

PHOTO:
GRAND OPENING, STRÆDET,
KØGE, DENMARK



TK DEVELOPMENT A/S | CVR NO. 24256782 | 11 DECEMBER 2017
VESTRE HAVNEPROMENADE 7 | 9000 AALBORG | DENMARK
COMPANY ANNOUNCEMENT NO. 9/2017

INTERIM REPORT Q1-Q3 2017/18

(1 February 2017 - 31 October 2017)

STRATEGIC FOCUS CHANGED
ASSET SALES TO BE ACCELERATED
PROFIT GUIDANCE LOWERED
CHANGE OF MANAGEMENT

STRATEGIC FOCUS CHANGED, ASSET SALES TO BE ACCELERATED AND PROFIT GUIDANCE LOWERED

- The Board of Directors has today resolved that TK Development will change its strategic focus. Going forward, focus will be on the Danish and Swedish property development business, while efforts will be made to divest the Group's Polish activities within a period of two years.
- The Group's previous asset management activities will be divested sooner than originally planned.
- Due to these strategic measures, impairment losses of a total of DKK 405 million, primarily on the Group's asset management activities, have been recognised.
- The consolidated result for 2017/18 is expected to be a loss of DKK 355 million before tax, compared with the previous estimate of a profit before tax of DKK 50-60 million. Excluding the above-mentioned impairment losses, the consolidated profit is expected to be about DKK 50 million before tax for 2017/18.
- For 2018/19, TK Development expects a consolidated pre-tax profit of DKK 80-90 million. The target remains to achieve a return on allocated equity in the property development segment of 15-20% p.a. before tax, but now as from financial year 2018/19.
- As previously announced, the Group's net proceeds from the divestment of asset management activities will be distributed to its shareholders.
- As a result of the above, the Polish activities will as from 31 October 2017 be included under asset management for reporting purposes. At the same time, the Group's ownership interest in BROEN Shopping in Esbjerg will be transferred to the asset management business, and previously non-allocated balance sheet items will be allocated to the property development segment.
- The Board of Directors has allocated equity of DKK 500 million to the property development segment as at 31 October 2017. This is considered an appropriate amount of equity for the Group's future property development activities, and the goal is to achieve an annual return on equity of 15-20% before tax.

CHANGE OF MANAGEMENT

- The Board of Directors wishes to complete a generational change at CEO level and has launched a search for a new group CEO.

In that connection, it has been agreed that the current CEO, Frede Clausen, will step down when a new CEO has been found at the latest. Until such time, the Group's activities will be managed by Frede Clausen and Executive Vice President Robert Andersen.

Frede Clausen has been a member of the Executive Board since 1992 and has served as CEO since 2002.

FINANCIAL PERFORMANCE IN Q1-Q3 2017/18

- The result before tax for the first nine months of 2017/18 was a loss of DKK 397.8 million against a profit of DKK 0.2 million in the first nine months of 2016/17. The result after tax was a loss of DKK 395.9 million against a loss of DKK 4.1 million in the same period of 2016/17.
- Total assets amounted to DKK 2,541.9 million at 31 October 2017 against DKK 2,852.9 million at 31 January 2017. Consolidated equity stood at DKK 902.5 million compared with DKK 1,293.7 million at 31 January 2017, for a solvency ratio of 35.5%.

Breakdown by segment:

DKKm	Property development	Asset management	Unallocated
Profit/loss			
Profit/loss before tax	-33.5	-355.4	-8.9
Balance sheet			
Development projects	707.3	-	-
Completed properties	-	898.0	-
Other projects	-	346.3	-
Other assets	341.8	248.5	-
Total assets	1,049.1	1,492.8	-
Tied-up equity	500.0	402.5	-

PROPERTY DEVELOPMENT

- Due to impairment losses totalling DKK 60 million on Polish plots of land which the Group has owned for a number of years, the result before tax for the first nine months of 2017/18 was a loss of DKK 33.5 million.
- The level of activity in the property development business is generally high, and an additional number of projects were

SUMMARY

sold or initiated after the balance sheet date, see below.

- In the first nine months of 2017/18, TK Development handed over a 3,200 sqm retail park in Oskarshamn, Sweden, to the investor, handed over the apartments sold in the Amerika Have project in Copenhagen to the buyers and handed over the initial phase of the Strædet retail project in Køge to the investor.
- Major development projects:
 - Construction of BROEN Shopping, the new shopping centre in Esbjerg, Denmark, has been completed, and the centre opened in April 2017. The current occupancy rate is 93% (Q2 2017/18: 93%).
 - Construction of Strædet, Køge, Denmark, was affected by the bankruptcy of a contractor in August 2017, which caused a delay of the principal second phase of the project. The second phase has now been completed, and the shops opened at the end of September 2017. The 19,000 sqm retail project is being handed over to the investor in three phases, and handover of the second phase to the Finnish-based investor, Citycon, was agreed after the balance sheet date.
 - Construction of the Amerika Have residential project in Copenhagen, Denmark, was completed in spring 2017, and the apartments sold were handed over to the buyers in Q2 2017/18. A total of 119 of the 121 apartments have been sold (Q2 2017/18: 119).
 - Construction of the third phase of the Bielany residential project in Warsaw, Poland, is progressing according to plan, as is the pre-completion sale. 81% (Q2 2017/18: 68%) of the residential units have been sold.

INITIATION OF NEW PROJECTS AFTER THE BALANCE SHEET DATE

TK Development has sold and initiated a number of projects after the balance sheet date. In total, construction projects of some 27,000 sqm have been initiated after the balance sheet date. These projects are:

MetroBielany, residential project, Bielany, Warsaw, Poland

In December 2017, TK Development began construction of the fourth and final phase of the Bielany residential project in Warsaw. The project comprises about 12,500 sqm and will consist of 227 residential units and service facilities. 20% of the units have been reserved in advance.

SporbyenScandia, Randers, Denmark

TK Development has concluded conditional agreements for the sale of 12,000 sqm of residential building rights to private investors and a conditional agreement for the sale of 5,500 sqm of residential buildings rights to a housing association.

BROEN Shopping, Esbjerg, Denmark

Plans are afoot to add a cinema to BROEN Shopping, which opened in April 2017, and a lease agreement has been concluded with Nordisk Film Cinemas for the establishment of an eight-screen cinema in connection with the centre. Construction commenced in November 2017 after the building permit for the cinema had been obtained. The cinema is expected to open its doors in spring 2019.

Outlet Arena Moravia, Ostrava, Czech Republic

As part of the termination of the Group's Czech activities and in order to optimise values, the Board of Directors has, as previously announced, decided to develop and complete the Outlet Arena Moravia development project in Ostrava. In November 2017, TK Development sold the outlet centre under development to CPI Property Group, a major international property group with properties in 11 countries, under a conditional sale agreement. The outlet centre comprises some 17,000 sqm, of which the initial phase accounts for 11,700 sqm. Construction of the initial phase commenced in December 2017, and handover to the investor is scheduled for end-2018.

ASSET MANAGEMENT

- Impacted by impairment losses on the Group's asset management activities totalling DKK 345 million, the result before tax for the first nine months of 2017/18 was a loss of DKK 355.4 million.
- In spite of favourable developments in a number of areas, the traditional centres are not yet generating satisfactory operating results, and maturing and optimising these centres is taking longer than expected. The economy is expanding, but the effects have failed to filter through to consumer spending in physical shops. This has resulted in cutthroat competition among rival shopping centres, and the competitive landscape is further affected by the growing volume of online purchases.
- As a consequence, many traditional centres are reporting relatively flat revenue growth, which is putting rent levels under pressure. Previous assumptions regarding the maturing and optimisation of some centres have turned out to

be overly optimistic. There is still a maturing potential, but it will likely take longer than previously assumed to realise selling prices in line with original expectations.

- The Board of Directors has today decided to divest the asset management business as soon as possible in order to free up capital and focus on property development activities in Denmark and Sweden, which are still assessed to generate satisfactory earnings for shareholders.

Any questions regarding this interim report may be directed to Peter Thorsen, Chairman, tel. +45 4070 0676.

CONSOLIDATED FINANCIAL HIGHLIGHTS AND KEY RATIOS

DKKm	Q3 2017/18	Q3 2016/17	Q1-Q3 2017/18	Q1-Q3 2016/17	Full year 2016/17
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FINANCIAL HIGHLIGHTS

Net revenue	60,1	111,4	244,6	348,5	401,5
Gross profit/loss	-321,3	28,3	-293,4	72,6	83,1
Income from investments in joint ventures	-60,9	10,2	-20,2	15,2	48,8
Operating profit/loss (EBIT)	-401,7	19,3	-372,7	28,0	51,8
Financing, etc.	-10,2	-9,9	-25,6	-28,3	-38,5
Profit/loss before tax and writedowns, etc.	-8,3	10,0	7,6	2,4	25,5
Profit/loss before tax	-411,8	9,5	-397,8	0,2	13,8
Profit/loss for the period	-403,0	5,7	-395,9	-4,1	7,1
Comprehensive income for the period	-401,6	7,5	-391,2	-4,3	8,0
Balance sheet total	-	-	2.541,9	2.797,4	2.852,9
Investment properties	-	-	28,1	53,1	53,1
Total project portfolio	-	-	1.923,5	2.087,6	2.155,2
Equity	-	-	902,5	1.281,4	1.293,7
Cash flows for the period	-4,1	17,5	-4,1	16,5	4,8
Net interest-bearing debt, end of period	-	-	1.280,6	1.114,7	1.196,2

KEY RATIOS

Return on equity (ROE)	-	-	-36,1%	-0,3%	0,6%
Solvency ratio (based on equity)	-	-	35,5%	45,8%	45,3%
Equity value in DKK per share	-	-	9,2	13,1	13,2
Price/book value (P/BV)	-	-	1,0	0,7	0,7
Number of shares, end of period	-	-	98.153.335	98.153.335	98.153.335
Earnings per share (EPS) in DKK	-4,1	0,1	-4,0	0,0	0,1
Dividend in DKK per share	-	-	0	0	0
Listed price in DKK per share	-	-	9,4	9,0	9,7

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

STRATEGIC FOCUS CHANGED, ASSET SALES TO BE ACCELERATED AND PROFIT GUIDANCE LOWERED

In December 2015, TK Development defined a number of strategic goals and initiatives intended to streamline TK Development into a pure developer business. The main elements of this strategy were to focus on property development activities in Denmark, Sweden and Poland, while the Group's asset management activities were to be matured and optimised for purposes of selling them off within a period of 3-5 years and distributing net proceeds to shareholders.

The Board of Directors has reviewed the Company's business platform, strategic focus and movements in capital tied-up and in that connection taken stock of developments since the strategic goals were announced.

Since 2015, targeted efforts have been made to carry out the strategy, and the Company has come a long way in a number of areas, especially in terms of generating satisfactory returns on its property development activities in Denmark and Sweden.

By contrast, the process of maturing and optimising the Company's portfolio of assets under management has not been satisfactory. The Board of Directors notes that it has not been possible to mature several of these assets as quickly as hoped, and it is expected to take longer than previously assumed to realise selling prices in line with the original expectations.

Against this background, the Board of Directors has today resolved to take the following action:

- Going forward, property development activities will be confined to the Danish and Swedish markets, and the activities in Poland will be divested.
- Efforts will be made to divest the asset management activities as quickly as possible based on a reduced maturation potential.
- As a result of the decision to change the Group's strategic focus and accelerate the sale of its asset management activities, impairment losses of a total of DKK 405 million have been recognised.

NEW STRATEGIC FOCUS – PROPERTY DEVELOPMENT IN DENMARK AND SWEDEN

Going forward, the Group will only have activities in the Danish and Swedish markets.

The Danish market has shown a satisfactory performance in the past few years and has a strong pipeline for the next few years. The Group has a good organisation and strong skills in the Danish market, and business opportunities are rich. Accordingly, Management expects satisfactory returns for the Group's shareholders from this market in the years ahead.

The Swedish market also offers an attractive potential, and the Company has generally succeeded in completing projects in this market with limited capital allocation. Management also expects the Swedish market to generate satisfactory returns for shareholders.

Business opportunities are found in the Polish market as well, but, compared against requirements for capital tie-up and the risk profile, the anticipated return is no longer considered attractive. Management believes it would be more appropriate to allocate the capital to the less risky markets of Denmark and Sweden, and the goal is to divest the Polish activities within the next two years.

The Group's focus going forward will be on urban development, housing, retail and business projects and often a combination of these segments. As a general rule, projects will only be initiated if they have been fully or partially presold to investors, and that a minimum of capital is tied up.

ACCELERATION OF ASSET SALES

The Board of Directors has decided to divest the Group's activities outside Denmark and Sweden as well as its Danish asset management activities as soon as possible in order to free up capital and focus on the property development business in Denmark and Sweden.

Land portfolio outside Denmark and Sweden

The Company has owned several plots of land for a number of years with a view to initiating development when the right tenants and investors were identified. Due to the decision to divest the Polish activities and to sell the activities in Germany and the Baltics sooner than originally intended, the Company will be selling its land sooner than originally assumed, which is causing impairment losses.

Shopping centres

The process of maturing and optimising the Company's portfolio of shopping centres has not been satisfactory, and the Board of Directors notes that it has not been possible to mature all of these assets as quickly as hoped. There are several reasons for

this. The economy is expanding, but the effects have failed to filter through to consumer spending in physical shops. This has resulted in cutthroat competition among rival shopping centres, and the competitive landscape is further affected by the growing volume of online purchases. As a consequence, many traditional centres are reporting relatively flat revenue growth, which is putting rent levels under pressure. Previous assumptions regarding the maturing and optimisation of some centres have turned out to be overly optimistic. There is still a maturing potential, but it will likely take longer than previously assumed to realise selling prices in line with original expectations.

Based on the Group's forward-looking focus on its property development business and given the current economic climate, tying up capital in asset management activities for a longer period is not considered attractive. Accordingly, the assets will be divested as soon as possible.

The net proceeds from the sale of asset management activities will be distributed to the Group's shareholders.

IMPAIRMENT LOSSES

As a consequence of the decisions to change the strategic focus and accelerate the sale of assets, the Board of Directors has written down a number of assets effective today. Impairment losses of a total of DKK 405 million have been recognised. The amount breaks down into DKK 60 million recognised on property development activities in Poland and DKK 345 million on asset management activities, of which DKK 165 million in Poland, DKK 120 million in Denmark and DKK 60 million in other markets.

Total impairment losses on Polish assets of DKK 225 million

The Polish property development assets have been written down by DKK 60 million, distributed on three plots of land in Poznan, Sosnowiec and Bytom which the Group has owned for a number of years. Due to their size and to regulatory issues, the short-term development of these plots of land is difficult, and given the plans to divest the Polish activities within two years, there is no longer a viable basis for maintaining the previous valuations. The plots of land have been written down to net realisable value. In addition to these plots, TK Development owns a housing project in progress in Bielany, of which the fourth and final phase has just been initiated and is expected to be completed and sold in 2019.

The Polish asset management activities have been written down by DKK 165 million. Impairment losses have been recognised

on the Group's wholly-owned shopping centre, Galeria Sandecja in Nowy Sącz, and the 30%-owned shopping centres, Galeria Tarnovia in Tarnów and Galeria Nowy Rynek in Jelenia Góra.

The centre in Nowy Sącz has been severely challenged by competition from a rival centre for a number of years. Maturing and optimisation efforts during the past few years have improved the asset, but its full and previously anticipated potential is no longer expected to be realised within the 2-year period during which the Polish activities are expected to be sold off. Management has decided to attempt to sell the centre as soon as possible, as a result of which it has been written down by DKK 100 million.

The two 30%-owned shopping centres in Tarnów and Jelenia Góra, respectively, have also been challenged by severe competition. The situation facing the centres is improving but at a slower pace than expected. Due to a postponement of a sale of the centres, TK Development will have to pay a larger than expected advance return to the joint venture partner. TK Development recognised an impairment loss of DKK 26 million on the investment in financial year 2016/17 and has now decided to write down its value by an additional DKK 65 million.

Impairment losses on Danish assets of DKK 120 million

In Denmark, an impairment loss of DKK 120 million has been recognised on the Group's largest asset, Silkeborg Shopping in Frederikssund. Silkeborg Shopping was planned and built in 2006-2010 based on market analysis and realised pre-letting. The project had not been fully or partially presold.

The market has proven unable to absorb a centre of this size, due partly to the postponed establishment of the planned new town of Vinge and a growing volume of online purchases. Despite a number of stimulatory maturing and optimisation activities, including the establishment of a cinema and a fitness centre, revenue has remained flat. The centre has additional maturing potential, but it will take longer than previously assumed to realise it.

Hence, the centre is unlikely to fetch the previously expected selling price in the short term. Against this background, in combination with current business conditions, Management believes a prolonged maturing process would be futile and will attempt to sell the centre. The value of the centre has consequently been reduced by DKK 120 million to its expected net realisable value.

Impairment losses in other markets of DKK 60 million

In the Group's other markets, i.e. Germany, the Baltics and the Czech Republic, the value of land and projects has been written down/adjusted by DKK 60 million. These impairment losses relate partly to a plot of land in Riga, Latvia, the development of which has proven more difficult than anticipated, and partly to two assets in Germany where development efforts have so far failed to produce satisfactory results. With these impairment losses recognised, the Group's assets in these two markets represent a value of some DKK 60 million.

REPORTING

The Board of Directors has decided to adjust the segmentation of the Group's activities. Due to the decision to sell off the Polish activities, these activities will, going forward, be included under asset management activities for reporting purposes. Accordingly, the Group will report on the following segments as from the fourth quarter of financial year 2017/18 in terms of profit/loss and as from 31 October 2017 in terms of balance sheet items:

- Property development, which will include property development activities in Denmark and Sweden.
- Asset management, which will include all activities outside Denmark and Sweden as well as completed, unsold properties in operation in Denmark. This also means that TK Development's ownership interest in BROEN Shopping in Esbjerg will be transferred to the asset management business.

The Board of Directors has allocated equity of DKK 500 million to the property development segment as at 31 October 2017 and targets an annual return on equity of 15-20% before tax going forward. This is considered an appropriate amount of tied-up equity going forward.

The full costing method will be pursued in relation to the two segments, and previous costs and balance sheet items related to overheads and non-allocated balance sheet items will be allocated to the property development segment.

PROFIT GUIDANCE FOR 2017/18 REVISED AND GUIDANCE FOR 2018/19 ANNOUNCED

Based on the above, the profit forecast for financial year 2017/18 has been downgraded. The consolidated result for 2017/18 is expected to be a loss of about DKK 355 million before tax, compared with the previous estimate of a profit before tax of DKK 50-60 million. Excluding the above-mentioned impairment losses, the consolidated profit before tax for 2017/18 is expected to be about DKK 50 million.

The property development activities are expected to report a loss of about DKK 10 million before tax. The weaker than previously expected result is attributable to the DKK 60 million impairment loss on the previously mentioned land in Poland.

The asset management activities are expected to report a loss of about DKK 345 million before tax. The weaker than previously expected result is attributable to the abovementioned DKK 345 million impairment loss on the previous asset management activities in Denmark, Poland and other markets.

The Board of Directors previously targeted a solvency ratio of about 40%. As a result of the above developments, the Group's solvency ratio was 35.5% at 31 October 2017. Based on the sale of the second phase of the Strædet project in Køge to Citycon agreed in December 2017, the solvency ratio will be back at around 40%. The 40% target is maintained.

Guidance for financial year 2018/19:

- The consolidated profit before tax is expected to be DKK 80-90 million.
- The target of a return on allocated equity in the property development segment of 15-20% p.a. before tax is maintained, and fulfilment of this target is reflected in the Group's profit guidance.
- The profit guidance is based on Management's expectations, including timing estimates, for a number of specific projects, of which several have been presold and are in progress.
- As previously announced, the Group's net proceeds from the divestment of asset management activities will be distributed to shareholders.

The expectations stated in this interim report, including earnings forecasts, are inherently subject to risks and uncertainties, and actual results may differ from the guidance provided. Expectations may be impacted by factors generally affecting the sector as well as the factors referred to under Risk management and in note 2 to the consolidated financial statements in the Group's annual report for 2016/17. Accounting estimates and judgments, including the valuation of the Group's project portfolio.

CHANGE OF MANAGEMENT

The Board of Directors wishes to complete a generational change at CEO level and has launched a search for a new group CEO.

In that connection, it has been agreed that the current CEO, Frede Clausen, will step down when a new CEO has been found

at the latest. Until such time, the Group's activities will be managed by Frede Clausen and Executive Vice President Robert Andersen.

Frede Clausen has been a member of the Executive Board since 1992 and has served as CEO since 2002.

Any questions in this regard may be directed to Peter Thorsen, Chairman, tel. +45 4070 0676.

PROFIT/LOSS

The result before tax for the first nine months of 2017/18 was a loss of DKK 397.8 million against a profit of DKK 0.2 million in the first nine months of 2016/17. The result after tax was a loss of DKK 395.9 million against a loss of DKK 4.1 million in the same period of 2016/17.

Revenue came to DKK 244.6 million, down from DKK 348.5 million in the first nine months of 2016/17. The gross result was a loss of DKK 293.4 million against a profit of DKK 72.6 million in the year-earlier period. In addition to the impairment losses described above, the gross result primarily reflects the earnings effect of projects handed over in the property development business, the operation of the Group's wholly-owned completed properties and fee income.

The result from joint ventures was a loss of DKK 20.2 million compared with a profit of DKK 15.2 million in the first nine months of 2016/17. The contribution from the property development business includes a positive value adjustment, DKK 4.5 million, of the Group's ownership interest in BROEN Shopping, the operation of the centre since its opening in April 2017 and profits from the sale and handover of a substantial share of the residential units of the America Have project in Copenhagen. The contribution from asset management includes the operation of the Group's partially-owned completed properties and the above-mentioned impairment loss on the Group's investment in the joint venture owning two shopping centres in operation in Poland in which TK Development has an ownership interest of 30%.

Staff costs and other external expenses amounted to DKK 58.6 million against DKK 59.5 million in the first nine months of 2016/17.

Net financing expenses amounted to DKK 25.6 million against DKK 28.3 million in the year-earlier period.

BALANCE SHEET

Total assets amounted to DKK 2,541.9 million at 31 October 2017 against DKK 2,852.9 million at 31 January 2017.

Having been adjusted downwards by DKK 25 million in the period under review, the carrying amount of the Group's investment property is currently DKK 28.1 million. TK Development also has investment properties in joint ventures.

Net investments in and receivables from joint ventures amount-

ed to DKK 398.6 million against DKK 474.1 million at 31 January 2017. The decline primarily reflects impairment losses, see above, investments in BROEN Shopping and the share of the period's profit of joint ventures less dividend distributions, etc.

Deferred tax assets totalled DKK 66.3 million against DKK 75.4 million at 31 January 2017. The deferred tax assets relate exclusively to the Group's Danish activities, as the Group's foreign tax assets have been written off.

The total project portfolio amounts to DKK 1,923.5 million against DKK 2,155.2 million at 31 January 2017. The decline derives from a combination of impairment losses, see above, investments in projects in progress, including Strædet in Køge and Domus Vista in Frederiksberg, and the decrease resulting from the handover of projects sold and prepayments from clients. Total prepayments from clients amounted to DKK 161.2 million at 31 October 2017 against DKK 72.5 million at 31 January 2017.

Projects in progress and completed projects also include the Group's portfolio of land. The land portfolio amounted to DKK 374 million at 31 October 2017 compared with DKK 453 million at 31 January 2017. The land portfolio was reduced by DKK 100 million after the balance sheet date in connection with the commencement of the fourth and final phase of the Bielany residential project in Warsaw.

Consolidated equity stood at DKK 902.5 million compared with DKK 1,293.7 million at 31 January 2017, for a solvency ratio of 35.5%.

The Group's liabilities totalled DKK 1,639.4 million at 31 October 2017 compared with DKK 1,559.2 million at 31 January 2017. The increase reflects higher payables to credit institutions and lower trade payables.

CASH FLOWS

Cash flows for the period were a net outflow of DKK 4.1 million against a net inflow of DKK 16.5 million in the year-earlier period.

Cash flows from operating activities were a net outflow of DKK 86.0 million (Q1-Q3 2016/17: net inflow of DKK 25.0 million), reflecting an increase in funds tied up in projects and receivables less dividend distributions from joint ventures, as well as interest payments and operations.

Cash flows from investing activities were a net inflow of DKK 0.6 million (Q1-Q3 2016/17: net outflow of DKK 7.9 million).

Cash flows from financing activities were a net inflow of DKK 81.3 million, reflecting project funding raised for projects in progress and a reduction of other payables to credit institutions (Q1-Q3 2016/17: net outflow of DKK 0.6 million).

FINANCIALS

Net interest-bearing debt amounted to DKK 1,280.6 million at 31 October 2017 against DKK 1,196.2 million at 31 January 2017. At 31 October 2017, project funding of DKK 480.4 million was due by the end of January 2018. Most of these facilities are expected to be repaid before maturity upon handover of the relevant projects to investors.

In the first quarter of 2017/18, TK Development extended its operating and project funding agreement with its main bankers until 30 April 2018.

TK Development usually finances its projects through traditional bank funding. Loan agreements usually contain a number of covenants to be met at specific intervals. In two of the Group's partially-owned companies in Poland, the letting situation needs to improve even further in order for the agreed covenants to be met also going forward.

EVENTS AFTER THE BALANCE SHEET DATE

TK Development has sold and initiated a number of projects after the balance sheet date. In total, construction projects of some 27,000 sqm have been initiated after the balance sheet date. These projects are:

MetroBielany, residential project, Bielany, Warsaw, Poland

In December 2017, TK Development began construction of the fourth and final phase of the Bielany residential project in Warsaw. The project comprises about 12,500 sqm and will consist of 227 residential units and service facilities. 20% of the units have been reserved in advance.

SporbyenScandia, Randers, Denmark

TK Development has concluded conditional agreements for the sale of 12,000 sqm of residential building rights to private investors and a conditional agreement for the sale of 5,500 sqm of residential buildings rights to a housing association.

BROEN Shopping, Esbjerg, Denmark

Plans are afoot to add a cinema to BROEN Shopping, which opened

in April 2017, and a lease agreement has been concluded with Nordisk Film Cinemas for the establishment of an eight-screen cinema in connection with the centre. Construction commenced in November 2017 after the building permit for the cinema had been obtained. The cinema is expected to open its doors in spring 2019.

Outlet Arena Moravia, Ostrava, Czech Republic

As part of the termination of the Group's Czech activities and in order to optimise values, the Board of Directors has, as previously announced, decided to develop and complete the Outlet Arena Moravia development project in Ostrava. In November 2017, TK Development sold the outlet centre under development to CPI Property Group, a major international property group with properties in 11 countries, under a conditional sale agreement. The outlet centre comprises some 17,000 sqm, of which the initial phase accounts for 11,700 sqm. Construction of the initial phase commenced in December 2017, and handover to the investor is scheduled for end-2018.

Except as described in the management commentary, no significant events have occurred after the balance sheet date that may affect the Company's financial position.

FINANCIAL TARGETS

TK Development pursues group-wide liquidity targets for the purpose of ensuring sufficient future financial resources. In addition, the Board of Directors has adopted a 40% solvency target for the Group, calculated as the ratio of equity to total assets. Vis-à-vis its main banker, the Group has committed to maintaining a group solvency ratio of at least 30%, as measured at the presentation of interim and annual reports, and to pursuing liquidity targets. Both covenants were satisfied in the period under review.

MARKETS

Management's overall assessment of the market conditions facing the property sector in general and TK Development in particular is unchanged relative to the most recently published assessment. For a detailed description of this assessment, reference is made to TK Development's interim report for H1 2017/18.

RISK MANAGEMENT

The Group's principal risk factors are described in the annual report for 2016/17.

SEGMENT RESULTS

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

FINANCIAL PERFORMANCE Q1-Q3 2017/18 (DKKM)

Profit/loss	Q1-Q3 2017/18	Property development	Asset management	Unallocated
Revenue	244.6	165.4	79.2	-
Gross profit/loss	-293.4	-44.8	-248.6	-
Income from investments in joint ventures	-20.2	43.6	-63.3	-0.5
Costs, including amortisation/depreciation of non-current assets	59.1	35.8	14.9	8.4
Operating profit/loss	-372.7	-37.0	-326.8	-8.9
Income from investments in associates	0.5	0.5	-	-
Financing, net	-25.6	3.0	-28.6	-
Profit/loss before tax	-397.8	-33.5	-355.4	-8.9
Tax on profit/loss for the period	-1.9			
Profit/loss for the period	-395.9			

BALANCE SHEET STRUCTURE AT 31/10/2017 (DKKM)

Balance sheet	31 Oct. 2017	Property development	Asset management	Unallocated
Assets				
Investment properties	28.1	-	28.1	-
Investments in joint ventures	260.6	23.7	236.9	-
Non-current receivables	140.9	9.0	131.9	-
Other non-current assets	78.8	76.6	2.2	-
Projects in progress or completed	1,923.5	707.3	1,216.2	-
Current receivables*)	67.7	210.5	-142.8	-
Cash and cash equivalents, escrow accounts, etc.	42.3	22.0	20.3	-
Assets	2,541.9	1,049.1	1,492.8	-
Equity and liabilities				
Equity	902.5	500.0	402.5	-
Credit institutions	1,516.7	466.8	1,049.9	-
Other payables	122.7	82.3	40.4	-
Equity and liabilities	2,541.9	1,049.1	1,492.8	-
Solvency ratio	35.5%	47.7%	27.0%	-

*) including DKK 184.4 million balance between the two segments.

PROPERTY DEVELOPMENT

The Group's primary business area is property development. The Group's strategic focus is on property development in Denmark and Sweden. Through to 31 October 2017, the Group's property development activities in Poland were included under property development, but as from 31 October 2017, these activities have been transferred to asset management as a result of the Board of Directors' decision to divest TK Development's activities in Poland.

The level of activity is generally high in the Danish as well as the Swedish property development business.

Property development - Denmark, Sweden and Poland (until 31 Oct. 2017)		
DKKm	Q1-Q3 2017/18	Q1-Q3 2016/17
Revenue	165.4	279.3
Gross profit/loss	-44.8	34.1
Profit/loss of joint ventures	43.6	15.7
Profit/loss before tax	-33.5	18.3
	31 Oct. 2017	31 Jan. 2017
Total assets *)	1,049.1	938.2
Tied-up equity *)	500.0	531.3

*) excluding Poland.

Due to total impairment losses on the Polish land portfolio of DKK 60 million, the result before tax for the first nine months of 2017/18 was a loss of DKK 33.5 million.

Projects handed over

Retail park, Oskarshamn, Sweden

TK Development has completed a 3,200 sqm retail park project in Oskarshamn, Sweden. The project was handed over to the investor in Q1 2017/18 along with an option to expand the project by 4,700 sqm.

Strædet, development of town centre, Køge, Denmark

The 19,000 sqm retail project along with parking facilities of about 13,000 sqm have been sold under a conditional sale agreement to Finnish-based Citycon. The project is being handed over to Citycon in three phases. The initial phase, totalling 4,400 sqm and comprising a cinema and restaurants, was completed in May 2017 and handed over to Citycon in July 2017. Handover of the second phase, comprising some 12,000 sqm, to Citycon was agreed after the balance sheet date and will significantly reduce total consolidated assets. The project is described in detail below.

Amerika Have, residential project, Copenhagen, Denmark

In association with By & Havn I/S and AP Pension, TK Develop-

ment has developed the Amerika Have project, which comprises residential units of about 12,000 sqm and business premises of about 500 sqm targeting the general public. A total of 121 high-quality apartments have been constructed, and the units sold have been handed over to the respective buyers. The project is described in detail below.

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

Project portfolio

The development potential of the Danish and Swedish project portfolios at 31 October 2017 was some 350,000 sqm.

TK Development is currently involved in construction projects comprising some 70,000 sqm, including asset management projects in progress. These projects are progressing satisfactorily.

Pipeline projects are moving ahead at a good pace on the back of robust tenant and investor interest. With the Group working on a number of major projects, Management expects to meet its strategic goal of a return on equity of 15-20% p.a. before tax in the property development business as from financial year 2018/19.

PROJECT OUTLINE

The outline below lists the key projects of the property development portfolio. The outline includes projects in wholly-owned companies as well as in joint ventures. In addition, TK Develop

ment's activities include a number of small and medium-sized projects in the Group's primary segments – retail, office and residential – as well as combinations of these segments.

Project	City/town	Country	Segment	TKD's ownership share of area (sqm)	TKD's ownership interest	Construction start/expected construction start	Opening/expected opening
Completed							
Strædet	Køge	DK	Mix	12,000	100%	March 2015	September 2017
Amerika Have	Copenhagen	DK	Residential	200	25%	September 2015	May 2017
In progress							
Strædet	Køge	DK	Mix	8,900	100%	March 2015	2018
Domus Vista	Frederiksberg	DK	Residential	5,300	100%	October 2016	Spring 2018
Havnehus 1, Østre Havn	Aalborg	DK	Residential	2,450	¹⁾ 50%	February 2017	Spring 2018
Beddingen 7A, Østre Havn	Aalborg	DK	Residential	3,500	¹⁾ 50%	June 2017	Late 2018
Vanløse Allé	Vanløse	DK	Residential	1,700	100%	August 2017	Autumn 2018
Aalborgvej, Hjørring	Hjørring	DK	Retail	1,200	100%	August 2017	Early 2018
Not initiated							
Aarhus South, phase 2	Aarhus	DK	Retail	2,800	100%	2018	2019
Ejby Industrivej	Copenhagen	DK	Office	6,300	100%	-	-
Nyhavnsgade 3, Østre Havn	Aalborg	DK	Residential	1,325	¹⁾ 50%	Early 2018	Early 2019
Beddingen 5, Østre Havn	Aalborg	DK	Residential	3,050	¹⁾ 50%	Early 2018	End-2019
Offices, Østre Havn	Aalborg	DK	Offices	6,500	¹⁾ 50%	Continuously	Continuously
Havnehus 2, Østre Havn	Aalborg	DK	Residential	2,325	¹⁾ 50%	Continuously	Continuously
The New Yard, Tårnhuset, Beddingen	Aalborg	DK	Residential	1,900	50%	Spring 2018	Late 2019
SporbyenScandia (sold conditionally)	Randers	DK	Mix	8,750	50%	Continuously	Continuously
SporbyenScandia	Randers	DK	Mix	61,250	50%	Continuously	Continuously
Kulan commercial district	Gothenburg	SE	Mix	55,000	100%	2019	2021
Arninge Entré commercial district	Stockholm	SE	Mix	60,000	100%	2019	2021
Retail park, Södertälje	Södertälje	SE	Retail	8,000	100%	Late 2017	Spring 2019
Property development, total floor space				approx. 252,000			

¹⁾ Share of profit on development is 70%

COMPLETED PROJECTS

Strædet, development of town centre, Køge, Denmark

Adjacent to Køge Station and the town centre shopping area, TK Development is building a 34,300 sqm project comprising a retail project of about 19,000 sqm, public service facilities of just under 9,000 sqm, including a town hall and a rehabilitation centre, and residential units totalling about 6,300 sqm. In addition, the project comprises parking facilities of about 13,000 sqm. The building rights for the town hall and the rehabilitation centre have been sold to the Municipality of Køge.

The 19,000 sqm retail project has been sold to Finnish-based Citycon together with parking facilities of about 13,000 sqm. The project is being handed over to Citycon in three phases.

The initial phase, totalling some 4,000 sqm and comprising a cinema and restaurants, was completed in May 2017 and handed

over to the buyer in July 2017. Construction of the second phase of some 12,000 sqm was challenged, and therefore delayed, by the bankruptcy of a contractor in August 2017. The second phase has now been completed, and the shops opened at the end of September 2017. Handover of the second phase to the investor was agreed after the balance sheet date and will significantly reduce total consolidated assets. The third and final phase of the project, totalling some 3,000 sqm, is expected to be completed in 2018.

The current occupancy rate for the total retail project is 92% (Q2 2017/18: 91%). Tenants include Irma, Fakta, H&M, Bones, Kings & Queens, Sportigan, Wagner, Gina Tricot, Deichmann and a six-screen Nordisk Film cinema.

In the context of the 6,300 sqm residential project, TK Devel-

opment is currently developing about 3,000 sqm of housing units in Rådhusstrædet. A total of 28 residential units will be constructed, consisting of both owner-occupied units and two-storey town houses. The pre-completion sale has begun, and just under half of the units have been sold. Construction is ongoing, and the first residential units are expected to be ready for handover at the end of 2017.

Amerika Have, residential project, Copenhagen, Denmark

Kommanditaktieselskabet Danlink Udvikling (DLU), owned on a 50/50 basis by Udviklingselskabet By & Havn I/S and TK Development, has developed a project at Amerika Plads in a 50/50 joint venture with AP Pension. The project – Amerika Have – comprises residential units of about 12,000 sqm and business premises of about 500 sqm targeting the general public. A total of 121 high-quality apartments have been constructed, 119 of which have been sold (Q2 2017/18: 119). The process of developing, constructing and selling the project has been highly satisfactory. Most of the units sold were handed over to the respective buyers in Q2 2017/18 and the remaining units in Q3 2017/18. Profits from the sale of the project were recognised as the apartments were handed over.

PROJECTS IN PROGRESS

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

In Frederiksberg, TK Development has sold a 5,300 sqm youth housing project under a conditional sale agreement to Koncenton, which has taken over the letting process as part of the deal. Construction began in October 2016, and the completed project is expected to be handed over to the investor in spring 2018.

Beddingen 7A, owner-occupied housing units, Østre Havn, 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 on a 50/50 basis with Frederikshavn Maritime Erhvervspark. One of the planned projects comprises about 7,000 sqm of owner-occupied prime-location units at Beddingen. The pre-completion sale of the 43 apartments has begun, and 40% have been presold. Construction commenced in mid-2017, and the apartments are expected to be ready for occupation in late 2018.

Havnehus 1, rental housing units, Østre Havn, Aalborg, Denmark

Another of the planned projects at Østre Havn is a 4,900 sqm rental property. This project has been sold to a private investor, who will also handle the letting process. The sale will be executed on a forward funding basis, meaning that the investor will pay for the project in step with its completion. Construction began in early 2017 and is scheduled to be completed and handed over to the buyer in spring 2018.

Youth housing units, Vanløse, Denmark

In Vanløse, TK Development has sold a 1,700 sqm youth housing project under a conditional sale agreement to Koncenton, which took over the letting process as part of the deal. Construction commenced in August 2017, and the completed project is expected to be handed over to the investor in autumn 2018.

SELECTED PROJECTS NOT INITIATED

Nyhavnsgade 3, rental housing units, Østre Havn, Aalborg, Denmark

The Nyhavnsgade project, also at Østre Havn, is a rental property of some 2,650 sqm. The project has been sold under a conditional sale agreement to a private investor, who will also handle the letting process. The sale will be executed on a forward funding basis, meaning that the investor will pay for the project in step with its completion. Construction is expected to commence in early 2018 and is scheduled to be completed and handed over to the buyer in early 2019.

Beddingen 5A, rental housing units, Østre Havn, Aalborg, Denmark

The Beddingen 5A project is also located at Østre Havn. The project comprises some 6,100 sqm. Final negotiations concerning the sale of the project are currently ongoing with a private property company. The investor is expected to handle the letting process. Construction is expected to commence in early 2018 and is scheduled to be completed and handed over to the buyer in mid-2019.

The New Yard, Tårnhuset, owner-occupied housing units, Beddingen, Østre Havn, Aalborg, Denmark

The project comprises some 3,800 sqm of owner-occupied units and will be developed in collaboration with a private property developer. A building permit for the project is expected in the near future, following which the pre-completion sale will begin. Construction is expected to commence in early 2018 and is scheduled to be completed and handed over to the buyers

in late 2019.

SporbyenScandia, Randers, Denmark

In a joint venture with private investors, TK Development is working on an area previously occupied by Bombardier, the train manufacturers, in Randers, where the plan is to develop some 140,000 sqm of retail shops, housing units, offices, etc. The local development plan for the area has been adopted, and the joint venture will take over the area in mid-December 2017. The project is attracting a good deal of interest from both investors and users. Work is currently ongoing to sell the building rights for a few of the area's building plots, and several agreements are in place. TK Development has concluded a conditional agreement for the sale of 12,000 sqm of residential building rights to private investors and a conditional agreement for the sale of 5,500 sqm of residential buildings rights to a housing association. In addition, negotiations on the sale of other building plots are at an advanced stage, and work is ongoing concerning the development of a combined supermarket and housing project.

Arninge Entré, commercial district, Stockholm, Sweden

In Arninge in Stockholm, the municipal authorities have appointed TK Development as their preferred partner for the development of an area that is to serve as the entry point to the town centre of Arninge. TK Development is currently engaged in the planning process together with the municipal authorities. The project is expected to comprise about 60,000 sqm, primarily retail stores, with a possible option of including office premises as well. Both tenants and investors have shown considerable interest in the project, and work on the planning, letting and sale will proceed during the months ahead. The local development plan for the area is expected to be available in autumn 2019. Construction is expected to commence in late 2019 with completion scheduled for 2021.

Retail park, Södertälje, Sweden

TK Development is currently developing an 8,000 sqm retail park in Södertälje. Leases for about 88% of the total space (Q2 2017/18: 70%) have been signed, including with a supermarket. Construction is expected to commence shortly and to be completed in spring 2019.

Strædet, Køge, Denmark, Grand Opening, September 2017



ASSET MANAGEMENT

The Group's asset management activities comprise the operation of the Group's completed properties and investment properties as well as land and development projects in markets where the Group wishes to eventually discontinue its activities. As a result of the Board of Directors' decision to divest the Group's Polish activities, these activities are included under asset management as from 31 October 2017.

TK Development's activities outside Denmark and Sweden will, together with its asset management activities in Denmark, be divested as soon as possible.

The net proceeds from the sale of asset management activities will be distributed to the Group's shareholders.

Asset management		
DKKm	Q1-Q3 2017/18	Q1-Q3 2016/17
Revenue	79.2	69.2
Gross profit/loss	-248.6	38.5
Profit/loss of joint ventures	-63.3	-1.0
Profit/loss before tax	-355.4	-10.7
	31 Oct. 2017	31 Jan. 2017
Total assets *)	1,492.8	1,914.7
Tied-up equity *)	402.5	762.4
Number of centre employees	15	16

*) including all activities in Poland.

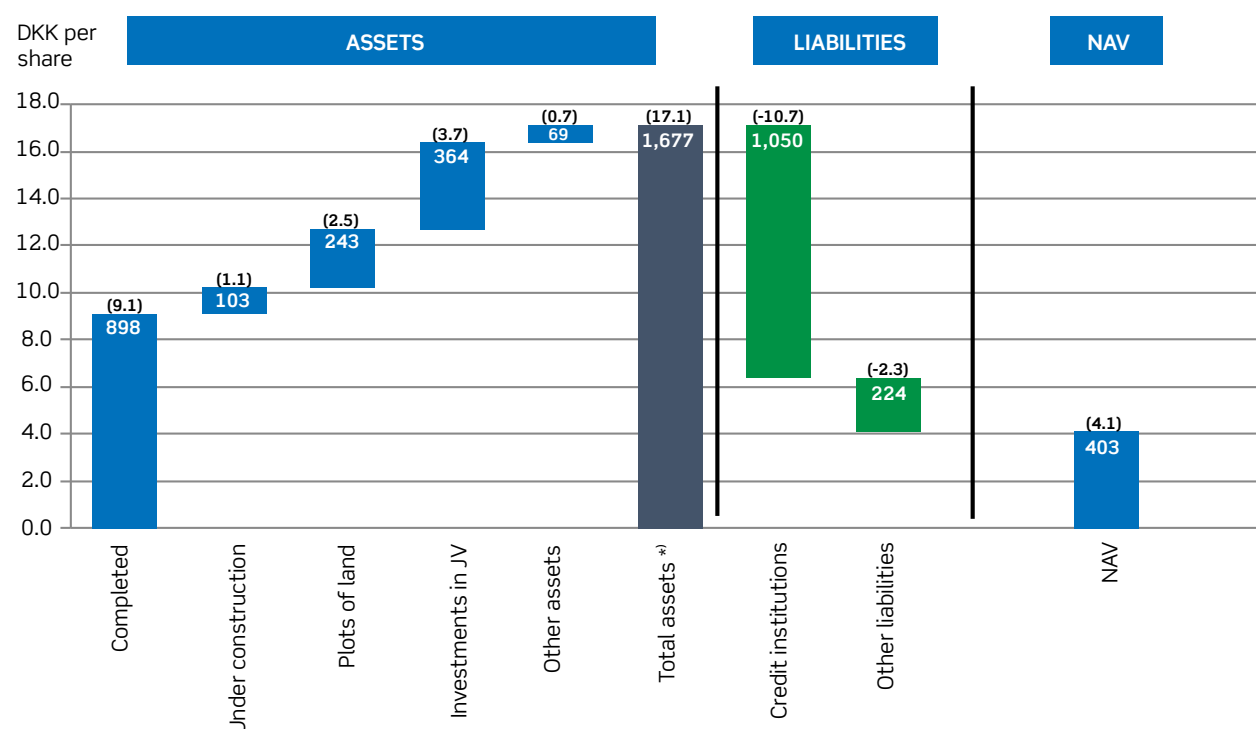
Impacted by total impairment losses of DKK 345 million, as described above, the result before tax from the Group's asset management activities was a loss of DKK 355.4 million.

The completed retail park at Most has been sold. The sale was completed in Q3 2017/18.

As at 31 October 2017, the Group's asset management activities comprise completed projects and investment properties, excluding joint venture projects, totalling DKK 898.0 million and land and development projects in Poland, the Czech Republic, the Baltics and Germany totalling DKK 346.3 million.

The net asset value (NAV) per share for the asset management activities is shown below. NAV reflects the equity of the asset management business, DKK 402.5 million, distributed on the total number of shares in the Company, 98,153,335, corresponding to a value of DKK 4.1 per share on a sale at carrying amounts. The total assets of the asset management business are DKK 1,677.2 million*), corresponding to DKK 17.1 per share, and the total liabilities are DKK 1,274.7 million, corresponding to DKK 13.0 per share.

NAV per share at 31 October 2017



*) Before offsetting of DKK 184 million balance with property development.

The Group's completed properties under asset management at 31 October 2017:

	Country	Type	TKD's owner-ship interest	Project area sqm	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%	17,500	97%
Aabenraa	Denmark	Retail park	100%	4,200	81%
Brønderslev	Denmark	Retail property	100%	1,200	100%
Investment properties					
Lüdenscheid	Germany	Mix	100%	14,000	50%
Joint venture projects					
Broen Shopping, Esbjerg	Denmark	Shopping centre	35%	29,800	93%
Galeria Nowy Rynek, Jelenia Góra	Poland	Shopping centre	30%	24,800	93%
Galeria Tarnovia, Tarnów	Poland	Shopping centre	30%	17,000	93%
Ringsted Outlet	Denmark	Outlet centre	50%	13,200	93%
Amerika Plads, underground car park	Denmark	Car park	50%	32,000	n/a
Total				179,900	

The process of maturing and optimising the Company's portfolio of shopping centres has not been satisfactory, and the Board of Directors notes that it has not been possible to mature several of these assets as quickly as hoped.

The economy is expanding, but the effects have failed to filter through to consumer spending in physical shops. This has resulted in cutthroat competition among rival shopping centres, and the competitive landscape is further affected by the growing volume of online purchases. As a consequence, many traditional centres are reporting relatively flat revenue growth, which is putting rent levels under pressure.

Returns on individual centres vary and are presently, based on current occupancy rates, between 4.5% and 7.5% *).

*) Returns for the two partially-owned Polish shopping centres are stated before preferred returns to the joint venture partner.

**BROEN SHOPPING, SHOPPING CENTRE,
ESBJERG, DENMARK**

Opening	April 2017
Leasable area	29,800 sqm, including a 5,000 sqm supermarket
Occupancy rate	93% (Q2 2017/18: 93%)

In association with CapMan Real Estate, TK Development has built a new 29,800 sqm shopping centre, BROEN Shopping, at Esbjerg Railway Station. The centre opened on 10 April 2017. TK Development's ownership interest is 35%.

93% of the total space has been let. Tenants include Kvikly, H&M, Fitness.dk, Bahne, Kings & Queens, Esprit, Monki, Imerco, Sportmaster, Gina Tricot, Café Vivaldi, Nielsens and Deichmann.

BROEN Shopping attracted a large number of visitors for its opening ceremony on 10 April 2017. The footfall is expected to be some 2.8 million in the first year of operation and to increase during the running-in period which every new centre goes through. For a new centre, BROEN Shopping is generating satisfactory revenue, and revenue is expected to grow in the years ahead.

The Esprit and Monki chains have both opened shops after the balance sheet date - their only shops in this region.

A lease agreement has been concluded with Nordisk Film Cinemas for the establishment of an eight-screen cinema in connection with the centre. The cinema is expected to open in spring 2019, and construction commenced after the balance sheet date. The cinema will strengthen the centre's leisure profile and position BROEN Shopping as a preferred destination of visitors from Esbjerg and the surrounding region.

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

Opening	March 2010
Leasable area	26,400 sqm, including about 4,000 sqm of supermarket units
Occupancy rate	92% (Q2 2017/18: 91%)
Footfall 2016	3.4 million

Planned operational measures:

- Carry on additional marketing and image-building campaigns after cinema and Fitness.dk openings.
- Optimise restaurants etc.
- Boost the occupancy rate by signing agreements with new tenants to further strengthen Sillebroen's position as a preferred shopping destination.

As an important step towards increasing customer flows and growing Sillebroen's revenue, an agreement was made with Nordisk Film Cinemas on the establishment of a 1,400 sqm cinema in the centre, and the new cinema opened in August 2016. The positive effect of the cinema opening is an important contribution to the ongoing optimisation of the tenant mix.

The centre's tenant mix improved considerably in 2016 despite the closing of the Fona store as, in addition to the new Nordisk Film cinema, Imerco, Søstrene Grene and Normal opened outlets in the centre. Fakta closed its supermarket at the beginning of 2017. The footfall index for 2017 to date is 93 relative to the same period of 2016, and the revenue index is 93, reflecting the shutdown of the Fona and Fakta stores.

A lease has been signed with Fitness.dk, which opened a fitness centre in October 2017. Management believes this addition will help attract more customers and strengthen the centre's position as a preferred shopping destination for the area's consumers.

In spite of these measures, operational results are generally not satisfactory, and both footfall and revenue need to be strengthened further to improve the operational performance. It will take longer than previously assumed and longer than desired to achieve a satisfactory operational performance. As described above, the value of the property has been written down by DKK 120 million with a view to accelerating its sale without any further maturing of the centre.

GALERIA SANDECJA, SHOPPING CENTRE, NOWY SĄCZ, POLAND

Opening	October 2009
Leasable area	17,500 sqm, including a 5,000 sqm hypermarket
Occupancy rate	97% (Q2 2017/18: 96%)
Footfall 2016	2.1 million

Planned operational measures:

- Retain a high occupancy rate.
- Continue to convert temporary leases into ordinary leases on terms and conditions satisfactory to the Group.
- Extend the non-terminable period of contracts with key tenants where this has not already been done.
- Optimise the tenant mix by, i.a., replacing weak tenants.
- Upgrade the first floor with, i.a., discount stores offering a wide range of low-price products.

Having been strongly affected for some time by a competing centre that opened in autumn 2013, Galeria Sandecja is once again rallying, although at a slower pace than previously expected. Various initiatives implemented in the past few years, including efforts to create a strong mix of tenants on the ground floor and upgrade the first floor, have helped stop the negative trend in revenue and footfall. The revenue index for 2017 to date is 112 relative to the same period of 2016, and the footfall index is 102.

In light of the improved situation, a letting strategy for the next year has been defined with initial focus on converting short-term leases into ordinary leases with long non-terminable periods. This process is currently ongoing. At the same time, the centre's food court has been upgraded. The occupancy rate is 97%.

In spite of these measures, operational results are not yet satisfactory, and optimisation/improvement efforts are expected to continue for several years. As described above, the value of the property has been written down by DKK 100 million with a view to accelerating its sale without any further maturing of the centre.

RINGSTED OUTLET, RINGSTED, DENMARK

Opening	March 2008
Leasable area	13,200 sqm
Occupancy rate	93% (Q2 2017/18: 94%)
Footfall 2016	1.6 million

Planned operational measures:

- Optimise the tenant mix.
- Boost the occupancy rate (dialogue is ongoing with several prospective tenants).
- Make preparations for contemplated expansion of the centre with a second phase.

The favourable trend of the past few years has continued into 2017, and the centre continues to grow in terms of both revenue and footfall. The footfall index for 2017 to date is 123 relative to the same period of 2016, and the revenue index is 114.

Continuous efforts are being made to optimise the tenant mix, and a number of new tenants opened outlets in the centre in 2016. New outlets have also opened in 2017, including Schieser, Lindt, Ecco, Betty Barclay, Kappa, Skechers, H&M, Lacoste and Moss Copenhagen. A few tenants have left to make way for stronger brands. The occupancy rate is 93%. At the same time, constructive dialogue is ongoing with several prospective tenants, and it is expected that an even stronger outlet centre will emerge in the course of the next year.

Ringsted Outlet is a 50/50 joint venture. The other 50% stake is owned by CapMan Real Estate. In the next few years, TK Development and CapMan Real Estate will continue to develop Ringsted Outlet and further explore the possibilities for expanding the centre.

GALERIA TARNOVIA, SHOPPING CENTRE, TARNÓW, POLAND, AND GALERIA NOWY RYNEK, SHOPPING CENTRE, JELENIA GÓRA, POLAND

Galeria Tarnovia and Galeria Nowy Rynek are owned through a joint venture with Heitman, and TK Development's ownership interest is 30%.

GALERIA TARNOVIA, SHOPPING CENTRE, TARNÓW, POLAND

Opening	November 2009
Leasable area	17,000 sqm, including a 2,000 sqm supermarket
Occupancy rate	93% (Q2 2017/18: 93%)
Footfall 2016	1.8 million

Planned operational measures:

- Boost the occupancy rate.
- Convert temporary leases into ordinary leases on terms and conditions satisfactory to the Group.
- Carry on additional marketing and image-building campaigns.
- Focus on satisfying covenants in relation to centre financing.

Galeria Tarnovia is faced with a strong competitive environment in Tarnów. In an effort to upgrade the centre and bolster its competitive position, the tenant composition has been changed, which has helped increase the footfall. In addition, a cinema opened in December 2016, and several new tenants moved in, improving both revenue and footfall relative to 2015.

The favourable development has continued into 2017 with the cinema as the main contributor. The revenue index for 2017 to date is 118 relative to the same period of 2016, and the footfall index is 115.

Nevertheless, operational results are not yet satisfactory, and efforts are ongoing to improve the operational performance.

The loan agreements relating to the financing of the centre contain a number of covenants to be met at specific intervals in order for the loans to be upheld. In order for the agreed covenants to be met also going forward, the occupancy rate needs to increase even further.

GALERIA NOWY RYNEK, SHOPPING CENTRE, JELENIA GÓRA, POLAND

Opening	October 2015
Leasable area	24,800 sqm, including a 2,400 sqm supermarket
Occupancy rate	93% (Q2 2017/18: 93%)
Footfall 2016	3.7 million

Planned operational measures:

- Replace weak tenants to improve the tenant mix.
- Let vacant premises.
- Optimise the tenant mix.
- Launch strong marketing and image building campaigns.

Since the centre opened in October 2015, efforts have been ongoing to optimise the tenant mix by replacing weak tenants with more robust tenants/concepts. The revenue index for 2017 to date is 113 relative to the same period of 2016, and the footfall index is 117. Nevertheless, operational results are generally too weak and thus unsatisfactory to the Group.

The main focus is on growing revenue by strengthening the centre's appeal. This can be achieved by means of strong marketing and image-building campaigns to raise customer awareness of the centre and by continuing to replace weak tenants with new and stronger concepts.

The overall performance of these two centres is not satisfactory. Maturing and optimising the centres will likely take longer than previously expected, causing their sale to be delayed or to be quick but at a lower price than expected. A postponed sale of the centres will mean that TK Development will have to pay a larger than expected advance return to the joint venture partner. TK Development recognised an impairment loss of DKK 26 million on the investment in financial year 2016/17 and has now written down its value by an additional DKK 65 million.

OTHER ASSET MANAGEMENT ACTIVITIES

In addition to completed properties, the Group's asset management activities comprise land and development projects in markets where the Group wishes to eventually discontinue its activities.

Amounting to DKK 346.3 million at 31 October 2017, these plots of land and development projects consist of:

- Poland: three plots of land and a residential project in Bielany, Warsaw, under development (DKK 270.3 million.)
- Czech Republic: an outlet project under development and a plot of land in Prague (DKK 45.5 million).
- Baltic States: a retail project in Vilnius and two plots of land in Riga (DKK 28.8 million).
- Germany: a plot of land (DKK 1.7 million).

The Company's project in Russia has been sold to a private investor, and TK Development has thus exited the Russian market altogether.

MetroBielany, residential project, Bielany, Warsaw, Poland

In Warsaw, TK Development is developing a residential project of owner-occupied units totalling about 51,000 sqm. The project is being built in four phases, and the first two phases, totalling 22,700 sqm, have been completed and for the most part sold and handed over to private users.

The third phase comprises about 15,650 sqm and consists of 263 residential units and service facilities. Construction commenced in June 2016 with completion of the residential units scheduled for spring 2018. The construction and the pre-completion sale are progressing satisfactorily. 81% (Q2 2017/18: 68%) of the units have been sold.

The fourth phase will comprise about 12,500 sqm and consist of 227 residential units and service facilities. The pre-completion sale has begun, and 20% of the units have been reserved in advance. Construction commenced after the balance sheet date with completion of the residential units scheduled for autumn 2019.

Outlet Arena Moravia, Ostrava, Czech Republic

As part of the termination of the Group's Czech activities and in order to optimise values, the Board of Directors has, as previously announced, decided to develop and complete the Outlet Arena Moravia development project in Ostrava. The outlet centre will comprise about 17,000 sqm to be built in two phases, with the initial phase covering about 11,700 sqm. Building permits for all parts of the project have been obtained, and construction of the initial phase commenced after the balance sheet date. The initial phase consists of some 70 shops, and binding leases have been signed for more than half the space. The project has been sold under a conditional sale agreement to CPI Property Group, a major international property group with properties in more than 11 countries. The initial phase is expected to be handed over to the investor in late 2018.

Domus Pro, Vilnius, Lithuania

In Vilnius, Lithuania, the final phase, comprising 4,550 sqm, of an 11,300 sqm retail park has been completed, and tenants are currently taking possession of their premises. The project has been sold to a fund managed by Baltic Horizon Fund. This final phase of the project is expected to be handed over to the investor by end-January 2018, after which TK Development will have exited the Lithuanian market altogether.

Outlet Arena Moravia, Ostrava, Czech Republic



The Board of Directors and the Executive Board have today considered and approved the interim report of TK Development A/S for the nine months ended 31 October 2017.

The interim report, which has not been audited or reviewed by the Company's auditors, has been prepared in accordance with IAS 34 'Interim financial reporting' as adopted by the EU and Danish disclosure requirements for interim reports of listed companies.

In our opinion, the interim financial statements give a true and fair view of the Group's financial position at 31 October 2017 and of the results of the Group's operations and cash flows for the nine months ended 31 October 2017.

Furthermore, in our opinion, the management commentary includes a fair review of the development in the Group's operations and financial matters, the results for the period and the Group's financial position in general as well as a description of the principal risks and uncertainties facing the Group.

Aalborg, 11 December 2017

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

Anne Skovbro Andersen

Michael Bruhn

INCOME STATEMENT

DKKm	Note	Q1-Q3 2017/18	Q1-Q3 2016/17	Q3 2017/18	Q3 2016/17	Full year 2016/17
Net revenue		244.6	348.5	60.1	111.4	401.5
Value adjustment of investment properties, net		-25.0	0.0	-25.0	0.0	0.0
Project costs	4	-513.0	-275.9	-356.4	-83.1	-318.4
Gross profit/loss		-293.4	72.6	-321.3	28.3	83.1
Income from investments in joint ventures		-20.2	15.2	-60.9	10.2	48.8
Gross profit/loss including income from investments in joint ventures		-313.6	87.8	-382.2	38.5	131.9
Other external expenses		14.7	15.5	4.8	4.8	21.2
Staff costs		43.9	44.0	14.5	14.3	58.5
Total		58.6	59.5	19.3	19.1	79.7
Profit/loss before financing and depreciation		-372.2	28.3	-401.5	19.4	52.2
Depreciation and impairment of non-current assets		0.5	0.3	0.2	0.1	0.4
Operating profit/loss		-372.7	28.0	-401.7	19.3	51.8
Income from investments in associates		0.5	0.5	0.1	0.1	0.5
Financial income		7.9	8.6	2.4	2.3	9.9
Financial expenses		-33.5	-36.9	-12.6	-12.2	-48.4
Total		-25.1	-27.8	-10.1	-9.8	-38.0
Profit/loss before tax		-397.8	0.2	-411.8	9.5	13.8
Tax on profit/loss for the period		-1.9	4.3	-8.8	3.8	6.7
Profit/loss for the period		-395.9	-4.1	-403.0	5.7	7.1

EARNINGS PER SHARE IN DKK

Earnings per share (EPS)	-4.0	0.0	-4.1	0.1	0.1
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COMPREHENSIVE INCOME STATEMENT

Profit/loss for the period	-395.9	-4.1	-403.0	5.7	7.1
Items that may be re-classified to profit/loss:					
Foreign-exchange adjustments, foreign operations	6.5	4.1	2.3	2.3	3.4
Value adjustment of available-for-sale financial assets	0.0	0.0	0.0	0.0	0.1
Value adjustment of hedging instruments	0.1	-0.6	0.0	0.5	-0.3
Tax on other comprehensive income	-1.8	-2.4	-0.7	-1.2	-1.4
Other comprehensive income after tax from joint ventures	-0.1	-1.3	-0.2	0.2	-0.9
Other comprehensive income for the period	4.7	-0.2	1.4	1.8	0.9
Comprehensive income for the period	-391.2	-4.3	-401.6	7.5	8.0

CONSOLIDATED FINANCIAL STATEMENTS

BALANCE SHEET

DKKm	Note	31 Oct. 2017	31 Jan. 2017
ASSETS			
Non-current assets			
Other fixtures and fittings, tools and equipment		3,0	1,3
Property, plant and equipment		3,0	1,3
Investment properties		28,1	53,1
Investment properties		28,1	53,1
Investments in joint ventures		260,6	277,2
Investments in associates		4,9	4,9
Receivables from joint ventures		131,9	185,3
Receivables from associates		9,0	8,9
Other securities and investments		4,6	5,0
Financial assets		411,0	481,3
Deferred tax assets		66,3	75,4
Other non-current assets		66,3	75,4
Non-current assets		508,4	611,1
Current assets			
Projects in progress or completed		1.923,5	2.155,2
Trade receivables		15,3	10,7
Receivables from joint ventures		6,1	11,6
Other receivables		13,4	13,4
Prepayments		32,9	12,9
Receivables		67,7	48,6
Other securities and investments		4,1	4,1
Deposits in blocked and escrow accounts	5	31,4	23,4
Cash and cash equivalents	5	6,8	10,5
Current assets		2.033,5	2.241,8
ASSETS		2.541,9	2.852,9

BALANCE SHEET

DKKm	Note	31 Oct. 2017	31 Jan. 2017
EQUITY AND LIABILITIES			
Equity			
Share capital		98.2	98.2
Other reserves	6	-3.7	-8.4
Retained earnings		808.0	1,203.9
Equity		902.5	1,293.7
Liabilities			
Provisions		0.3	0.9
Deferred tax liabilities		4.5	13.8
Non-current liabilities		4.8	14.7
Credit institutions		1,516.7	1,433.3
Trade payables		77.6	72.7
Prepayments from customers		2.0	0.0
Corporate income tax		3.1	2.9
Provisions		2.1	1.9
Other debt		26.1	28.4
Deferred income		7.0	5.3
Current liabilities		1,634.6	1,544.5
Liabilities		1,639.4	1,559.2
EQUITY AND LIABILITIES		2,541.9	2,852.9

STATEMENT OF CHANGES IN EQUITY

DKKm	Share capital	Other reserves	Retained earnings	Total equity
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
Equity at 1 February 2017	98.2	-8.4	1,203.9	1,293.7
Profit/(loss) for the period	0.0	0.0	-395.9	-395.9
Other comprehensive income for the period	0.0	4.7	0.0	4.7
Total comprehensive income for the period	0.0	4.7	-395.9	-391.2
Equity at 31 October 2017	98.2	-3.7	808.0	902.5

CASH FLOW STATEMENT

DKKm	Q1-Q3 2017/18	Q1-Q3 2016/17	Full year 2016/17
Operating profit/loss	-372.7	28.0	51.8
Adjustments for non-cash items:			
Income from investments in joint ventures	20.2	-15.2	-48.8
Value adjustment investment properties, net	25.0	0.0	0.0
Depreciation and impairment	315.3	2.4	12.6
Provisions	-0.4	-2.6	-3.3
Foreign-exchange adjustment	-0.6	0.9	-1.9
Increase/decrease in investments in projects, etc.	-57.4	-53.3	-130.8
Increase/decrease in receivables	-24.7	41.5	35.6
Dividend from joint ventures	62.5	40.3	40.3
Increase/decrease in receivables from joint ventures	-8.6	-1.4	-1.6
Sale of joint ventures	0.4	1.0	4.6
Investments in joint ventures	-0.6	-3.6	-5.4
Changes in deposits on blocked and escrow accounts	-7.7	42.6	72.8
Increase/decrease in payables and other debt	6.5	0.5	2.2
Cash flows from operations	-42.8	81.1	28.1
Interest paid, etc.	-49.7	-56.3	-63.4
Interest received, etc.	6.7	5.7	8.6
Corporate income tax paid	-0.2	-5.5	-5.8
Cash flows from operating activities	-86.0	25.0	-32.5
Investments in equipment, fixtures and fittings	-2.0	-0.4	-0.8
Sale of equipment, fixtures and fittings	0.1	0.1	0.1
Dividend from associates	0.6	0.0	0.0
Increase/decrease in receivables from joint ventures	5.4	-1.2	-1.0
Investments in joint ventures	-3.8	-3.1	-6.6
Purchase of securities and investments	0.0	-5.9	-5.9
Sale of securities and investments	0.3	2.6	13.2
Cash flows from investing activities	0.6	-7.9	-1.0
Raising of project financing	184.2	152.7	210.9
Reduction of project financing/repayments, credit institutions	-102.9	-153.3	-172.6
Cash flows from financing activities	81.3	-0.6	38.3
Cash flows for the period	-4.1	16.5	4.8
Cash and cash equivalents, beginning of year	10.5	5.6	5.6
Foreign-exchange adjustment of cash and cash equivalents	0.4	0.0	0.1
Cash and cash equivalents, end of period	6.8	22.1	10.5

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

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.

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 2017, TK Development has implemented the new and amended standards that are effective for financial years starting on or after 1 February 2017. The implementation of new and amended standards has not resulted in any changes in accounting policies.

The accounting policies applied in the interim financial statements are consistent with the accounting policies applied in the consolidated financial statements for 2016/17, which are in accordance with International Financial Reporting Standards as adopted by the EU. For a detailed description of the accounting policies applied, reference is made to TK Development's annual report for 2016/17.

In connection with the annual report for 2016/17, income from investments in joint ventures was reclassified to operating profit or loss. As a consequence, the presentation of cash flows concerning joint ventures was changed. Such cash flows are now included in cash flows from operating activities or cash flows from investing activities based on a specific assessment of the actual circumstances in each joint venture. Comparative figures for Q1-Q3 2016/17 in both the income statement and the cash flow statement have been restated accordingly.

NOTE 2. ACCOUNTING ESTIMATES AND JUDGMENTS, INCLUDING RECOGNITION AND MEASUREMENT UNCERTAINTIES

In preparing the interim report, Management makes a number of accounting estimates and judgments that will significantly affect the interim financial statements, in particular in relation to the measurement of the Group's projects in progress and completed projects and the Group's deferred tax assets. The most significant uncertainties are the same as at the time of preparation of the annual report for 2016/17.

The results of operations for the nine months ended 31 October 2017 were affected by impairment losses totalling DKK 405.4 million. These impairment losses were triggered by the Board of Directors' decision to terminate the Group's Polish activities within a period of two years and to accelerate the sale and termination of the Group's overall asset management activities.

The impairment losses were recognised as follows:

- A total of DKK 25 million relates to a negative value adjustment of the Group's German investment property due to the failure of planned development efforts to produce satisfactory results for the Group.
- A total of DKK 35 million relates to impairment of a plot of land in Latvia and a plot of land in Germany, the development of which has proven more difficult than previously assumed.
- A total of DKK 60 million relates to impairment of three Polish plots of land. Due to their size and to regulatory issues, these plots of land are difficult to develop in the short term, and the Board of Directors' decision to terminate the activities in Poland and thus to sell these plots of land within a relatively short period of time has caused a reduction of their carrying amounts.
- A total of DKK 65.4 million relates to impairment of the Group's investment in a joint venture owning two shopping centres in operation in Poland. The operating performance and earnings of these centres are improving but at a slower pace than expected, and a postponed sale will mean that TK Development will have to pay a larger preferred return to the joint venture partner than previously expected.
- A total of DKK 100 million relates to Galeria Sandeja in Nowy Sacz, Poland, while a total of DKK 120 million relates to Silkeborg

NOTE 2. ACCOUNTING ESTIMATES AND JUDGMENTS, INCLUDING RECOGNITION AND MEASUREMENT UNCERTAINTIES, CONTINUED

Shopping in Frederikssund, Denmark. The process of maturing and optimising these centres has not been satisfactory, and the Board of Directors notes that it has not been possible to mature the assets as quickly as hoped. There is still maturing potential, but it is expected to take longer than previously assumed to realise selling prices in line with original expectations. Based on the Group's future focus on its property development business and given the current economic climate, tying up capital in asset management activities for a longer period is not considered attractive. Accordingly, the assets will be divested as soon as possible.

The carrying amount of completed properties in operation within the asset management segment at 31 October 2017 is DKK 898 million. The carrying amount of land and development projects within the asset management segment at 31 October 2017 is DKK 346.3 million.

The carrying amount of the Group's total project portfolio, projects in progress and completed projects, at 31 October 2017 is DKK 1,923.5 million. Accumulated impairment losses at 31 October 2017 are DKK 562.9 million, and the carrying amount of projects in progress and completed projects written down to expected net realisable value is DKK 1,134.9 million, of which DKK 1,113.9 million relates to assets under management.

NOTE 3. SEGMENT INFORMATION

TK Development's internal reporting is divided into property development and asset management activities. The segmentation was adjusted in Q3 2017/18 as a result of the Board of Directors' decision to divest the Group's Polish activities, and all the Group's Polish activities have been transferred to the asset management segment effective 31 October 2017. At the same time, the previously non-allocated balance sheet items, primarily tax, have been transferred to the individual segments. The comparative figures have been restated accordingly.

Through to 31 October 2017 (profit/loss), property development comprised real property development in Denmark, Sweden and Poland, while from 31 October 2017 (balance sheet), the segment only comprises real property development in Denmark and Sweden.

Through to 31 October 2017 (profit/loss), asset management comprised the Group's completed properties and investment properties in operation in all the Group's markets, excluding BROEN Shopping, as well as land and development projects in markets where the Group wishes to eventually discontinue its activities. Effective 31 October 2017 (balance sheet), asset management comprises all activities outside Denmark and Sweden as well as completed properties in operation in Denmark.

Effective 31 October 2017, the Group's net investment in BROEN Shopping has been transferred from property development to asset management as the project has been completed and is in operation. As the transfer was made as a result of a change in project stage – from a project under development to a completed property in operation, the comparative figures have not been restated.

	Property development	Asset management	Unallocated	Total
31 October 2017				
Net revenue, external customers	165,4	79,2	0,0	244,6
Profit/loss before tax	-33,5	-355,4	-8,9	-397,8
Segment assets	1.049,1	1.492,8	0,0	2.541,9
Segment liabilities	549,1	1.090,3	0,0	1.639,4
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	809,7	1.987,7	0,0	2.797,4
Segment liabilities	344,1	1.171,9	0,0	1.516,0

NOTE 4. PROJECT COSTS

DKKm	Q1-Q3 2017/18	Q1-Q3 2016/17	Full year 2016/17
Project costs	198.0	273.7	306.7
Impairment losses on projects in progress or completed projects	315.0	2.2	11.7
Project costs, total	513.0	275.9	318.4

NOTE 5. LIQUIDITY RESERVES

DKKm	31 Oct 2017	31 Jan 2017
The liquidity reserves break down as follows:		
Cash and cash equivalents	6.8	10.5
Unutilized operating credit facilities	61.0	16.6
Total	67.8	27.1
Deposited funds for later release	31.4	23.4
Total liquidity reserve	99.2	50.5

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 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
Other reserves at 1 February 2017	0.0	-1.7	-6.7	-8.4
Other comprehensive income:				
Other comprehensive income after tax in joint ventures	0.0	0.1	-0.2	-0.1
Exchange-rate adjustment, foreign operations	0.0	0.0	6.5	6.5
Value adjustment of hedging instruments	0.0	0.1	0.0	0.1
Deferred tax on other comprehensive income	0.0	0.0	-1.8	-1.8
Other comprehensive income, total	0.0	0.2	4.5	4.7
Other reserves at 31 October 2017	0.0	-1.5	-2.2	-3.7

NOTE 7. CHANGES IN CONTINGENT ASSETS AND CONTINGENT LIABILITIES

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

NOTE 8. TRANSACTIONS WITH RELATED PARTIES

The Company has no related parties with a controlling interest.

The Company has the following related parties:

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

DKKm	31 Oct. 2017	31 Jan. 2017	31 Oct. 2016
Board of Directors and Executive Board (and their related parties):			
Fees for Board of Directors	1.1	1.3	1.0
Salaries, etc., Executive Board	5.6	7.4	5.6
Joint ventures:			
Fees	2.0	2.2	1.7
Interest income	6.6	7.5	5.5
Receivables (balance)	138.0	196.9	198.4
Associates:			
Fees	1.2	0.9	0.9
Interest income	0.1	0.1	0.1
Receivables (balance)	9.0	8.9	8.9

No security or guarantees had been furnished for balances owing to or by related parties at the reporting date or at 31 January 2017. Receivables and payables are settled by payment in cash. No losses were realized on receivables from related parties. An impairment of DKK 65.4 million was made in Q1-Q3 2017/18 to provide for a probable loss on such receivables (Q1-Q3 2016/17: DKK 0 million).

NOTE 9. FINANCIAL INSTRUMENTS

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

During the period under review, no changes were made to the classification within the fair-value hierarchy. There have been no changes in the Group's situation or the financial markets that materially affect the disclosures regarding financial instruments measured at fair value as appearing from the Group's Annual Report for 2016/17.

TK Development A/S

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Executive Board:

Frede Clausen

Robert Andersen

Board of Directors:

Peter Thorsen

Henrik Heideby

Arne Gerlyng-Hansen

Anne Skovbro

Michael Bruhn

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.

