housing of about 3,900 m², or, in the alternative, office premises of 2-3,000 m². Both options are currently being investigated.

Efforts are being made to phase out the remaining activities in the Baltic States as quickly as possible, with due consideration paid to retaining the maximum possible value of the existing portfolio. For this purpose, Management has chosen to retain a small staff in the Baltic States.

RUSSIA

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

FINANCIAL TARGETS

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

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

TRANSACTIONS WITH RELATED PARTIES

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

OTHER MATTERS

Senior Vice President in Poland acquitted

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

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

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

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 2015 to 31 July 2015.

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

In our opinion, the Interim Report gives a true and fair view of the Group's financial position at 31 July 2015 and of the results of the Group's operations and cash flows for the period from 1 February 2015 to 31 July 2015.

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

Aalborg, 11 September 2015

EXECUTIVE BOARD

Frede Clausen
President and CEO

Robert Andersen
Executive Vice President

BOARD OF DIRECTORS

Niels Roth
Chairman

Peter Thorsen
Deputy Chairman

Arne Gerlyng-Hansen

Kim Mikkelsen

Morten E. Astrup

Henrik Heideby

INCOME STATEMENT

DKKm	Note	**H1 2015/16**	H1 2014/15	**Q2 2015/16**	Q2 2014/15	Full year 2014/15
Net revenue		**168.1**	194.3	**127.4**	71.0	854.7
External direct project costs	2	**-137.3**	-145.5	**-112.2**	-44.3	-757.9
Value adjustment of investment properties, net		**0.0**	0.0	**0.0**	0.0	-3.5
Gross profit/loss		**30.8**	48.8	**15.2**	26.7	93.3
Other external expenses		**11.3**	11.7	**5.7**	5.9	23.9
Staff costs		**28.9**	27.7	**15.0**	14.0	56.5
Total		**40.2**	39.4	**20.7**	19.9	80.4
Profit/loss before financing and depreciation		**-9.4**	9.4	**-5.5**	6.8	12.9
Depreciation and impairment of non-current assets		**0.3**	0.4	**0.2**	0.3	0.6
Operating profit/loss		**-9.7**	9.0	**-5.7**	6.5	12.3
Income from investments in joint ventures		**27.2**	25.9	**19.2**	6.3	30.1
Income from investments in associates		**0.5**	0.3	**0.2**	0.2	-9.7
Financial income		**3.9**	1.1	**1.4**	0.8	5.0
Financial expenses		**-25.1**	-31.5	**-12.4**	-14.3	-62.9
Total		**6.5**	-4.2	**8.4**	-7.0	-37.5
Profit/loss before tax		**-3.2**	4.8	**2.7**	-0.5	-25.2
Tax on profit/loss for the period		**4.0**	-2.2	**3.2**	-0.2	12.5
Profit/loss for the period		**-7.2**	7.0	**-0.5**	-0.3	-37.7

EARNINGS PER SHARE IN DKK

Earnings per share (EPS)		**-0.1**	0.1	**0.0**	0.0	-0.4
Diluted earnings per share (EPS-D)		**-0.1**	0.1	**0.0**	0.0	-0.4

COMPREHENSIVE INCOME STATEMENT

Profit/loss for the period		**-7.2**	7.0	**-0.5**	-0.3	-37.7
Items that may be re-classified to profit/loss:						
Foreign-exchange adjustments, foreign operations		**9.7**	-4.5	**-7.5**	1.0	0.9
Value adjustment of hedging instruments		**0.5**	0.0	**0.3**	0.0	0.2
Value adjustment of available-for-sale financial assets		**0.0**	0.1	**0.0**	0.0	0.0
Tax on other comprehensive income		**-3.2**	-1.6	**3.4**	-1.3	-2.4
Other comprehensive income after tax from joint ventures		**0.8**	-0.9	**0.5**	-0.6	-5.4
Other comprehensive income for the period		**7.8**	-6.9	**-3.3**	-0.9	-6.7
Comprehensive income for the period		**0.6**	0.1	**-3.8**	-1.2	-44.4

BALANCE SHEET

DKKm	Note	31 July 2015	31 Jan 2015
ASSETS			
Non-current assets			
Goodwill		**33.3**	33.3
Intangible assets		**33.3**	33.3
Other fixtures and fittings, tools and equipment		**0.9**	1.0
Property, plant and equipment		**0.9**	1.0
Investment properties		**78.3**	78.1
Investment properties		**78.3**	78.1
Investments in joint ventures		**234.9**	171.9
Investments in associates		**3.8**	3.2
Receivables from joint ventures		**213.3**	124.2
Receivables from associates		**4.6**	4.7
Other securities and investments		**13.0**	14.2
Financial assets		**469.6**	318.2
Deferred tax assets		**113.4**	114.7
Other non-current assets		**113.4**	114.7
Non-current assets		**695.5**	545.3
Current assets			
Projects in progress or completed		**2,022.2**	2,121.7
Trade receivables		**10.7**	71.4
Receivables from associates		**0.0**	1.9
Corporate income tax receivable		**0.1**	0.1
Other receivables		**18.9**	19.4
Prepayments		**11.8**	11.9
Receivables		**41.5**	104.7
Other securities and investments		**4.1**	4.1
Deposits in blocked and escrow accounts	4	**62.6**	45.8
Cash and cash equivalents	4	**9.4**	23.6
Current assets		**2,139.8**	2,299.9
ASSETS		**2,835.3**	2,845.2

BALANCE SHEET

DKKm	Note	31 July 2015	31 Jan 2015
EQUITY AND LIABILITIES			
Equity			
Share capital		**98.2**	98.2
Other reserves	5	**-0.1**	-7.9
Retained earnings		**1,411.9**	1,419.1
Equity		**1,510.0**	1,509.4
Liabilities			
Provisions		**0.6**	0.5
Deferred tax liabilities		**22.9**	19.3
Non-current liabilities		**23.5**	19.8
Credit institutions		**1,217.0**	1,195.3
Trade payables		**35.4**	49.1
Corporate income tax		**9.1**	6.9
Provisions		**7.2**	15.0
Other debt		**27.6**	43.9
Deferred income		**5.5**	5.8
Current liabilities		**1,301.8**	1,316.0
Liabilities		**1,325.3**	1,335.8
EQUITY AND LIABILITIES		**2,835.3**	2,845.2

STATEMENT OF CHANGES IN EQUITY

DKKm	Share capital	Other reserves	Retained earnings	Total equity
Equity at 1 February 2014	98.2	587.7	867.8	1,553.7
Profit/loss for the period	0.0	0.0	7.0	7.0
Other comprehensive income for the period	0.0	-6.9	0.0	-6.9
Total comprehensive income for the period	0.0	-6.9	7.0	0.1
Special reserve transferred to distributable reserves	0.0	-588.9	588.9	0.0
Share-based payment	0.0	0.0	0.1	0.1
Equity at 31 July 2014	98.2	-8.1	1,463.8	1,553.9
Equity at 1 February 2015	**98.2**	**-7.9**	**1,419.1**	**1,509.4**
Profit/loss for the period	**0.0**	**0.0**	**-7.2**	**-7.2**
Other comprehensive income for the period	**0.0**	**7.8**	**0.0**	**7.8**
Total comprehensive income for the period	**0.0**	**7.8**	**-7.2**	**0.6**
Equity at 31 July 2015	**98.2**	**-0.1**	**1,411.9**	**1,510.0**

CASH FLOW STATEMENT

DKKm	H1 2015/16	H1 2014/15
Operating profit/loss	**-9.7**	9.0
Adjustments for non-cash items:		
Depreciation and impairment	**2.2**	2.3
Share-based payment	**0.0**	0.1
Provisions	**-7.9**	-1.1
Foreign-exchange adjustment	**-3.1**	-4.9
Increase/decrease in investments in projects, etc.	**117.8**	74.0
Increase/decrease in receivables	**63.9**	-5.8
Changes in deposits on blocked and escrow accounts	**-16.7**	-26.8
Increase/decrease in payables and other debt	**-30.0**	-24.9
Cash flows from operations	**116.5**	21.9
Interest paid, etc.	**-30.1**	-37.8
Interest received, etc.	**3.3**	1.1
Corporate income tax paid	**0.2**	-3.8
Cash flows from operating activities	**89.9**	-18.6
Sale of joint ventures	**10.0**	159.4
Investments in joint ventures	**-52.0**	-2.0
Dividend from joint ventures	**7.0**	0.0
Increase/decrease in receivables from joint ventures	**-89.1**	24.3
Purchase of securities and investments	**0.0**	-10.4
Sale of securities and investments	**1.2**	0.0
Cash flows from investing activities	**-122.9**	171.3
Raising of project financing	**70.1**	0.1
Reduction of project financing/repayments, credit institutions	**-51.6**	-148.5
Cash flows from financing activities	**18.5**	-148.4
Cash flows for the period	**-14.5**	4.3
Cash and cash equivalents, beginning of period	**23.6**	6.1
Foreign-exchange adjustment of cash and cash equivalents	**0.3**	0.5
Cash and cash equivalents, end of period	**9.4**	10.9

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

NOTE 1. SEGMENT INFORMATION

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

	Development	Asset management	Discontinuing activities	Unallocated	Total
31 July 2015					
Net revenue, external customers	**139.0**	**27.8**	**1.3**	**0.0**	**168.1**
Profit/loss before tax	**36.6**	**5.6**	**-4.1**	**-41.3**	**-3.2**
Segment assets	**1,106.5**	**1,325.8**	**245.7**	**157.3**	**2,835.3**
Segment liabilities	**318.3**	**835.5**	**47.0**	**124.5**	**1,325.3**

	Development	Asset management	Discontinuing activities	Unallocated	Total
31 July 2014					
Net revenue, external customers	76.9	32.7	84.7	0.0	194.3
Profit/loss before tax	24.9	33.8	-6.3	-47.6	4.8
Segment assets	1,190.4	1,541.3	306.0	167.0	3,204.7
Segment liabilities	377.7	950.8	79.1	243.2	1,650.8

NOTE 2. EXTERNAL DIRECT PROJECT COSTS

	H1 2015/16	H1 2014/15	Full year 2014/15
Project costs	**135.3**	140.9	694.1
Impairment losses on projects in progress or completed projects	**2.0**	4.6	63.8
External direct project costs, total	**137.3**	145.5	757.9

NOTE 3. SHARE-BASED PAYMENT

As of 31 July 2015 the Group has no incentive schemes.

The development in outstanding warrants is shown below:

Number of warrants	**31 July 2015**	31 Jan 2015	31 July 2014
Outstanding warrants, beginning of year	**615,461**	615,461	615,461
Expired in the financial year	**-615,461**	0	0
Outstanding warrants, end of period	**0**	615,461	615,461
Number of warrants exercisable at the reporting date	**0**	615,461	615,461
Share-based payment recognized in the profit/loss (DKK million)	**0.0**	0.1	0.1

NOTE 4. LIQUIDITY RESERVES

	31 July 2015	31 Jan 2015
The liquidity reserves break down as follows:		
Cash and cash equivalents	**9.4**	23.6
Unutilized operating credit facilities	**72.6**	198.9
Total	**82.0**	222.5
Deposited funds for later release	**62.6**	45.8
Total liquidity reserve	**144.6**	268.3

NOTE 5. OTHER RESERVES

	Special reserve	Reserve for value adjustment of available-for-sale financial assets	Reserve for value adjustment of hedging instruments	Reserve for foreign exchange adjustments	Total
Other reserves at 1 February 2014	588.9	-0.1	-2.7	1.6	587.7
Special reserve transferred to distributable reserve	-588.9	0.0	0.0	0.0	-588.9
Other comprehensive income:					
Other comprehensive income after tax in joint ventures	0.0	0.0	-0.1	-0.8	-0.9
Exchange-rate adjustment, foreign operations	0.0	0.0	0.0	-4.5	-4.5
Value adjustment of available-for-sale financial assets	0.0	0.1	0.0	0.0	0.1
Deferred tax on other comprehensive income	0.0	0.0	0.0	-1.6	-1.6
Other comprehensive income, total	0.0	0.1	-0.1	-6.9	-6.9
Other reserves at 31 July 2014	0.0	0.0	-2.8	-5.3	-8.1
Other reserves at 1 February 2015	**0.0**	**-0.1**	**-2.0**	**-5.8**	**-7.9**
Other comprehensive income:					
Other comprehensive income after tax in joint ventures	**0.0**	**0.0**	**0.1**	**0.7**	**0.8**
Exchange-rate adjustment, foreign operations	**0.0**	**0.0**	**0.0**	**9.7**	**9.7**
Value adjustment of hedging instruments	**0.0**	**0.0**	**0.5**	**0.0**	**0.5**
Deferred tax on other comprehensive income	**0.0**	**0.0**	**-0.1**	**-3.1**	**-3.2**
Other comprehensive income, total	**0.0**	**0.0**	**0.5**	**7.3**	**7.8**
Other reserves at 31 July 2015	**0.0**	**-0.1**	**-1.5**	**1.5**	**-0.1**

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

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

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

NOTE 6. CHANGES IN CONTINGENT ASSETS AND CONTINGENT LIABILITIES

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

NOTE 7. TRANSACTIONS WITH RELATED PARTIES

The Company has no related parties with a controlling interest.

The Company has the following related parties:

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

	31 July 2015	31 Jan 2015	31 July 2014
Board of Directors and Executive Board (and their related parties)			
Holding of shares, in terms of number (balance)	**30,306,745**	30,958,931	30,773,964
Obligation towards Executive Board, employee bonds (balance)	**0.0**	0.0	0.5
Fees for Board of Directors	**0.7**	1.4	0.7
Salaries, etc., Executive Board	**3.1**	5.2	2.4
Joint ventures			
Fees from joint ventures	**5.5**	14.8	10.2
Interest income from joint ventures	**3.5**	3.3	2.1
Interest expenses to joint ventures	**0.0**	-2.6	-1.3
Receivables from joint ventures (balance)	**213.3**	124.2	121.4
Payables to joint ventures (balance)	**0.0**	0.0	59.5
Associates			
Interest income from associates	**0.0**	0.2	0.1
Receivables from associates (balance)	**4.6**	6.6	16.8

No security or guarantees had been furnished for balances owing to or by related parties at the reporting date or at 31 January 2015. Receivables and payables are settled by payment in cash. No losses were realized on receivables from related parties. No impairment was made in H1 2015/16 to provide for any probable losses on such receivables (H1 2014/15: DKK 0.0 million).

NOTE 8. 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 2014/15.

TK Development A/S

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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, Morten E. Astrup and Henrik Heideby.

The Group's mission

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