



PARK STREET

ANNUAL REPORT 2021

Company: Park Street A/S
CVR: 12932502

Svanvej 12, 4
2400 København NV

Accounting period: 1 January - 31 December 2021

Chairman:



Company:

Park Street A/S
Svanevej 12
DK-2400 København NV
CVR no.: 12 93 25 02
LEI no.: 213800VGJC18MRKMZC33
Registered office: Copenhagen, Denmark

Phone: +45 33 33 93 03

Internet: www.nordicom.dk / www.psnas.com

E-mail: nordicom@nordicom.dk

Board of Directors:

Anita Nassar, Chairman
Andrew John Essex La Trobe
Claes Peter Rading
Ohene Aku Kwabong
Pradeep Pattem

Management:

CEO Pradeep Pattem

Auditor:

PriceWaterhouseCoopers Statsautoriseret Revisionspartnerselskab

Main activity:

Park Street is a fully integrated European real estate investment and asset management company with offices in Copenhagen and London. It owns and manages a large portfolio of commercial properties located across Denmark.

Annual General Meeting:

Annual General Meeting to be held April 25th, 2022 at 10:00 at Svanevej 12, 2400 Copenhagen NV, Denmark.

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Main Activity

Park Street is a fully integrated European real estate investment and asset management company with offices in Copenhagen and London. It owns and manages a large portfolio of commercial properties located across Denmark.

Results of the year 2021

Park Street result analysis primarily uses the term EBVAT (Earnings before value adjustments and tax) to measure the Group's operating results.

In 2021, Park Street achieved EBVAT of DKK 56.9 million (2020: DKK 69.8 million), for the period.

The EBVAT achieved is DKK 12.9 million lower than the one in 2020. The decrease is mainly caused by the reduction of net sales partly compensated by the reduction of operating expenses, overheads and financial expenses.

The evolution of the EBVAT is influenced by the following factors:

- Gross profit in 2021 is DKK 117.4 million (2020: DKK 125.0 million), equivalent to a decrease of DKK 7.6 million. The reduction in gross profit is primarily due to a reduction in rental income (- DKK 2.5 million) and other income (- DKK 18.0 million) primarily due to the sale of properties, intentional vacancy in order to initiate residential projects and a delay on filling vacancies due to the uncertainties caused by Covid-19, partially offset by a reduction in external consulting expenses relating to properties (-DKK 5.2 million) and service costs (-DKK 4.8 million) and an increase in income received from the hotels in the group (DKK 2.9 million).
- The Group's overheads were DKK 34.7 million in 2021 against DKK 29.4 million in 2020. The increase of DKK 5.3 million is caused by an increase in external advisor expenses and expensing the intangible asset value relating to software expenditure.
- Net financial items amounts to DKK -25.9 million in 2021 against DKK -25.8 million in 2020, representing a negative change of DKK 0.1 million driven by an increase in the debt with financial institutions including development loan for Pulse N with higher margins interest rates.

Net Profit of the period is DKK 145.4 Million in 2021 (2020: DKK 145.3 million) due to the following effects:

- Fair value adjustment in 2021 with a net of DKK 128.9 million while the fair value adjustment in 2020 had a net effect of DKK 79.5 million. In both periods an evaluation of the domicile and investment properties have been made adjusting the yield and the estimated profit and loss by the entire portfolio of Park Street A/S and subsidiaries.
- In 2021, the sale of two non-core and stabilized properties which generated a profit of 1.5 million DKK (2020: DKK 38.5 million).

The Group's equity as at 31st December 2021 was DKK 1,217 million, compared to DKK 1,071.9 million as at 31 December 2020. The improvement in the Group's equity is due to the profit for the period.

The operation of the Group's properties in 2021 was impacted by the restraint shown by businesses to commit to leases and investment, which has delayed closings of some new leases. We also further received some long expected terminations. The current vacancy rate (calculated by rental value) for the Group's investment properties at 22.2% in 2021, against 22.1% for all of 2020. There are several pending discussions from 2021 with potential tenants should lead to a highly intensive period of concluding new leases and reducing the vacancy levels. During the first months of 2022, there has been a positive traction with the signature of new leases.

Property acquisitions and sales

In 2021, Park Street sold the following properties and plots:

- Residential unit in Ballerup
- Land plot in Naestved

Organisation

Since April of 2021 when the Annual General Meeting of the Company took place the Board of Directors of Park Street consists of Andrew La Trobe, Pradeep Patten, Ohene Aku Kwabong, Anita Nassar and Claes Peter Rading.

The number of employees of Park Street were 26 by the end of 2021, against 38 at the start of the year.

Subsequent events after December 31, 2021

An investment property in Loftborvej has been sold in January 2022.

Significant leases for over 3,800 square meters have been signed since January 2022.

The Company has announced buyback program for Class A and Class B shares.

From the balance sheet date until the date of presentation of this Annual Report no additional events have occurred other than the abovementioned which significantly affects the assessment of the annual report.



Outlook and Strategy for 2022

Background 2021

The last 2 years of disruption has reinforced the secular shift towards service and technology driven segments of Real Estate. It also challenged the concept of need for "Space" to work or shop while enhancing the needs for the "Space" to live.

Managed **Youth Housing & Collaborative Workspaces** will thrive and outperform in the Real Estate market in the next 2-3 years.

- Strong balance sheet with 40% of Equity Ratio, well above our long-term target of 35%
- Estimated EBVAT of DKK 56.9m is lower than our target, significantly impacted by one off financing related costs and limited closing of new leases
- All Short-Term loan has been repaid with only Long-Term financing the portfolio
- Initiated Pulse N development with institutional development financing in place.
- Successful launch of Pulse O with full occupancy well ahead of target

Portfolio Strategy 2022

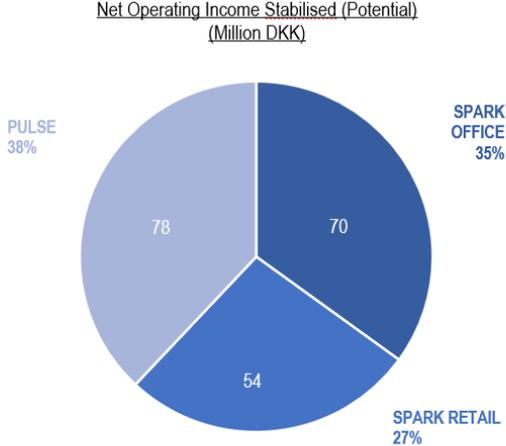
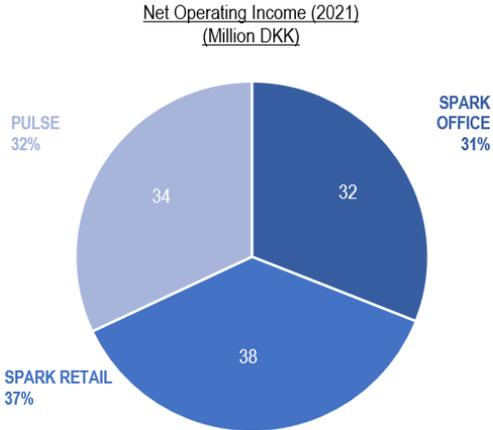
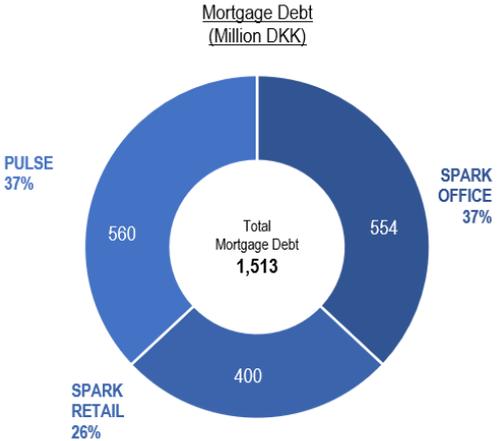
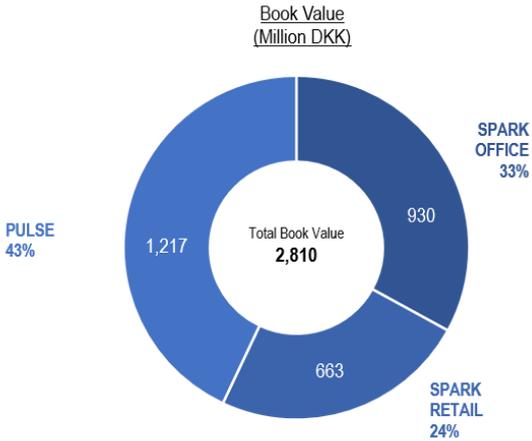
After an indepth review of the portfolio, the portfolio of our assets are now classied into three buckets with clear associated strategy.

| Strategy | Spark Office |
|--|--------------|
| Number of Assets | 16 |
| Debt (DKK) | 553,705,564 |
| Book Value (DKK) | 929,841,576 |
| Net Operating Income 2021 (DKK) | 32,090,366 |
| Stabilized Potential Rental Value* (DKK) | 70,159,088 |

| Strategy | Spark Retail |
|--|--------------|
| Number of Assets | 22 |
| Debt (DKK) | 399,392,717 |
| Book Value (DKK) | 663,089,742 |
| Net Operating Income 2021 (DKK) | 38,164,267 |
| Stabilized Potential Rental Value* (DKK) | 53,984,249 |

| Strategy | Pulse |
|--|---------------|
| Number of Assets | 16 |
| Debt (DKK) | 560,663,040 |
| Book Value (DKK) | 1,217,145,167 |
| Net Operating Income 2021 (DKK) | 33,865,502 |
| Stabilized Potential Rental Value* (DKK) | 78,742,173 |

(*) Stabilized Potential Rental Value is defined to be the full potential rental value upon full occupancy of the properties after completion of any required redevelopment works and capital expenditure.



Asset Management 2022

- Reduce portfolio size with targeted exits of assets – projecting over DKK 400m of Property Sales*
- Reduce Debt with the sale proceeds – projecting over DKK 200m of Debt Reduction
- Enhance Leasing activity across portfolio to compensate for reduced assets and improve efficiencies
- Initiate Pulse T development
- Shares buy back program towards return of capital in view of asset disposal plans
- Targeted reinvestment of Capital from sales towards Pulse Living expansion

* We have concluded sales of over DKK 100m in January 2022



To strengthen the two pillars:

- Pulse Living – Youth Housing Concept (scaling up stage)
- Spark Offices – Collaborative Office Hubs (prototype stage)
- Invest and Develop large assets in key cities (12 Assets/ hubs currently)

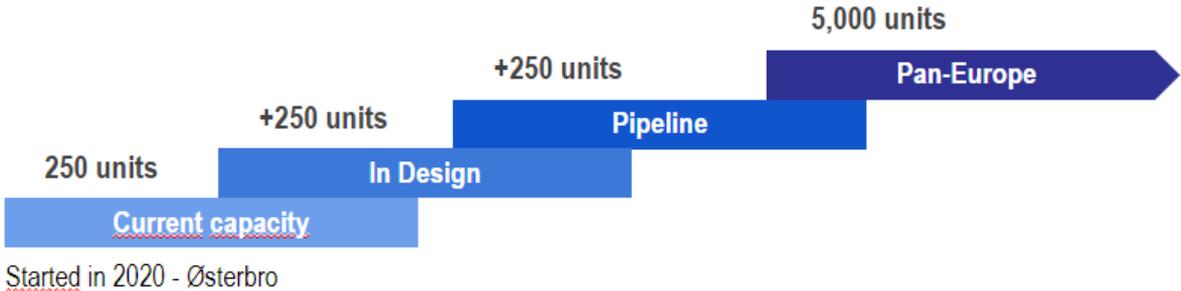
Exit assets not part of Core Strategy:

- Asset with limited scale, regional locations, and in Retail only segment will be exited
- 34 assets planned for exit currently
- Over next 3 years

The Pulse Vision

Youth Housing – Simplified vibrant communities

In the next 5 years we aim to reach 10 cities, each with 2-4 centres. That is 1,000 residents in 2 years and onwards to 5,000 residents.



- Scaling with Design & Technology
- End-to-end Real Estate technology platform for leasing, governance, financial reporting, property management, and administration

Pulse Living Experience @PulseO

At present, 77% enquiries are through the website and email, 13% from Facebook, 3% through listing sites.

- 🌐 Website, Facebook, Instagram
- 📱 WhatsApp Community
- 📅 Events
- 🏠 Neighbourhood

At pulseliving.dk

| | |
|-----------------------|--------|
| Site sessions | 7,916 |
| Unique visitors | 4,545 |
| Avg. session duration | 5m 18s |



A close-knit thriving international community



26 years old
Range: 22-45 years



From **34 countries**
5% from Denmark



70% Young Professionals
30% Students



95% have a lease > 12 months



Customer Testimonials

"I love it here in Tåsingevej 29! Accommodation is very good for the price and the management are super helpful."

"Nice space! I rented a Studio plus and the bathroom is quite spacious than most studio apartments I have seen in CPH."

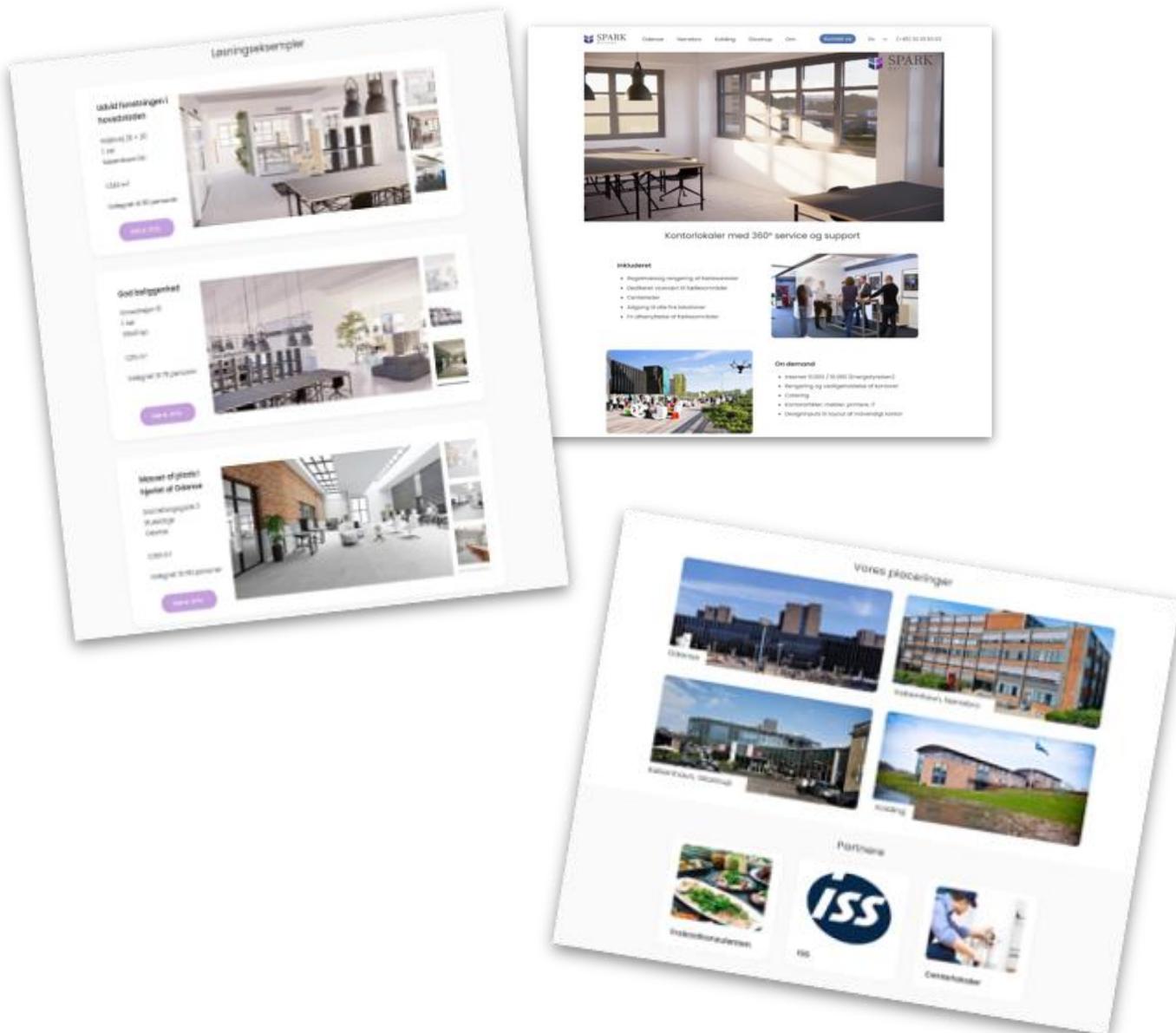
The Spark Vision

Prototyping a platform for the future in the next 12 months

Localised hubs of managed office spaces

1. Best in class administration focused on tenant satisfaction
2. Curated high quality service options available
3. Each location as a hub promoting community empowered with local ecosystem
4. International collaboration throughout all locations, sharing common spaces and more

At sparkoffices.dk



At Park Street we are excited to scale up **PulseLiving.dk** & shape **SparkOffices.dk** over the next years, while facilitating an exit for assets which will fit better with alternative owners.

We look forward to a year of significant value creating activity

- Redeploy own capital along with long term Capital Partners into Pulse Strategy
- Exit assets to release capital to facilitate a focussed strategy and return of capital to shareholders via share buybacks

At Park Street, we will

- Invest in **Core Strategy** and exit from non-aligned asset portfolios
- Strive for **Efficient Operations** across all portfolios and improve profitability
- Create **Technology based solutions** to rapidly scale
- Continue to stay **Financially Strong**
- Invest in the **Bright Passionate Team**

Financial Highlights

Key figures

| Amounts in DKK 1000s | 2021 | 2020 | 2019 | 2018 | 2017 |
|--|-----------|-----------|-----------|-----------|-----------|
| Income statement | | | | | |
| Rental income | 124,328 | 126,903 | 147,518 | 149,729 | 140,678 |
| Total net sales | 158,264 | 172,669 | 203,166 | 175,444 | 167,657 |
| Gross profit | 117,418 | 124,979 | 150,093 | 146,154 | 132,106 |
| Profit from primary operations | 187,225 | 187,759 | 146,021 | 142,341 | 392,800 |
| Financial items | -25,881 | -25,757 | -29,105 | -33,409 | -73,397 |
| Earnings before value adjustments and tax (EBVAT) | 56,866 | 69,813 | 83,223 | 84,014 | 25,902 |
| Profit for the period | 145,459 | 145,321 | 115,053 | 108,289 | 360,137 |
| Statement of financial position | | | | | |
| Investment properties | 2,615,015 | 2,462,633 | 2,477,996 | 2,304,614 | 2,255,395 |
| Investments in property, plant and equipment | 25,803 | 36,991 | 19,257 | 2,650 | 11,702 |
| Balance sheet total | 3,020,749 | 2,723,066 | 2,772,843 | 2,580,698 | 2,488,782 |
| Interest-bearing debt | 1,509,471 | 1,405,024 | 1,633,364 | 1,590,916 | 1,783,271 |
| Total equity | 1,217,038 | 1,071,946 | 931,133 | 810,652 | 554,947 |
| Statement of cash flows | | | | | |
| Cash flows from operations | 57,999 | 61,966 | 92,856 | 87,930 | 32,377 |
| Cash flows from investment | -17,777 | 137,919 | -125,487 | 51,825 | 24,885 |
| Cash flows from financing | 104,447 | -238,341 | 39,927 | -94,668 | -116,556 |
| Other disclosures | | | | | |
| Non-current liabilities as a proportion of total liabilities (%) | 95.7 | 94.1 | 89.7 | 94.1 | 82.7 |
| Share capital | 67,513 | 67,513 | 67,513 | 67,513 | 42,853 |
| Share price, end of period (DKK) | 9.00 | 10.00 | 6.65 | 6.7 | 5.8 |
| Share price change in points | -1.00 | 3.35 | -0.05 | 0.9 | 4.5 |
| Dividend per share | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Number of employees in the Group (average) | 26 | 26 | 32 | 27 | 23 |

| Financial ratios | 2021 | 2020 | 2019 | 2018 | 2017 |
|--|-------|-------|-------|-------|-------|
| Return on property portfolio (% p.a.) | 4.3 | 4.7 | 5.8 | 5.9 | 5.5 |
| Average loan rate (% p.a.) | 1.8 | 1.8 | 1.8 | 2.0 | 3.7 |
| Return margin on property portfolio (% p.a.) | 2.5 | 2.9 | 4.0 | 3.9 | 1.8 |
| Return on equity (%) | 11.9% | 13.6% | 12.4% | 13.4% | 64.9% |
| Equity ratio (%) | 40.3% | 39.4% | 33.6% | 31.4% | 22.3% |
| Net asset value per share, end of period (DKK) | 18.0 | 15.9 | 13.8 | 12.0 | 13.0 |
| Earnings per share (avg. Number of shares) (DKK) | 2.2 | 2.2 | 1.7 | 1.7 | 21.3 |
| Earnings per share, end of period (DKK) | 2.2 | 2.2 | 1.7 | 1.6 | 8.4 |
| Result of continuing activities per. share (kr.) | 2.2 | 2.2 | 1.7 | 1.6 | 8.4 |
| Dividend yield (%) | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Price/net asset value, end of period | 0.4 | 0.0 | 0.5 | 0.6 | 0.4 |
| Cash flow per share (DKK) | 0.9 | 0.9 | 1.4 | 1.4 | 1.9 |

The above financial ratios are calculated in accordance with the definitions in note 22 to the parent company financial statements in the Annual report for 2021.

Financial Results

Yearly result compared to expected development

The Group achieved in 2021 an EBVAT (profit excluding value adjustments and tax) of DKK 56.8 million, which is marginally lower than the guidance mentioned in the interim report for the first half of 2021, in view of Covid-19 related disruption to leasing activity.

Segment Information

Park Street does not present segment information and the Group's portfolio is presented as one.

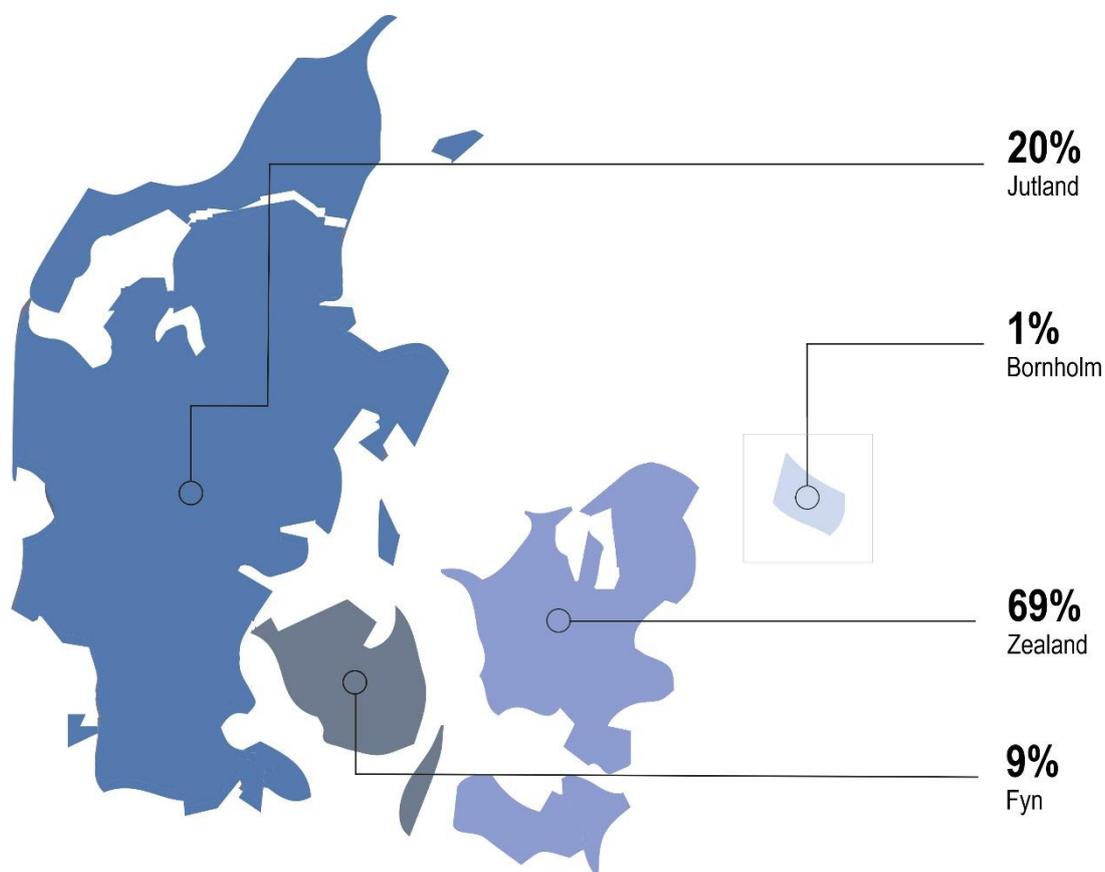
Operation from Investment Properties

The Group's investment properties at December 31, 2021 is composed of all the Group's 52 properties, excluding

- 2 properties classified as domicile property

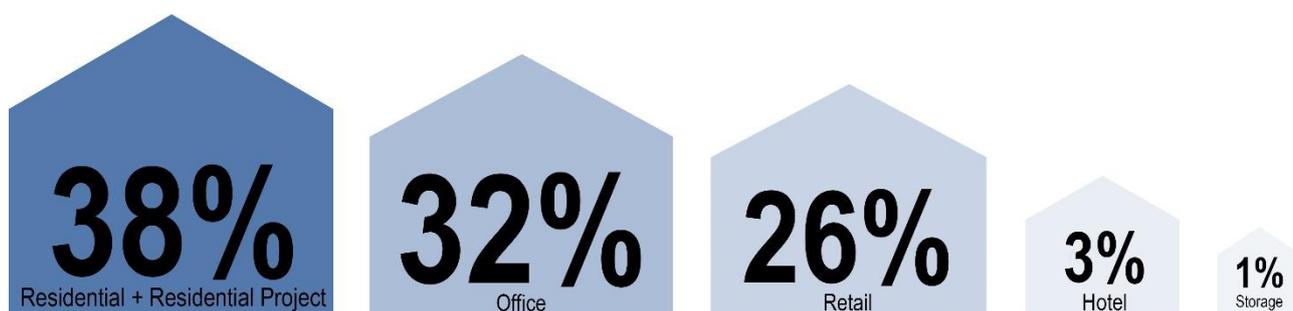
The Group's investment properties are geographically concentrated in Greater Copenhagen and Zealand. Based on investment property values, the portfolio allocates as follows:

| Amount in Million DKK | 2021 | | 2020 | |
|-----------------------|--------------|-----|--------------|-----|
| Zealand | 1,825 | 69% | 1,664 | 68% |
| Bornholm | 38 | 1% | 38 | 2% |
| Fyn | 249 | 9% | 231 | 9% |
| Jutland | 524 | 20% | 529 | 21% |
| Total | 2,636 | | 2,462 | |



The breakdown by activity based the property value is split as follows:

| Amount in Million DKK | 2021 | | 2020 | |
|-----------------------|--------------|-----|--------------|-----|
| Residential | 515 | 20% | 339 | 14% |
| Residential Project | 470 | 18% | 394 | 16% |
| Office | 842 | 32% | 701 | 28% |
| Retail | 692 | 26% | 907 | 37% |
| Hotel | 92 | 3% | 89 | 4% |
| Storage | 26 | 1% | 32 | 1% |
| Total | 2,636 | | 2,462 | |



The following table shows the calculated average vacancy divided by property types:

| Average vacancy in % | 2021 | 2020 |
|----------------------|--------------|--------------|
| Retail | 19.3% | 18.4% |
| Office (*) | 30.8% | 31.0% |
| Residential | 10.8% | 13.7% |
| Storage | 39.9% | 42.9% |
| Others | 0.0% | 0.0% |
| Total | 22.2% | 22.1% |

(*) Office vacancies include a potential re-development project in an asset located in Odense.

The following table shows the calculated average gross rent obtained divided by property types on properties held at 31 December 2020:

| Avg. gross rent per sqm p.a. (DKK) | 2021 | 2020 |
|------------------------------------|------------|------------|
| Retail | 1,184 | 826 |
| Office | 969 | 867 |
| Residential | 2,256 | 1,188 |
| Storage | 405 | 337 |
| Other | 924 | 430 |
| Total | 907 | 808 |

Consolidated Financial Review

PROFIT AND LOSS

Park Street's Net Profit is DKK 145.4 million for 2021 (2020: DKK 145.3 million), equivalent to a change of DKK 0.1 million in relation to 2020.

As mentioned above the EB VAT in 2021 is DKK 56.9 million (2020: DKK 69.8 million), which is DKK 12.9 million lower than the one achieved in 2020. The reduction is primarily driven by the reduction of the gross profit (DKK -7.6 million), due to a reduction in rental income (- DKK 2.5 million) and other income (- DKK 18.0 million) primarily driven by the sale of properties, intentional vacancy in order to initiate residential projects and a delay on filling vacancies due to the uncertainties caused by Covid-19. This has partially been offset by a reduction in external consulting expenses relating to properties (-DKK 5.2 million) and service costs (- DKK 4.8 million) and an increase in income received from the hotels in the group (DKK 2.9 million).

Net Profit of the period is DKK 145.4 Million in 2021 (2020: DKK 145.3 million) due to a higher revaluation of the investment properties amounting to DKK 128.9 Million (2020: DKK 79.5 Million). Additionally, the sale of two non-core stabilized properties have generated a profit of 1.5 million DKK while in 2020 the sale of assets generated DKK 38.5 million. To finalize, the effect of the Tax on profit is lower in 2021, being DKK 41.8 Million in 2021 (2020: DKK 42.4 Million) due to a relatively lower increase in fair value adjustments.

BALANCE SHEET

Park Street's balance sheet total as at 31 December 2021 was DKK 3,020.7 million, an increase of DKK 297.7 million on the balance sheet total at 31 December 2020. The increase is mainly due revaluation of investment and domicile properties of DKK 128.9 million and acquisition and improvements of assets by DKK 25.8 million. Additionally there was an increase in current assets of DKK 149.8 million (from DKK 57.4 million at 31 December 2020 to DKK 207.2 million at 31 December 2021) due to proceeds from sale of investment properties, financing and re-financing activities. Non-current assets were DKK 2,813.6 million at 31 December 2021 (31 December 2020: DKK 2,665.7 million).

The Group's equity as at 31st December 2021 was DKK 1,217.0 million, compared to DKK 1,071.9 million as at 31 December 2020. The improvement in the Group's equity is due to the profit for the period.

Liabilities to credit institutions were DKK 1,509.5 million at 31 December 2021 (31 December 2020: DKK 1,405.0 million), consisting of DKK 1,488.4 million (99%) for non-current liabilities and DKK 21.1 million (1%) for current liabilities. In 2021, financial liabilities were increased by DKK 104.4 million driven by increase in debt and amortization repayments to credit institutions.

CASH FLOWS FOR 2021

Cash flows from operating activities for 2021 were DKK 58.3 Million (2020: DKK 62.0 million), equivalent to a decrease of DKK 3.7 million in relation to the same period last year. The decrease is primarily due to the decrease of operating profit (EBIT) previously mentioned.

Cash flows from investing activities for 2021 were DKK -17.8 million (2020: DKK 137.9 million). Cash flows from investing activities were lower compared to the previous year due to larger sale of assets in 2020 as compared to 2021 (2021: DKK 8.0 million, 2020: DKK 192.8 million). There was lower improvements made to investment properties of DKK -25.8 million (2020: DKK -36.9 million).

Cash flows from financing activities for 2021 were DKK 168.1 million (2020: DKK -238.3 million) mainly driven by new financing (DKK 211.4 Million), and the remaining amount corresponds to amortization repayments to credit institutions.

The Group's liquid assets amounted to DKK 168.1 million at 31 December 2021 against DKK 23.1 million at 31 December 2020.

Uncertainty in connection with recognition and measurement

In connection with the Annual report, management makes a number of estimates and assessments regarding the carrying amount of assets and liabilities, including:

- Fair value of investment properties,
- Fair value of domicile properties,
- Impairment test on domicile properties,
- Classification of properties,
- Deferred tax assets and tax liabilities

Because of assumptions, assessments and estimates, uncertainty relates to the mentioned conditions and items. It may be necessary to change previously made estimates, etc. due to changes in the circumstances underlying the estimate, changed strategy or due to additional information, further experience or subsequent events. Reference is made to note 1 of the consolidated financial statements and note 1 in the parent company's financial statements for further discussion of the assumptions, assessments, estimates and associated uncertainties.

Parent company Park Street A/S

For the parent company Park Street A / S, profit before tax amounts to DKK 188.9 million in 2021 (2020: DKK 188.0 million).

The parent company's profit and loss before tax is affected by a gain of DKK 54.3 million (2020: loss of DKK 26.2) from subsidiaries.

Parent company equity per 31 December 2021 amounts to DKK 1,219.1 Million (31 December 2020: DKK 1,071.9 million).

Risk factors

Financial Risk

The financial management of the Group is geared towards optimising the term structure of liabilities in line with the Group's operations and minimizing the Group's financial risk exposure. It is part of the Group's policy not to conduct speculative transactions by active use of financial instruments, except to manage the financial risks inherent to the Group's core activities.

The Group is exposed to various financial risks due to its activities, including liquidity risk, market risks (primarily interest rate risk) and credit risk.

Park Street regularly reviews the Group's risk profile in the areas of greatest risk, as per above description on page 2 and on the Consolidated Financial Statements Note 1 and 28.

Other financial risks

Park Street financial risks are described in the consolidated financial statements, Note 28 and includes a description of the following components:

- Liquidity risk
 - Refinancing risk
 - Liquidity risk management
- Interest rate risk.
- Credit risk.
- Capital management.

Refer to the information in Note 28.

Business risks

Park Street is subject to normal commercial and societal risks applicable to players in the Danish real estate market.

Park Street's significant business risks can be divided into the following categories:

- Properties market value
- Market Rent
- Vacancy
- Maintenance
- Sales of properties
- Errors and omissions concerning the renovation and new construction.

Properties market value

Park Street values investment properties at fair value (market value) and includes valuation adjustments in net profit. Park Street's portfolio of properties constitute a large share of the Group's balance sheet, which means that sensitivity to falling prices in the property market is relatively large.

Property value is influenced by several factors, including a particular value sensitivity to fluctuations in the following parameters:

- i. Market rent
- ii. Vacancy
- iii. Yield

Estimated changes in the properties' fair value changes of the parameters above are disclosed in note 1 to the consolidated financial statements.

Market Rent

Some of the properties in Park Street's portfolio have leases which were either entered into or renegotiated during the tough markets of 2009 to 2014. The Group has an opportunity to review these leases to migrate the lease levels closer to market rents. Improving demand for space and increasing market rents could also give an opportunity to make capital investments on structurally vacant areas of the portfolio to create further lettable areas.

Renegotiating with existing tenants could create the risk of increased vacancy, which in turn will create a need for further capital investment requirements for upgrading the vacant space.

Vacancy

Park Street is dependent on the ability to maintain or create a natural user requirement for the properties.

In the case of a tenant's relocation of a lease, there is a risk that the vacant lease cannot be re-leased within the expected time horizon or, if necessary, can only be leased at lower rent level than expected. In addition, vacancy rates are affected by the general economic situation in the area where the individual property is situated.

Maintenance

The basis for obtaining rental income is, of course, that Park Street can offer leases that meet the expectations and requirements of the tenants, including a satisfactory maintenance condition for the property.

Lack of maintenance of properties therefore creates a risk to Park Street. Lack of maintenance can be due to many conditions, such as structural deficiencies, unforeseen wreckage, vandalism, extreme weather conditions, etc. The company prepares long term maintenance budgets and carries out the maintenance work necessary to maintain a satisfactory maintenance condition on the properties.

Sales of properties

Park Street sells properties that are suitable to sell. The selling price is naturally linked to uncertainty as it depends on the actual negotiation situation at the time of sale and is also influenced by a number of other factors, including the rental income of the property, the general interest rate level and market conditions at the time of sale.

Errors and deficiencies regarding rebuilding and newbuilding

When rebuilding the existing properties of the Group, or in the case of new construction, there is a risk of malfunctioning. Park Street ensures against this through contracts with the Group's suppliers (contractors, etc.) who will be required to correct any deficiencies. In cases where suppliers have gone bankrupt or for some reason cannot fill their obligations, Park Street may, however, have to rectify defects at your own expense, provided there is no guarantee or other security from the suppliers.

Other risks

Other risks can be divided into the following categories:

- Insurance risks.
- Tax risks.
- Legal risks.
- IT risks.

Insurance risks

Park Street subscribes to statutory insurance and insurance policies that are deemed to be relevant and customary. The Group regularly conducts an insurance review with the assistance of an insurance specialist. Based on the latest report on company's insurance coverage, management believes that Park Street has sufficient insurance coverage.

Tax risks

Changes in tax legislation may affect Park Street's fiscal situation.

Legal risks

Park Street regularly enters into a number of agreements, including agreements concerning the operation of properties. The agreements involve opportunities and risks, which are assessed and hedged in connection with the conclusion of the agreements.

IT risks

Park Street uses IT to a considerable extent and are thus exposed to operational disruption of the established IT safety. This can cause operating and financial losses. Park Street constantly works to ensure a high level of IT security, which is currently estimated to be the case.

Statutory report CSR*Business model*

Please, refer to the section *Main Activity* on page 2.

Risks related to CSR

While Park Street generally and based upon our business model has not identified nor experienced any material risks in relation to CSR, the Company's business model is exposed to potential risks in the following areas, which require ongoing attention across the way we manage our buildings

Environment and Climate: Increasing energy prices and suboptimal energy performance of the buildings will have a direct impact on the costs borne by our current and prospective tenants. This could impact both the ability to retain the current tenants, their ability to pay the required costs and also the ability to procure new tenants.

Human Resources: Denmark, our main jurisdiction of operations sets a high and positive bar for the quality of work environment, work safety and overall work conditions. It also has high demand for talent in our industry, and there is a risk of not attracting the right required talent if the work environment and conditions do not meet the high standards.

Human Rights: The business model requires certain functions of managing buildings to be outsourced to external vendors. There is a risk that the vendors might not have stringent standards to meet requisite human rights legislations to the detriment of our own goals.

Anti-Corruption and Bribery: The zero-tolerance policy requirement within the company is exposed to the external vendor's own stringent implementation of similar approach and could expose the company to unwarranted actions outside company's control.

The Company has decided to author and implement policies with respect to environment, climate change, human rights, social and employee conditions and anti-corruption due to our social responsibility in each of the business activities that are performed. CSR is reflected in the way we manage and refurbish our properties, in our relationship with tenants, employees, business partners and any stakeholder that the Group operates with.

Policies, activities and results

- Environmental and climate conditions: The Company has is set to follow consistently high standards for following all applicable building regulations including AB 18 and ABT 18 across its projects. The Company has further set goals of changing metering technology for facilitate dynamic measurement of energy reading which will allow us to take steps for improving the energy performance for the buildings. The Group invested DKK 30.0 million in the maintenance and modernization of the existing properties. The Company will maintain high standards and ambitions of a continuous improvements for energy consumption and Co2 emissions decrease in the following years.
- Social conditions and employee relations and respect for human rights: Employees are the most important resource for progress, and therefore the Group is constantly working to ensure a healthy physical and mental work environment with a focus on reducing sickness absence. Park Street supports all human rights within national laws as well as international laws, and acknowledges the importance of supporting the local community as well as helping in a larger perspective. In order to support the data protection for individuals, the Group is implementing and continuously improving processes and IT measures to meet the EU GDPR standards. At the same time a policy is getting established for development of future employees. No breach of these policies has been identified in 2021. The Company will continue to maintain high standards for work environment meeting and going well above the requirements of legislation to be able to attract the best talent.
- Anti-corruption and bribery: The Group is working on establishing an Anti-corruption policy were employees and business partners are not allowed to receive gifts from suppliers larger than DKK 500. In connection with the ongoing controlling of employees, the Group has strict guidelines on only paying bills according to legal documents with documented expenses, and that prices are benchmarked against usual costs. No corruption has been detected in 2021. Going forward the company will maintain zero-tolerance approach to any form of corruption or bribery and seek similar commitments from its key vendors.
- Computer ethics: The Park Street Group does not have a formalized policy on data ethics. Park Street only processes data for business purposes. Park Street does not make use of new technologies such as artificial intelligence, advanced algorithms, monitoring and the like. Data processed in Park Street is not made available to third parties. Should there be a desire to make data available to third parties, it should be approved by the company's top management. The Park Street Group complies with applicable legislation for the processing of personal data. As a rule, the Group does not process personal data, apart from what relates to employee data.

Legal requirements for corporate governance

Park Street has chosen on the company's website to publish the statutory statement of business management, according to section § 107b of the Danish Financial Statements Act (Årsregnskabslovens § 107b.).

The full statutory report available on our website <http://www.psnas.com/index.php/corporate-governance-statement/>

Statutory report on diversity in management

Park Street board composed at the time of publication of the annual report for 2021 by four men and one woman. In accordance with the Danish Commerce and Industry Agency's (Erhvervsstyrelsens) "Guidelines on targets and Policies for Gender Composition of Management and Reporting on this issue" issued in March 2016, Park Street has a sub-representation of the board (top Management body).

Park Street has set a target for the underrepresented gender in the Board of Directors (top Management body). Park Street has chosen that the under-represented sex must be represented by 40% of the board by the end of 2022. Consequently the goal of 40% women in the Board of Directors has not been met yet as no candidates of the underrepresented gender were up for election in the previous year.

Since the number of employees in the Group is less than 50, Park Street is not required to develop policies to increase the proportion of under-represented gender in the Group's other management levels, however the percentage of female employees represents 48% of the employees in the Group by the end of 2021. Group's overall policy is to employ or promote the best suitable candidates no matter of gender.

Internal control and risk management systems in relation to the accounting process

Park Street Board of Directors and the Audit Committee have the overall responsibility for risk management and internal controls in relation to the presentation of the Group financial statements. The Group's internal control and risk management systems relating to the accounting process are designed to minimise the risk of irregularities and significant errors in the published financial statements.

The Board of Directors / Audit Committee regularly assess material risks and internal controls in order to ensure that the control environment of Park Street provides a good risk management and effective internal control.

At least once a year, as part of risk assessment, the Board of Directors / Audit Committee and the Executive Board undertake a general identification and assessment of risks in connection with the financial reporting, including the risk of fraud, and consider the measures to be implemented in order to reduce or eliminate such risks.

The Board of Directors is overall responsible for the Group having information and reporting systems in place to ensure that its financial reporting is in conformity with rules and regulations. For this purpose, the Company has set out detailed requirements in policies, manuals and procedures.

The internal control and risk management systems are monitored at different levels within the Group. Any weaknesses, control failures and violations of the applicable policies, manuals and procedures or other material deviations are communicated upwards in the organization in accordance with relevant policies and instructions. Any weaknesses, omissions and violations are reported to the Executive Board.

The auditors elected by the Annual General Meeting account for any material weaknesses in the internal control systems related to financial reporting in the Auditor's Long-form Report to the Board of Directors. Minor irregularities are reported in Management Letters to the Executive Board.

The Group has no change of control affecting the Annual Report.

Management composition and remuneration

The management of Park Street consist of the following:

- Board Directors
- Executive Board

| | Appointed / Employee | Expiry of electoral term | Age | Shareholding at the beginning, number of shares | Share buy in the year, number of shares | Shareholding at the end of the year | Independence | Sex |
|---|----------------------|--------------------------|-----|---|---|-------------------------------------|-----------------|-----|
| Board of Directors | | | | | | | | |
| Andrew LaTrobe | 2017 | 2022 | 56 | 0 | 0 | 0 | Not Independent | M |
| Pradeep Pattem (**)(***) | 2016 | 2022 | 45 | 0 | 0 | 6,722,484 ¹⁾ | Not Independent | M |
| Ohene Kwapong | 2016 | 2022 | 60 | 0 | 0 | 0 | Independent | M |
| Anita Nassar(*)(***) | 2016 | 2022 | 59 | 0 | 0 | 0 | Independent | F |
| Claes Peter Rading | 2021 | 2022 | 59 | 0 | 0 | 0 | Independent | M |
| (*) Anita Nassar holds the position of chairman of the Board | | | | | | | | |
| (**) Pradeep Pattem holds the position of CEO of the Company | | | | | | | | |
| (***) Pradeep Pattem holds controlling rights in Park Street Nordac Sarl through Park Street Asset Management | | | | | | | | |
| (***) Anita Nassar hold shares in Park Street Nordac Sarl without controlling rights | | | | | | | | |
| 1) Acquired via Park Street Asset Management Ltd. | | | | | | | | |

Remuneration to the Board of Directors and Executive Board

The purpose of the Group's remuneration, including any incentive remuneration, is to attract and retain the group's management skills and promote the management incentive to realize Park Street's objectives and create value in and for the company.

A remuneration policy has been prepared that describes the guidelines for defining and approving remuneration for the members of the Board of Directors and the Executive Board. The remuneration policy approved at the company's general meeting and is available on www.nordicom.dk and www.psnas.com.

The board members receive a fixed monthly fee. The Chairman receives DKK 250,000 annually, the Vice Chairman of the Board (currently vacant) receives DKK 150,000 annually, and other Board members receive DKK 100,000 annually. In addition, the Chairman of the Audit Committee receives DKK 75,000 annually and other members of the Audit Committee receive DKK 50,000 annually.

The remuneration for the members of the Board of Directors in 2021 is shown in Note 5 of the consolidated financial statements.

Salary and employment conditions for the Executive Board are set at least once a year by the Board of Directors. The salary consists of fixed salary, without bonus and pension. In addition, the Executive Board receives free telephone, etc. Total wage package is composed so that the fees are set at a competitive level, taking into account the competencies and efforts of the Executive Member and the results achieved. Reference is made to note 5 of the consolidated accounts regarding remuneration to the Executive Board.

Board of Directors and Management

Pradeep Patterm (Indian Citizen), Director and CEO

Pradeep Patterm is a graduate engineer from the Delhi Institute of Technology and has an MBA from the Indian Institute of Management, Calcutta. As the founder and CEO of Park Street Advisors Limited, Pradeep has advised and implemented investments in across Europe since its establishment in 2014. Pradeep previously had a position as Managing Director, Head of Credit & Mortgage Markets for Europe and Asia in the Royal Bank of Scotland (RBS). In connection with the employment in RBS, Pradeep also held senior positions as a member of the Global Trading Management Committee, the Chairman of the Strategic Investments Committee and the Chair of Credit & Mortgage Risk and Compliance Committee.

Management Positions

Park Street Asset Management Limited, England.
Park Street Advisors, England.
Pulse Taastrup P/S, Denmark.
Pulse Glostrup P/S, Denmark.

Director positions

CEO of Park Street A/S, Denmark.
Phoam Studio ApS
PSN ApS
Pulse Living ApS

Andrew LaTrobe (UK citizen, chairman)

Andrew LaTrobe graduated with a Bachelor of Commerce degree from Rhodes University in South Africa, and then completed a Diploma in Social Studies at Oxford University and a MSC (Industrial Relations) at London School of Economics, as a Rhodes Scholar. He has been a director of Park Street Advisors since December 2014 with responsibility for operations, asset management and corporate governance. Previous corporate experience includes seven years working in a variety of client coverage and transaction execution roles at Royal Bank of Scotland (RBS), and twelve years with Standard Bank Group, working out of Johannesburg, London and Singapore.

Management Positions

Park Street Asset Management Limited, England.
Park Street Advisors, England.
Park Street UK Limited, England
Xplore Markets Limited, England.
Pulse Taastrup P/S, Denmark.
Pulse Glostrup P/S, Denmark.

Director positions

Enviro Options Holdings (Pty) Ltd, South Africa
Swindon Ground Lease Limited, England
Sthenos International Limited, England

Ohene Aku Kwapong (US citizen, Ghanaian citizen)

Ohene Aku Kwapong is a graduate of Massachusetts Institute of Technology's (MIT) Sloan School of Management, Cambridge, Massachusetts, with MBA in Financial Engineering and also studied Chemical / Nuclear Engineering at MIT. He holds a PHD in Non-linear Systems Dynamics from

Columbia University, New York. Ohene Aku has previously held senior positions at Exxon Mobil, Deutsche Bank London, Senior Manager at Microsoft Corporation, VP at GE Capital, Senior Vice President at the New York City Economic Development Corporation, Senior VP at Deutsche Bank in New York, and COO EMEA Credit at Royal Bank of Scotland in London. Since 2014, Ohene Aku has been engaged in consultancy in restructuring and launched The Songhai Group, a corporate development company.

Management Positions

Managing Partner, The Songhai Group, US.

Director positions

Ecobank Ghana, Risk and Governance Committees.
The Practice School, an executive management skills company.
Trustee, Head of State Award Scheme – Ghana.

Anita Nassar (formerly Kamal) (French citizen)

Anita Nassar holds a bachelor's degree in business administration from the American University of Beirut. Anita is the founder of 'Alternative Consultant Group'. Ms Nassar is Partner and Senior Managing Director at Balyasny Asset Management. She is also a member of BAM's Management Committee. Anita joined BAM from Citadel where she was a Partner and Managing Director serving Europe, the Middle-East, Africa and Asia Pacific. Prior to joining Citadel, Anita served at Merrill Lynch, London as Managing Director, Co-Head of Government Institutions Sales. Previously, she worked at HSBC London as Managing Director, Global Head of Government Sales, serving Asia, Europe, and the Americas.

Management Positions

Founder and CEO at Alternative Consultant Group.
Partner, Senior Managing Director at Balyasny Asset Management.

Director positions

Board of Trustees at Northeastern University, Boston, USA.
Endowment Trustee in the Funds and Investments Subcommittee at Northeastern University, Boston, USA.

Claes Peter Rading (Swedish citizen)

Peter Rading is a Swedish citizen who graduated with a Bachelor of Science in Business Administration Summa Cum Laude from Georgetown University DC in 1986. He worked for Royal Bank of Scotland Plc from 1990 to 2013, running multiple complex global businesses for the bank between 2000 and 2013, when he then retired from the bank and the banking industry. His final position at the bank was as Global Co-Head of Trading and included his serving on the Investment Bank executive committee, the Markets division management committee and as Chair of the bank's technology board. Since his departure from Royal Bank of Scotland Plc in 2013, Peter has actively focused on private investment activity in the real estate sector, including an active involvement in the Nordics and high growth specialist real estate sub-sectors.

Management positions:

Sequestor, UK
Telios Capital Holdings, UK
Board Observer, UK
IP Nexus, US
LocalCircles India Pvt Ltd, India

Director positions:

Elwyn Green Ltd
Kamo River Investments Ltd
Telios Holdings Ltd
Tillingbourne (Canterbury) Ltd
Tillingbourne (Horham) Ltd

Shareholder structure

| | |
|--------------------------------|--|
| Share capital | DKK 67,513,372 |
| Nominal share amount | DKK 1 |
| Number of shares | 67,513,732 shares |
| Share Classes | DKK 12,027,858 A-shares Listed DKK 55,485,874 B-shares Not listed |
| Number of votes per share | One |
| Bearer | Yes |
| Restriction on voting rights | No |
| Limitations on transferability | No |
| ISIN | DK0010158500 |
| Stock Exchange | Nasdaq Copenhagen |

| Shareholders above 5% | In percent |
|-----------------------------------|------------|
| Park Street Asset Management Ltd. | 92.14% |

The number of registered shareholders amounts as of 31 December 2021 to 913 pcs. (December 31, 2020: 990). The registered shareholders represent per 31 December 2021 99% of the share capital (31 December 2020: 99%).

All Park Street A / S shares are listed on Nasdaq Copenhagen and are part of the Small Cap segment. The share price ended 31 December 2021 at price 14.1 (31 December 2020: 10.00), which is an increase of 4.1 points in relation to the share price per share as of 31 December 2020. The market value of Park Street A / S constitute as of 31 December 2021 169.59 million (31 December 2020: DKK 120.28 million).

Appointment of board members

Rules of appointing and replacing members of the board of directors are included in the section 13.1 of the articles of association.

Rules for changing articles of association

Park Street A/S articles of association can be changed by a General Meeting in accordance with the Companies Act §§106 and 107. Resolution on amendment of the Articles of Association are only valid if the resolution is approved by at least 2/3 of both voting rights and percentage of equity which are present at the meeting.

Own shares

Information about treasury shares is shown in note 23 of the consolidated financial statements.

Dividends

The performance the Company during 2021 was impacted to a certain extent by COVID-19 related disruption with lower than expected top line revenue. However, in view of tighter cost control the performance was in line, though at lower end of the expectations. The Board of Directors deems it prudent to propose to the Annual General Meeting that no dividend will be paid for the financial year 2021.

Investor Relations

It is Park Street's policy to inform quickly about relevant matters.

The Executive Board informs shareholders and investors according to guidelines agreed with the Board, and it is the goal to meet the information obligations of Nasdaq Copenhagen each time. It is part of Park Street's information policy to:

- publish interim reports,
- issue annual reports, and
- provide quick responses to inquiries to the group.

Stock exchange announcements in 2021 and 2022

| Date | Title |
|------------|--|
| 08-01-2021 | Park Street Nordicom A/S – Share buyback program |
| 27-01-2021 | Park Street Nordicom A/S – Share buyback program |
| 27-01-2021 | Park Street Nordicom A/S – Share buyback program |
| 29-01-2021 | Park Street Nordicom : Strategy 2021 |
| 04-02-2021 | Park Street Nordicom A/S – Share buyback program |
| 15-02-2021 | Park Street Nordicom A/S – Share buyback program |
| 23-02-2021 | Park Street Nordicom A/S – Share buyback program |
| 26-02-2021 | Park Street Nordicom A/S – Share buyback program |
| 25-03-2021 | Park Street Nordicom A/S – Annual Report 2020 |
| 01-04-2021 | Park Street Nordicom A/S – Annual General Meeting 2021 |
| 22-04-2021 | Park Street Nordicom A/S – Notification regarding the course of the ordinary general meeting |
| 26-08-2021 | Park Street A/S – Interim Financial Report, 1st half of 2021 |
| 30-09-2021 | Park Street A/S has signed long term debt facilities of DKK 619 million and is also launching the Pulse Nørrebro project |
| 04-02-2022 | Park Street A/S : 2022 Strategy |
| 25-02-2022 | Park Street A/S – New share buyback program |
| 07-03-2022 | Park Street A/S – New share buyback program |
| 16-03-2022 | Park Street A/S – New share buyback program |

Financial Calendar

| | |
|------------|--------------------------|
| 04-02-2022 | 2022 Strategy Update |
| 01-04-2022 | Annual Report 2020 |
| 25-04-2022 | Ordinary General Meeting |
| 26-08-2022 | Half year report 2022 |
| 30-03-2023 | Annual Report 2022 |
| 21-04-2023 | Ordinary General Meeting |

More info

Further information on company and shareholder matters and the Group's activities can be found on Park Street's website www.nordicom.dk and www.psnas.com

Inquiries regarding the Group's relations with investors and the stock market can be addressed to:

CEO: Pradeep Patten

Tel.: + 45 33 33 93 03

E-mail: nordicom@nordicom.dk

Group structure at December 31, 2021

The Group structure at December 31, 2021 consists of the company Park Street A/S and the fully owned subsidiaries Pulse Taastrup P/S, Pulse Glostrup P/S, Pulse N P/S, Pulse O P/S, Ballerup Hotel P/S, Svanevej P/S, Toldbuen P/S, PS Holdco I P/S, Phoam Studio ApS, PSN ApS, Pulse Living ApS, Albuen ApS, PS I ApS, and Park Street UK.

Information on investment is disclosed in note 8 of the parent company's financial statements. All subsidiaries are fully consolidated in the consolidated financial statements of Park Street A/S.

Statement by Board of Directors and Management

The Board of Directors and management have today considered and adopted the annual report for the financial year 1 January - 31 December 2021 for Park Street A/S.

The annual report is prepared in accordance with International Financial Reporting Standards as adopted by the EU, and further requirements in the Danish Financial Statement Act and rules for listed companies.

In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the Group and the Parent's financial position as at 31 December 2021 and of the results of the Group's and the Parent Company's operations and cash flows for 2021.

It is also our opinion that the directors' report contains a true and fair account of the development of the Group's and the parent company's activities and financial conditions, the profit for the period and the Group's and the Parent Company's financial position as a whole, and a description of the significant risks and uncertainty factors that the Group and the Parent Company faces.

In our opinion, the annual report of Park Street A/S for the financial year 1 January to 31 December 2021 with the file name 213800VGJC18MRKMZC33-2021-12-31-en.zip is prepared, in all material respects, in compliance with the ESEF Regulation.

The annual report is submitted to the Ordinary General Meeting for approval.

Copenhagen 1 April 2022

Management

Pradeep Patten
CEO

Board of Directors

Anita Nassar
Chairman

Pradeep Patten

Ohene Aku Kwabong

Claes Peter Rading

Andrew John Essex La Trobe

Independent Auditor's Report

To the shareholders of Park Street A/S

Report on the audit of the Financial Statements

Our opinion

In our opinion, the Consolidated Financial Statements and the Parent Company Financial Statements give a true and fair view of the Group's and the Parent Company's financial position at 31 December 2021 and of the results of the Group's and the Parent Company's operations and cash flows for the financial year 1 January to 31 December 2021 in accordance with International Financial Reporting Standards as adopted by the EU and further requirements in the Danish Financial Statements Act.

Our opinion is consistent with our Auditor's Long-form Report to the Audit Committee and the Board of Directors.

What we have audited

The Consolidated Financial Statements and Parent Company Financial Statements of Park Street A/S for the financial year 1 January to 31 December 2021 comprise income statement and statement of comprehensive income, statement of financial position, statement of equity, statement of cash flows and notes, including summary of significant accounting policies for the Group as well as for the Parent Company. Collectively referred to as the "Financial Statements".

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the *Auditor's responsibilities for the audit of the Financial Statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark. We have also fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

To the best of our knowledge and belief, prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No 537/2014 were not provided.

Appointment

We were first appointed auditors of Park Street A/S on 27 April 2017 for the financial year 2017. We have been reappointed annually by shareholder resolution for a total period of uninterrupted engagement of 5 year, including the financial year 2021.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the Financial Statements for 2021. These matters were addressed in the context of our audit of the Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

| Key audit matter | How our audit addressed the key audit matter |
|--|---|
| Valuation of Investment Properties and Domiciles | |
| The Group owns a portfolio of investment properties that are valued at fair value and 2 domiciles that are revalued to fair value at 31 December 2021. | We assessed the method used by management to measure the fair value of investment properties and domiciles, and we challenged the assumptions applied, using our knowledge of the real estate market and professional scepticism. |
| Valuation of investment properties and domiciles at fair value contains significant estimates based on significant assumptions, where even minor changes in the assumptions can have a significant effect on the fair value of the properties. | We assessed the competencies and independence of external valuer used by Management. |
| Management has used the capitalisation method to determine the fair value. The model is described in note 1.2, with market rent, vacancy and yield being the most significant assumptions. | We assessed and tested on a sample basis the data inputs used to determine fair value, including market rent and yields, by comparing the valuation made by Management with the valuation made by the external valuer |
| Management has obtained valuations from an external valuer to support the | |

fair value determined by Management; including the assumptions used, with market rent and yield being the most significant assumptions.

We focused on this area as valuation of investment properties and domiciles at fair value is based on significant estimates which are subjective and a high degree of estimation uncertainty.

Refer to note 1.2,9, 14 and 15.

and comparable trades.

We tested on a sample basis the calculation for the fair values including the assumptions used and the related disclosures in the notes.

Statement on Management's Review

Management is responsible for Management's Review.

Our opinion on the Financial Statements does not cover Management's Review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Financial Statements, our responsibility is to read Management's Review and, in doing so, consider whether Management's Review is materially inconsistent with the Financial Statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

Moreover, we considered whether Management's Review includes the disclosures required by the Danish Financial Statements Act.

Based on the work we have performed, in our view, Management's Review is in accordance with the Consolidated Financial Statements and the Parent Company Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement in Management's Review.

Management's responsibilities for the Financial Statements

Management is responsible for the preparation of consolidated financial statements and parent company financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the EU and further requirements in the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the Financial Statements, Management is responsible for assessing the Group's and the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management either intends to liquidate the Group or the Parent Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Financial Statements.

As part of an audit in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Parent Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Parent Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group or the Parent Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that gives a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the Consolidated Financial Statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and, where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Financial Statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on compliance with the ESEF Regulation

As part of our audit of the Financial Statements we performed procedures to express an opinion on whether the annual report of Park Street A/S for the financial year 1 January to 31 December 2021 with the filename 213800VGJC18MRKMZC33-2021-12-31-en.zip is prepared, in all material respects, in compliance with the Commission Delegated Regulation (EU) 2019/815 on the European Single Electronic Format (ESEF Regulation) which includes requirements related to the preparation of the annual report in XHTML format and iXBRL tagging of the Consolidated Financial Statements.

Management is responsible for preparing an annual report that complies with the ESEF Regulation. This responsibility includes:

- The preparing of the annual report in XHTML format;
- The selection and application of appropriate iXBRL tags, including extensions to the ESEF taxonomy and the anchoring thereof to elements in the taxonomy, for all financial information required to be tagged using judgement where necessary;
- Ensuring consistency between iXBRL tagged data and the Consolidated Financial Statements presented in human-readable format; and
- For such internal control as Management determines necessary to enable the preparation of an annual report that is compliant with the ESEF Regulation.

Our responsibility is to obtain reasonable assurance on whether the annual report is prepared, in all material respects, in compliance with the ESEF Regulation based on the evidence we have obtained, and to issue a report that includes our opinion. The nature, timing and extent of procedures selected depend on the auditor's judgement, including the assessment of the risks of material departures from the requirements set out in the ESEF Regulation, whether due to fraud or error. The procedures include:

- Testing whether the annual report is prepared in XHTML format;
- Obtaining an understanding of the company's iXBRL tagging process and of internal control over the tagging process;
- Evaluating the completeness of the iXBRL tagging of the Consolidated Financial Statements;
- Evaluating the appropriateness of the company's use of iXBRL elements selected from the ESEF taxonomy and the creation of extension elements where no suitable element in the ESEF taxonomy has been identified;
- Evaluating the use of anchoring of extension elements to elements in the ESEF taxonomy; and
- Reconciling the iXBRL tagged data with the audited Consolidated Financial Statements.

In our opinion, the annual report of Park Street A/S for the financial year 1 January to 31 December 2021 with the file name 213800VGJC18MRKMZC33-2021-12-31-en.zip is prepared, in all material respects, in compliance with the ESEF Regulation.

Hellerup, 1 April 2022

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR no 3377 1231

Torben Jensen
State Authorised Public Accountant
mne18651

Morten Jørgensen
State Authorised Public Accountant
mne32806





2021

CONSOLIDATED
FINANCIAL STATEMENTS

Income statement

| Note | Amounts in DKK 1000s | 2021 | 2020 |
|------|--|----------------|----------------|
| 3 | Net sales | 158,264 | 172,669 |
| 4 | Operating expenses | -40,846 | -47,690 |
| | Gross profit | 117,418 | 124,979 |
| 5 | Employee benefit expenses | -17,808 | -17,977 |
| 6 | Other external expenses | -12,532 | -8,540 |
| 7 | Depreciation, amortisation and impairment | -4,330 | -2,891 |
| | Operating profit (EBIT) | 82,748 | 95,570 |
| 8 | Financial expenses | -25,881 | -25,757 |
| | Earnings before value adjustments (EBVAT) | 56,866 | 69,813 |
| 9 | Adjustment to fair value, net | 128,887 | 79,463 |
| 10 | Gains realised on the sale of investment properties | 1,472 | 38,483 |
| | Profit before tax | 187,225 | 187,759 |
| 11 | Tax on profit for the period | -41,767 | -42,438 |
| | Profit for the period | 145,459 | 145,321 |
| | Distributed as follows | | |
| | Parent's shareholders | 145,459 | 145,321 |
| | Profit for the period | 145,459 | 145,321 |
| 12 | Earnings per share, average number of shares | 2.19 | 2.19 |
| 12 | Diluted earnings per share, average number of shares | 2.19 | 2.19 |

Statement of comprehensive income

| Note | Amounts in DKK 1000s | 2021 | 2020 |
|------|---|----------------|----------------|
| | Profit for the period | 145,459 | 145,321 |
| | Other comprehensive income: | | |
| | <i>Items that cannot be reclassified to the income statement:</i> | | |
| | Fair value adjustment of domicile properties | -503 | 7,041 |
| | Tax on fair value adjustment of domicile properties | 111 | -1,549 |
| | Other comprehensive income after tax | -392 | 5,492 |
| | Comprehensive income for the period | 145,066 | 150,813 |
| | Distributed as follows | | |
| | Parent's shareholders | 145,066 | 150,813 |
| | Comprehensive income for the period | 145,066 | 150,813 |

Statement of financial position

| Note | Amounts in DKK 1000s | 2021 | 2020 |
|--|--|------------------|------------------|
| ASSETS | | | |
| Non-current assets | | | |
| Intangible assets | | | |
| 13 | Software | 1,865 | 3,671 |
| | | 1,865 | 3,671 |
| Investment property and Property, plant and equipment | | | |
| 14 | Domiciles | 194,000 | 196,298 |
| 15 | Investment properties | 2,615,015 | 2,462,633 |
| 16 | Machinery and equipment | 490 | 792 |
| | | 2,809,506 | 2,659,723 |
| Financial assets | | | |
| 17 | Investment in associates | 2,029 | 2,029 |
| | Deposits | 186 | 279 |
| | | 2,215 | 2,308 |
| Total non-current assets | | 2,813,585 | 2,665,703 |
| Current assets | | | |
| 18 | Current financial assets at amortised cost | 7,671 | 8,000 |
| 19 | Project holdings | 0 | 0 |
| 20 | Receivables | 23,973 | 17,202 |
| | Income tax receivable | 5,038 | 4,403 |
| | Prepaid expenses and accrued income | 2,662 | 4,609 |
| 21 | Cash and cash equivalents | 167,820 | 23,151 |
| Total current assets | | 207,163 | 57,364 |
| Total assets | | 3,020,749 | 2,723,066 |

Statement of financial position

| Note | Amounts in DKK 1000s | 2021 | 2020 |
|--------------------------------|-------------------------------------|------------------|------------------|
| LIABILITIES | | | |
| Equity | | | |
| | Share capital | 67,513 | 67,513 |
| | Revaluation reserve | 52,920 | 55,107 |
| | Share Premium | 289,260 | 289,260 |
| | Accumulated profit | 807,345 | 660,067 |
| 22,23 | Total equity | 1,217,038 | 1,071,946 |
| Liabilities | | | |
| Non-current liabilities | | | |
| 24 | Deferred tax | 232,087 | 191,733 |
| 25 | Borrowings | 1,488,364 | 1,354,054 |
| | Deposits | 5,163 | 7,769 |
| | | 1,725,614 | 1,553,556 |
| Current liabilities | | | |
| 26 | Provisions for liabilities | 400 | 400 |
| 25 | Current borrowings | 21,107 | 50,970 |
| | Trade and other payables | 7,718 | 3,988 |
| | Income tax payable | 1,267 | 4,549 |
| | Deposits | 33,367 | 24,732 |
| | Other liabilities | 14,238 | 12,926 |
| | | 78,097 | 97,565 |
| | Total liabilities | 1,803,711 | 1,651,121 |
| | Total equity and liabilities | 3,020,749 | 2,723,066 |

Statement of equity

| Amounts in DKK 1000s | Share capital | Revaluation reserve | Accumulated profit | Share Premium | Equity Total |
|--|---------------|---------------------|--------------------|----------------|------------------|
| Statement of equity for 2021: | | | | | |
| Equity as at 1 January 2021 | 67,513 | 55,107 | 660,066 | 289,260 | 1,071,946 |
| Comprehensive income for the period | | | | | |
| Profit for the period | 0 | | 145,459 | 0 | 145,459 |
| Fair value adjustment of domicile | 0 | -503 | 0 | 0 | -503 |
| Tax on other comprehensive income | 0 | 111 | 0 | 0 | 111 |
| Other comprehensive income during the financial year | 0 | -392 | 0 | 0 | -392 |
| Comprehensive income for the period | 0 | -392 | 145,459 | 0 | 145,066 |
| Transactions with owners | | | | | |
| Repurchase treasury shares | 0 | 0 | 25 | 0 | 25 |
| Total transactions with owners | 0 | 0 | 25 | 0 | 25 |
| Other adjustments | | | | | |
| Depreciation of revalued value of domiciles | 0 | -1,795 | 1,795 | 0 | 0 |
| Total other adjustments | 0 | -1,795 | 1,795 | 0 | 0 |
| Equity as at 31 December 2021 | 67,513 | 52,920 | 807,345 | 289,260 | 1,217,038 |

| Amounts in DKK 1000s | Share capital | Revaluation reserve | Accumulated profit | Share Premium | Equity Total |
|--|---------------|---------------------|--------------------|----------------|------------------|
| Statement of equity for 2020: | | | | | |
| Equity as at 1 January 2020 | 67,513 | 51,177 | 523,182 | 289,260 | 931,133 |
| Comprehensive income for the period | | | | | |
| Profit for the period | 0 | 0 | 145,321 | 0 | 145,321 |
| Fair value adjustment of domicile | 0 | 7,041 | 0 | 0 | 7,041 |
| Tax on other comprehensive income | 0 | -1,549 | 0 | 0 | -1,549 |
| Other comprehensive income during the financial year | 0 | 5,492 | 0 | 0 | 5,492 |
| Comprehensive income for the period | 0 | 5,492 | 145,321 | 0 | 150,813 |
| Transactions with owners | | | | | |
| Repurchase treasury shares | 0 | 0 | -10,000 | 0 | -10,000 |
| Total transactions with owners | 0 | 0 | -10,000 | 0 | -10,000 |
| Other adjustments | | | | | |
| Depreciation of revalued value of domiciles | 0 | -1,563 | 1,563 | 0 | 0 |
| Total other adjustments | 0 | -1,563 | 1,563 | 0 | 0 |
| Equity as at 31 December 2020 | 67,513 | 55,107 | 660,066 | 289,260 | 1,071,946 |

Statement of cash flows

| Note | Amounts in DKK 1000s | 2021 | 2020 |
|------|--|----------------|-----------------|
| | Operating profit (EBIT) | 82,748 | 95,570 |
| | Adjustment for illiquid operating items, etc. | 4,330 | 2,891 |
| | Change in operating capital | 5,204 | -6,380 |
| | Cash flows concerning primary operations | 92,282 | 92,081 |
| | Financial income received | 895 | 0 |
| | Financial expenses paid | -29,902 | -25,757 |
| | Paid Corporate Tax | -5,275 | -4,358 |
| | Total cash flow from operating activities | 57,999 | 61,967 |
| | Cash flow from investing activities | | |
| | Improvements to investment properties | -25,803 | -36,991 |
| | Sales of investment properties | 8,026 | 192,805 |
| | Purchase of intangible assets | 0 | -3,249 |
| | Purchases of other property, plant and equipment | 0 | -14,645 |
| | Total cash flow from investing activities | -17,777 | 137,919 |
| | Cash flow from financing activities | | |
| | Repurchase treasury shares | 0 | -10,000 |
| | Proceeds from borrowings | 503,306 | 0 |
| | Repayment of liabilities to credit institutions | -398,859 | -150,831 |
| | Repayment of debt from disposal of assets | 0 | -77,510 |
| | Total cash flow from financing activities | 104,447 | -238,341 |
| | Total cash flow for the period | 144,669 | -38,455 |
| | Liquid assets as at 1 January | 23,151 | 61,606 |
| | Liquid assets at the end of the period | 167,820 | 23,151 |
| | Liquid assets at the end of the period | | |
| | Cash and cash equivalents | 167,820 | 23,151 |
| | Liquid assets at the end of the period | 167,820 | 23,151 |

Summary

| | |
|---------|---|
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Notes

Note 1 - Accounting policies, accounting estimates and risks, etc.

Note 1.1. – Basis of preparation

a. Accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated. Refer to note 33 for a full description of the accounting policies used.

The company presents its annual report in compliance with reporting class D.

b. Changes to accounting policies

Accounting policies are unchanged from the previous year.

Note 1.2. – Investment properties

A property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the companies in the consolidated Group, is classified as investment property. An investment property is measured initially at its cost, including related transaction costs and where applicable borrowing costs. After initial recognition, an investment property is carried at fair value.

Fair value is based on active market prices, adjusted, if necessary, for differences in the nature, location or condition of the specific asset. If this information is not available, the Group uses alternative valuation methods, such as recent prices on less active markets or discounted cash flow projections. The fair value of an investment property reflects, among other things, rental income from current leases and other assumptions market participants would make when pricing the property under current market conditions. Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred. When part of an investment property is replaced, the carrying amount of the replaced part is derecognised.

Changes in fair values are recognised in the income statement. Investment properties are derecognised when they have been disposed. Where the Group disposes of a property at fair value in an arm's length transaction, the carrying value immediately prior to the sale is adjusted to the transaction price, and the adjustment is recorded in the income statement within net gain from fair value adjustment on investment property.

The principles and methods for determining the estimated fair value of the properties in this category is based on the capitalisation method. The determination of fair values in accordance to the capitalisation method is generally the most accepted and widely used model for valuating property. The method is based on a stabilised net rent, capitalised at a rate of return assuming a stabilised property in a stable market, which is fully let at an annual market rent at, or close to, market level. For non-stabilised properties, special conditions such as vacancy and refurbishment costs are taken into consideration.

The model used contains the following main elements:

| | |
|-------|--|
| 1 | + Annual Rental Income (fully rented) |
| 2 | - Non-recoverable operating costs |
| <hr/> | |
| 3 | = Net Operating Income (NOI) |
| 4 | - Cap rate (net initial yield) |
| <hr/> | |
| 5 | = Market value before regulations and deposits |
| 6 | - Vacancy costs |
| 7 | - Refurbishment cost |
| 8 | - Rental loss (discounts, etc.) |
| 9 | + Net Present Value (NPV) of Overrented elements |
| 10 | - Net Present Value (NPV) of Underrented elements |
| 11 | + Cash deposits |
| 12 | + Other |
| <hr/> | |
| 13 | = Market value after regulations and deposits (Fair Value) |

Ad. 1) The annual rental income represents the budget rent. For non-vacant units, the budget rent equals the actual rental income. If the actual rental income differs significantly, the market rent is used. For vacant areas, the market rent is used.

Ad. 2) All operating expenses not recoverable from the tenants are deducted. This includes taxes, insurance, cleaning, utility costs, service subscriptions, administration, external maintenance etc.

Ad. 4) The yield requirement is determined individually for each property based on the yield requirement for comparable properties in the same geographical area (where this is possible) and the property's risk profile.

Ad. 6) Vacancy costs reflect the estimated loss of rental income until a re-letting is assumed. There is vacancy until the stabilised level is reached. When the stabilised level is reached all properties are assumed fully let.

Ad. 7) For vacant units, it is assumed that a refurbishment is required before a re-letting can take place. At some properties, these are not included as the leases already are ready for reletting.

Ad. 8) Current discounts are deducted from the market value.

Ad. 9) If an overrented lease is regulated to market rent, it is implemented over a 4-year period according to section 13 in the Danish Commercial Rent. As a result, the lease will generate an overrenting element in this period.

Ad. 10) If an underrented lease is regulated to market rent, it is implemented over a 4-year period according to section 13 in the Danish Commercial Rent. As a result, the lease will generate an underrenting element in this period.

The calculation of the properties' fair value is sensitive to changes in all the above inputs to the valuation model. The most significant non-observable inputs used in calculating the current value of the completed investment properties are as follows:

- i. Market Rent per square meter (sqm.) per year
- ii. Vacancy
- iii. Yield

A general increase in market rent per sqm and decrease of the vacancy in the areas in which Park Street's properties are located, will likely decrease the yield requirements.

i. Market Rent per sqm per year

Market rent per sqm per year represents an important input for calculating the fair value of the property. If it is estimated that the current rent is lower or higher than the rent that can be obtained by re-hire, a correction of the current rent will be made to the expected rent on re-hire. This input is based on an estimate. Similarly, input on market rent for empty areas is based on an estimate. The long-term average market rent (ie at terminal level) is the following divided by property types:

| Avg. gross rent per sqm p.a. (DKK) | 2021 | 2020 |
|---|-------------|-------------|
| Retail | 1,184 | 826 |
| Office | 969 | 867 |
| Residential | 2,256 | 1,188 |
| Storage | 405 | 337 |
| Other | 924 | 430 |
| Total | 907 | 808 |

The estimated fair value is sensitive to changes in the estimated budget rent. The sensitivity of changes in the average budget rent per sqm are illustrated in the table below, which shows the effect on the fair value of the properties if only the average budget rent per change is changed sqm per year.

| Change in market rent per sqm per year (DKK) | Change in market value (Million DKK) | |
|---|--------------------------------------|------|
| | 2021 | 2020 |
| 200 | 592 | 565 |
| 100 | 296 | 282 |
| 50 | 148 | 142 |
| -50 | -148 | -141 |
| -100 | -296 | -276 |
| -200 | -592 | -545 |

The table shows that an increase in the market price of, for example 50 DKK per sqm per year will increase the completed investment properties' fair value by DKK 148 million (31 December 2020: DKK 142 million).

ii. Vacancy

No structural vacancy has been considered in the property valuation; as it has been estimated that the current vacancy will be let within 6 to 12 months. An increase in the current vacancy has been estimated and represents the following (broken down by property types and calculated as estimated vacancy divided by the market rent in the terminal):

| Change in Vacancy (%-point) | Change in market value (Million DKK) | |
|--------------------------------|--------------------------------------|------|
| | 2021 | 2020 |
| 10% | -4 | -2 |
| 5% | -2 | -1 |
| -2% | 1 | 1 |
| -5% | 2 | 2 |

The table shows that an increase in the vacancy by 5 percentage points will reduce the finished investment property with the fair value of DKK -2 Million (31 December 2020: DKK -1 million).

iii. Yield

The fixed return requirement is an essential input in estimating fair values. The table below shows the ranges for the return requirement divided by property type and the weighted return requirement in- for each property type.

| Percentage p.a. | 2021 | | 2020 | |
|-----------------|--------------------|--------------|--------------------|--------------|
| | Interval | Weighted Avg | Interval | Weighted Avg |
| Retail | 5.92 – 8.75 | 7.64 | 6.00 – 8.75 | 7.44 |
| Office | 5.27 – 7.50 | 6.60 | 5.00 – 8.50 | 6.46 |
| Storage | 8.50 – 9.50 | 9.00 | 6.75 – 9.50 | 7.27 |
| Residential | 3.85 – 6.49 | 4.68 | 4.13 – 5.50 | 4.58 |
| Others | 5.50 – 6.50 | 5.92 | 6.50 - 6.75 | 6.51 |
| Total | 3.85 - 9.50 | 6.20 | 4.13 - 9.50 | 6.30 |

The table shows that the return requirements for completed investment properties at December 31, 2021 is in the range 3.85% - 9.50% per annum. The corresponding interval at December 31, 2020 amounted to 4.13% - 9.50% per annum.

The weighted yield requirement in the table are calculated as each property yield requirements weighted by the property's fair value in relation to property type's / portfolio's fair value and amounts at December 31, 2021 6.20% per annum for the overall portfolio of finished investment properties at December 31, 2020, the corresponding weighted return requirements for the entire portfolio 6.30% per annum.

The yield requirements used have a significant impact on the fair value of the property. The sensitivity of changes in the return requirement is illustrated in the table below which shows the effect on the fair value of the properties if only the average return rate is changed.

| Change in return requirements (% points) | Change in market value (Million DKK) | |
|---|--------------------------------------|------|
| | 2021 | 2020 |
| 1.00% | -330 | -285 |
| 0.75% | -256 | -221 |
| 0.50% | -177 | -152 |
| 0.25% | -92 | -79 |
| -0.25% | 99 | 85 |
| -0.50% | 207 | 201 |
| -0.75% | 325 | 302 |
| -1.00% | 455 | 412 |

The table shows that an increase in the rate of return of 0.25 percentage point would reduce the completed investment property fair value DKK - 92 million (31 December 2020: DKK -79 million).

The breakdown by activity based the property value is split as follows:

| Amount in Million DKK | 2021 | | 2020 | |
|-----------------------|--------------|-----|--------------|-----|
| Residential | 515 | 20% | 339 | 14% |
| Residential Project | 470 | 18% | 394 | 16% |
| Office | 842 | 32% | 701 | 28% |
| Retail | 692 | 26% | 907 | 37% |
| Hotel | 92 | 3% | 89 | 4% |
| Storage | 26 | 1% | 32 | 1% |
| Total | 2,636 | | 2,462 | |

Determining the fair value of Domicile properties

From 2015 domicile properties have been evaluated at the amount equivalent to the fair value at the date of revaluation less depreciation, see mention in the note 33. Park Street possesses at 31 December 2021 the following two domiciles:

- Svanevej 12, Copenhagen NV (Park Street's headquarters in Copenhagen Nordvest neighborhood).
- Marbækvej 6, Ballerup (Hotel in Ballerup).

When calculating the fair value of the above two domicile properties, principles and calculation methods are applied which are used to estimate the property's fair values.

Due to different characteristics, different principles and calculation methods are used for each of the two domicile properties. The fair value of both owner-occupied properties is based on significant estimates.

Changes in fair values are recognised in other comprehensive income statement. Domicile properties are derecognised when they have been disposed or transferred into investment property.

The estimation of the properties' fair value as of December 31, 2021 resulted in a revaluation of the properties' book value by - DKK 0.5 million (31 December 2020: DKK 7.0 million), which is included under "Fair value adjustment of domicile properties" in other comprehensive income.

i. Park Street domicile in Copenhagen

Park Street's headquarters at Svanevej 12 in Copenhagen Nordvest neighbourhood is an office building that is partially used as domicile for Park Street and partly for rental. The property is characterized by generating a current return on rent, similar to the Group's investment properties (see description above except that the property is also used as domicile for Park Street). Principles and methods for determining the property's fair value is the same as the applied to Investment properties described above.

Property estimated market rent and determining the required return on owner-occupied property is based on inputs from an independent valuer.

The estimate of the property's fair value, similar to the Group's completed investment properties, is sensitive to changes in input in the valuation model. The most significant non-observable input used for estimating the fair value of the domicile property is as follows:

| | 2021 | 2020 |
|-------------------------------------|-------|-------|
| Market rent per sqm. per year (DKK) | 1,200 | 1,240 |
| Vacancy (%) | 0 | 0 |
| Return requirement (% p.a.) | 5.26 | 5.25 |

The sensitivity to changes in the above non-observable input can be illustrated as follows (assuming the listed events occur one by one):

- An increase or decrease in the market price of DKK 50 per sqm per year will result in a change of the property's fair value, respectively DKK +3.8 million. (31 December 2020: DKK +3.8 million) and DKK -3.7 million (31 December 2020: DKK -3.7 million).
- An increase or a reduction of the required yield of 0.50% point will entail a change of the property's current value, respectively DKK -7.9 million (31 December 2020: DKK -7.8 million) and DKK +9.5 million (31 December 2020: DKK +9.4 million).

A general increase in market rent per sqm and decrease in vacancy in the district, where the property is located, will likely cause a drop in the yield requirement.

ii. Hotel in Ballerup

Park Street hotel on Marbækvej 6 in Ballerup is a property where Park Street via a management agreement operates the hotel. This property is thus characterized by generating a current return operation from the property. In order to calculate the property's fair value separated from the hotel operations, the measurement of the property's fair value based on an estimate of market rent that could be obtained on a normal lease. The estimate of market rent is calculated as a fixed percentage of the revenue of the hotel.

The estimate of the hotel's expected revenue is based on budgeted stabilized revenue discounting a ramp up cost that equals the difference between 2021 actual revenue and the stabilized budget revenue.

Property estimated market rent and determining the required return on owner-occupied property is based on inputs from an independent valuer.

The estimate of the property's fair value, similar to the Group's completed investment properties, is sensitive to changes in input in the valuation model. The most significant non-observable input used for estimating the fair value of the domicile property is as follows:

| | 2021 | 2020 |
|--|------|------|
| Market rent (% of expected revenue from the hotel) | 35 | 33 |
| Return requirement (% p.a.) | 6.5 | 5.5 |

The sensitivity to changes in the above non-observable input can be illustrated as follows (assuming the listed events occur one by one):

- An increase or a reduction of the required yield of 0.50% point will entail a change of the property's current value, respectively DKK -4.0 million (31 December 2020: DKK -9.1 million) and DKK +5.0 million (31 December 2020: DKK +10.9 million).

Classification of properties

Park Street classifies the properties in the following categories:

- Domicile (Owner-occupied properties)
- Investment Properties

Reference is made to note 33 in accounting policies for a more detailed description of how the properties are included in the above-mentioned classifications.

Classification of properties takes place on the basis of Park Street's intentions with each land or property at the time of acquisition. If the future purpose for some reason is not finalized at the time of acquisition, the foundation is classified as an investment property.

In some cases, services may be provided to tenants, etc. that constitute significant benefits. Park Street owns and operates a hotel where services to guests form a significant part of the total product. The property is therefore classified as a residential property.

Reclassification of properties between the above categories is made when the application is changed and a number of criteria are met. Notes to the individual financial statements indicate whether changes have been made to the classification regarding properties owned by Park Street.

Deferred tax assets and liabilities

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates/laws that have been enacted or substantively enacted by the end of the reporting period.

Tax assets arising from unused tax losses, are valued based on existing budgets and profit forecasts for a 3-year period. Tax is recognized for an unused tax loss carryforward or unused tax loss carryforward when it is considered probable that there will be sufficient future taxable profit against which the loss or credit carryforward can be utilised.

At December 31, 2021 the Group has included unused tax losses of DKK 148 million (31 December 2020: DKK 165 million; 31 December 2019: DKK 206 million) all of which is estimated to be realized within a three-year period or against deferred tax liabilities. The reduction in unutilized losses in 2021 and 2020 is due to positive tax income.

Determining the fair value of debt to credit institutions

As stated on Note 25 the value of the Group's mortgage debt and bank debt is classified as amortized cost.

As stated in Note 25 Group's non-convertible bonds are recognized as liabilities towards credit institution and are recognized as at fair value based on data that is non-observable in the market.

Note 2 – Segment information

Park Street's property portfolio is managed under a single management makes no segmentation of the portfolio. Information on the Group's revenue to external customers is disclosed in note 3 below.

The Group has no customers / tenants who make up more than 10% of the group's rental income. The group only has activities in Denmark.

Note 3 - Net sales

| Amounts in DKK 1000s | 2021 | 2020 |
|--|----------------|----------------|
| Rental income | 124,328 | 126,903 |
| Sales of other services | 33,041 | 45,179 |
| Total sales of services | 157,369 | 172,082 |
| Interest income, mortgages and instruments of debt | 895 | 587 |
| | 158,264 | 172,669 |

Note 4 - Operating expenses

| Amounts in DKK 1000s | 2021 | 2020 |
|---|---------------|---------------|
| Operating expenses, investment properties | 35,678 | 43,263 |
| Operating expenses, other services | 5,168 | 4,428 |
| | 40,846 | 47,690 |

Note 5 – Employee benefits expenses

| Amounts in DKK 1000s | 2021 | 2020 |
|------------------------------------|---------------|---------------|
| Salary | 16,442 | 16,549 |
| Contribution-based pensions (*) | 862 | 958 |
| Other social security costs | 59 | 65 |
| Other staff costs | 445 | 406 |
| | 17,808 | 17,977 |
| Average number of employees | 26 | 26 |

(*) The Group has only defined contribution plans. For defined contribution plans, the employer undertakes to pay a defined contribution to a pension fund, but has no risk with regard to future developments in interest rates, inflation, mortality, disability, etc. as regards the amount to be paid to the employee.

Remuneration to the parent company's CEO (Pradeep Patten) comprises the following (**):

| | | |
|-----------------------------|--------------|--------------|
| Salary | 2,760 | 2,760 |
| Contribution-based pensions | 0 | 0 |
| Bonus | 0 | 0 |
| | 2,760 | 2,760 |

The CEO is also considered as "Key Management"

Remuneration to the parent company's board of directors constitutes the following (**):

Board members

| | | |
|---|------------|------------|
| Pradeep Patten (CEO) | 100 | 100 |
| Andrew LaTrobe (Member of the Audit Committee) | 183 | 250 |
| Ohene Kwapong (Chairman of the Audit Committee) | 175 | 175 |
| Lars-Andreas Nilsen (Member of the Audit Committee) (*Jan-Apr 2021) | 50 | 150 |
| Anita Nassar (Chairman of the Board) | 200 | 100 |
| Claes Peter Rading (*May-Dec 2021) | 77 | 0 |
| Per Høpfner | 0 | 50 |
| | 785 | 825 |

(**) Remuneration of the board of directors is disclosed on the Director's report of the Annual Report.

Note 6 – Auditor's fees

The auditor appointed in 2021 and 2020 is PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab. Their fees can be specified as follows:

| Amounts in DKK 1000s | 2021 | 2020 |
|--------------------------|------------|------------|
| Statutory audit | 533 | 428 |
| Other assurance services | 148 | 0 |
| Tax and VAT advice | 264 | 177 |
| Other services | 38 | 109 |
| | 983 | 714 |

Fees for non-audit services delivered by PricewaterhouseCoopers, Statsautoriseret Revisionspartnerselskab, include issuing assurance statement on opening balance in subsidiary and general accounting and tax advisory services.

Note 7 – Depreciation, amortisation and impairment

| Amounts in DKK 1000s | 2021 | 2020 |
|--|--------------|--------------|
| Depreciation, software | 1,807 | 1,361 |
| Depreciation, domicile properties | 1,795 | 1,563 |
| Depreciation, inventory and fixed assets | 728 | -32 |
| | 4,330 | 2,891 |

Note 8 – Financial expenses

| Amounts in DKK 1000s | 2021 | 2020 |
|--|---------------|---------------|
| Interest expenses, liabilities to credit institutions measured at amortized cost | 23,968 | 24,585 |
| Other interest costs and fees | 645 | 296 |
| Borrowing costs | 1,268 | 875 |
| | 25,881 | 25,757 |

Note 9 – Adjustments to fair value, net

| Amounts in DKK 1000s | 2021 | 2020 |
|--|----------------|---------------|
| Fair value adjustment, investment properties | 128,887 | 79,463 |
| | 128,887 | 79,463 |

Note 10 – Gains realised on the sale of investment properties

| Amounts in DKK 1000s | 2021 | 2020 |
|---|--------------|---------------|
| Sales, investment properties | 6,500 | 192,805 |
| The property's carrying amount on sale etc. | -5,028 | -154,322 |
| | 1,472 | 38,483 |

Note 11 – Tax on profit for the year and other comprehensive income

| Amounts in DKK 1000s | 2021 | 2020 |
|--|---------------|---------------|
| Annual tax can be divided as follows: | | |
| Current tax on profit of the year | 1,128 | 4,524 |
| Current tax, previous years | 59 | 160 |
| Changes in deferred tax liabilities | 0 | 0 |
| Changes in deferred tax assets previous years | 40,295 | 37,805 |
| Changes in deferred tax liabilities previous years | 0 | -51 |
| | 41,482 | 42,438 |

| Amounts in DKK 1000s | 2021 | 2020 |
|---|---------------|---------------|
| Tax on profit for the year can be explained as follows: | | |
| Estimated tax at a tax rate of 22% | 41,190 | 41,307 |
| Non-deductible costs | 44 | 586 |
| Non-taxable income | 0 | 0 |
| Adjustment of previous years taxes | 73 | 545 |
| | 41,306 | 42,438 |
| Effective tax rate | 22.06% | 22.60% |

Note 12 – Earnings per share

| Amounts in DKK 1000s | 2021 | 2020 |
|--|-------------------|-------------------|
| Profit for the period | 145,459 | 145,321 |
| Parent company shareholders' share of profit for the year, used to calculate earnings per share | 145,459 | 145,321 |
| Average number of shares | 67,513,732 | 67,513,732 |
| Average number of own shares | -1,037,804 | -459,157 |
| Average number of shares in circulation | 66,475,928 | 67,054,576 |
| Diluted average number of shares in circulation | 66,475,928 | 67,054,576 |
| Number of shares, end period | 67,513,732 | 67,513,732 |
| Number of own shares, end period | -1,037,804 | -1,037,804 |
| Number of shares in circulation, end period | 66,475,928 | 66,475,928 |
| Diluted average number of shares in circulation | 66,475,928 | 66,475,928 |
| Earnings per share (average number of shares) (DKK) | 2.19 | 2.17 |
| Diluted results per. share (average number of shares) (DKK) | 2.19 | 2.17 |

Note 13 – Intangible assets

| Amounts in DKK 1000s | 2021 | 2020 |
|------------------------------------|---------------|---------------|
| Cost at 1 of January | 5,421 | 2,172 |
| Additions during the year | 0 | 3,249 |
| Cost at 31 December | 5,421 | 5,421 |
| Amortization at 1 January | -1,749 | -388 |
| Amortization during the year | -1,807 | -1,361 |
| Amortization at 31 December | -3,556 | -1,749 |
| Balance at 31 December | 1,865 | 3,671 |

Note 14 – Domiciles

| Amounts in DKK 1000s | 2021 | 2020 |
|---|----------------|----------------|
| Cost at 1 of January | 208,689 | 201,648 |
| Revaluation of value | 0 | 7,041 |
| Cost / Revaluated Value at 31 December | 208,689 | 208,689 |
| Depreciation and amortization at 1 January | -12,391 | -10,828 |
| Revaluation of the domicile | -503 | 0 |
| Depreciation | -1,795 | -1,563 |
| Depreciation and amortization at 31 December | -14,689 | -12,391 |
| Balance at 31 December | 194,000 | 196,298 |

Domicile properties consist of a hotel in Ballerup and Park Street's headquarters in Copenhagen.

As the property is presented as a domicile, depreciation is required in accordance with IAS 16. Assets are revaluated equal to fair value at the date of revaluation less accumulated depreciation and subsequent impairment losses. There have been revaluations both as of December 31, 2021 and December 31, 2020.

Domicile properties are pledged as security for loans, mortgage loans and other credit institutions as stated in Note 18. Information on fair value hierarchy of Domicile property is as follows:

| Amounts in DKK 1000s | Level 1 | Level 2 | Level 3 | Total |
|-----------------------------|----------|----------|----------------|----------------|
| At 31 December 2021: | | | | |
| Domicile property | 0 | 0 | 194,000 | 194,000 |
| | 0 | 0 | 194,000 | 194,000 |
| At 31 December 2020: | | | | |
| Domicile property | 0 | 0 | 196,298 | 196,298 |
| | 0 | 0 | 196,298 | 196,298 |

Classification of domicile properties in level 3 means that determining the fair value of domicile properties mainly based on data that are not observable in the market.

During the 2021 and 2020 there have been no transfers between levels of the fair value hierarchy.

The fair value of domicile properties is based on estimates. Refer to note 1 for additional details. No domiciles have been acquired in 2021 and 2020.

If Park Street domiciles were measured at the historical cost less accumulated depreciation, the book value would have been the following:

| Amounts in DKK 1000s | 2021 | 2020 |
|----------------------|----------------|----------------|
| Domicile properties | 115,833 | 117,628 |
| | 115,833 | 117,628 |

Note 15 – Investment properties

As of 31 December 2021 there are no ongoing sales processes regarding investment properties.

| Amounts in DKK 1000s | 2021 | 2020 |
|--|------------------|------------------|
| Balance at 1 of January | 2,462,633 | 2,477,996 |
| Transfer to / from project holdings | - | 1,628 |
| Transfer to / from machinery and equipment | - | 5,216 |
| Costs incurred for improvements | 25,803 | 36,991 |
| Adjustment to fair value, net | 128,887 | 79,463 |
| Acquisition of properties | - | 14,645 |
| Depreciation of fixed assets | 3,519 | 1,015 |
| Retirement on sale | -5,028 | -154,322 |
| Balance at 31 December | 2,615,815 | 2,462,633 |

Fair value hierarchy for investment:

| Amounts in DKK 1000s | Level 1 | Level 2 | Level 3 | Total |
|-----------------------------|----------|----------|------------------|------------------|
| At 31 December 2021: | | | | |
| Investment properties | 0 | 0 | 2,615,815 | 2,615,815 |
| | 0 | 0 | 2,615,815 | 2,615,815 |
| At 31 December 2020: | | | | |
| Investment properties | 0 | 0 | 2,462,633 | 2,462,633 |
| | 0 | 0 | 2,462,633 | 2,462,633 |

Classification of investment properties in level 3 means that determining the fair value of investment properties is mainly based on data that is not observable in the market.

During 2021 and 2020 there has been no transfers between levels of the fair value hierarchy.

The fair value of investment properties is based on estimates. Refer to note 1 for additional details.

Total fair value adjustments on investment properties in the financial year are:

| Amounts in DKK 1000s | 2021 | 2020 |
|-----------------------|----------------|---------------|
| Investment properties | 128,887 | 79,463 |
| | 128,887 | 79,463 |

Total fair value adjustments amounts to DKK 128.9 million (2020: DKK 79.5 million) for the properties owned by the Company as of December 31, 2021. These value adjustments are recognized in the income statement as "Adjustments to fair value, net". Investment properties are pledged as security for debt to mortgage banks and other credit institutions as indicated in Note 27.

The Group does not have any agreement which required the Group to build or redevelop any properties neither in 2021 or 2020.

The net income of the investment portfolio is as follows:

| Amounts in DKK 1000s | 2021 | 2020 |
|----------------------|------|------|
|----------------------|------|------|

| | | |
|--|---------------|---------------|
| Rental income from investment properties | 119,609 | 121,842 |
| Operating expenses, investment properties | -34,679 | -42,098 |
| Net income from investment properties | 84,930 | 79,744 |

The Group has entered into operating leases (leases) to tenants of its investment properties. The leases duration is up to 15 years. The contract minimum payments under existing leases are distributed as follows:

| Amounts in DKK 1000s | 2021 | 2020 |
|---|----------------|----------------|
| Remaining termination within 1 year from the balance sheet date | 30,956 | 80,608 |
| Remaining termination between 1 and 5 years from the balance sheet date | 90,311 | 120,944 |
| Remaining termination after 5 years from the balance sheet date | 88,762 | 53,272 |
| | 210,029 | 254,824 |

Note 16 – Machinery and equipment

| Amounts in DKK 1000s | IT Equipment | Appliances | Total Machinery and Equipment |
|---|---------------------|-------------------|--------------------------------------|
| Cost at 1 of January 2021 | 4,247 | 8,484 | 12,731 |
| Additions during the year | 0 | 0 | 0 |
| Disposals during the year | -679 | -4,199 | -4,878 |
| Cost at 31 December 2021 | 3,568 | 4,285 | 7,853 |
| Amortization at 1 January 2021 | -4,187 | -7,752 | -11,939 |
| Amortization during the year | 663 | 3,913 | 4,576 |
| Amortization at 31 December 2021 | -3,524 | -3,839 | -7,363 |
| Balance at 31 December 2021 | 44 | 446 | 490 |
| Cost at 1 of January 2020 | 4,164 | 8,356 | 12,520 |
| Additions during the year | 83 | 128 | 211 |
| Disposals during the year | | | |
| Cost at 31 December 2020 | 4,247 | 8,484 | 12,731 |
| Amortization at 1 January 2020 | -4,099 | -6,799 | -10,898 |
| Amortization during the year | -88 | -953 | -1,041 |
| Amortization at 31 December 2020 | -4,187 | -7,752 | -11,939 |
| Balance at 31 December 2020 | 60 | 732 | 792 |

Note 17 – Investment in associates

The company acquired 150,000 units of common membership interest in the entity Enterra Solution, LLC (Address: One Palmer Square, Suite 530, Princeton, NJ 08542) in August 2019 as part of the strategy to develop a Real Estate Platform with Technology. This company is developing an

advanced AI (Artificial Intelligence) based system that allows organizations to capture, curate and analyse data which will help the Company to increase efficiency in the operations and simplify the processes.

| Amounts in DKK 1000s | 2021 | 2020 |
|---------------------------------------|--------------|--------------|
| Cost price at January 1 | 2,029 | 2,029 |
| Additions | 0 | 0 |
| Cost price at December 31 | 2,029 | 2,029 |
| Carrying amount at December 31 | 2,029 | 2,029 |

Note 18 – Current financial assets at amortised cost

The Group has the following mortgage and debt instruments classified as "Financial assets measured at amortized cost":

| Amounts in DKK 1000s | 2021 | 2020 |
|--|--------------|--------------|
| Financial assets at amortized cost at 1 January | 8,000 | 8,335 |
| Repayment of the year | -329 | -335 |
| Financial assets at amortized cost at 31 December | 7,671 | 8,000 |

Mortgages and debt securities classified as financial instruments in the category "Financial assets at amortized cost" expire in the following periods:

| Value | Expire | Effective interest rate p.a. | | Balance in DKK 1000 | | Fair value in DKK 1000 | |
|-------|--------|------------------------------|------|---------------------|--------------|------------------------|--------------|
| | | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 |
| DKK | 2025 | 7.50% | 7.5% | 7,671 | 8,000 | 7,671 | 8,000 |
| | | | | 7,671 | 8,000 | 7,671 | 8,000 |

The calculated fair value is based on estimates (Level 2 in fair value hierarchy).

Note 19 – Project Holdings

| Amounts in DKK 1000s | 2021 | 2020 |
|--|----------|----------|
| Project holdings at 1 January | 0 | 1,628 |
| Additions and improvements | 0 | 0 |
| Sales of project holdings, valued at cost price | 0 | 0 |
| Transferred to / from investment properties | 0 | -1,628 |
| | 0 | 0 |
| Project holdings at 31 December | 0 | 0 |
| Carrying forward of project holdings recognized at net realizable value | 0 | 0 |

Note 20 – Receivables

| Amounts in DKK 1000s | 2021 | 2020 |
|-----------------------------------|---------------|---------------|
| Receivable Rental Income | 4,318 | 3,056 |
| Deposited funds in banks | 15,589 | 10,119 |
| Other Receivables | 4,066 | 4,027 |
| Receivables at 31 December | 23,973 | 17,202 |

Write-downs on receivable rental income have been made after an individual assessment and have developed as follows:

| | | |
|---|--------------|--------------|
| Bad debt provision as of 1st of January | 1,862 | 1,939 |
| Net additional provisions | 922 | 740 |
| Recognized losses (Write off) | 4 | -817 |
| | 2,787 | 1,862 |

In the above tenant rental income, receivables have been recognized which were overdue as at 31 December but have not been written down, with the following amounts:

| | | |
|------------------------|--------------|--------------|
| Up to 30 days | 117 | 60 |
| Between 30 and 90 days | 1,647 | 978 |
| Over 90 days | 5,224 | 492 |
| | 6,988 | 1,530 |

Trade receivables are predominantly non-interest bearing. Apart from rental income receivable, Park Street has no receivables that are overdue at the balance sheet date or which have been assessed as impaired.

Funds deposited in banks relate to receivables selling price from properties sold, funds deposited as collateral for mortgage loans and deposits as security for the initiated maintenance work on properties.

Note 21 – Cash and cash equivalents

| Amounts in DKK 1000s | 2021 | 2020 |
|-------------------------------------|----------------|---------------|
| Petty cash | 64 | 3 |
| Deposits in banks for free disposal | 167,756 | 23,148 |
| | 167,820 | 23,151 |

Note 22 – Share capital

| Amounts in DKK 1000s | 2021 | 2020 |
|-------------------------------------|---------------|---------------|
| Share capital as on 1st of January | 67,513 | 67,513 |
| Share capital increase | 0 | 0 |
| Share capital at 31 December | 67,513 | 67,513 |

The share capital consists of 67,513,372 shares of DKK 1 (31 December 2020: 67,513,372 shares of DKK 1). No shares have special rights. The shares are fully paid.

Park Street Asset Management Ltd. and Park Street NordAc Sarl own 100% of the nominal class B share capital and 55.89% of the nominal class A share capital and a total of 92.14% (and a corresponding percentage of the votes) of the total nominal share capital of the Company.

Note 23 – Treasury shares

| | Number of shares | | Nominal value (Amount in DKK 1000) | | Share of share capital | |
|---------------------------|------------------|------------------|---------------------------------------|--------------|------------------------|-------------|
| | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 |
| 1 January | 1,037,804 | 119,491 | 1,037 | 119 | 0.2% | 0.2% |
| Additions during the year | 0 | 918,313 | 0 | 918 | 1.3% | 1.3% |
| 31 December | 1,037,804 | 1,037,804 | 1,037 | 1,037 | 1.5% | 1.5% |

In the period from 19 October 2020 to 31 December 2020, Park Street bought 918,313 shares for a total amount of DKK 10.0 million.

All own shares are owned by Park Street A/S.

As indicated on the company announcement published on 25 February 2022, Park Street A/S had initiated a share buyback program for up to DKK 250m of Class A and Class B shares, to be executed during the period from 25th February 2022 to 30th June 2022. The buyback program was launched in accordance with the authorization granted to the board of directors as stated on the point 3.7 of the Articles of Associated and approved by the shareholders at the Annual General Meeting on 22nd April 2021. The board of directors is authorized in the period until 21st April 2026 to allow the Company to acquire Class A and Class B treasury shares corresponding to a total of 35% of the Company's Class A and 35% of Class B share capital.

Note 24 – Deferred Taxes

| Amounts in DKK 1000s | 2021 | 2020 |
|---|-----------------|-----------------|
| Deferred tax liabilities at 1st of January | 191,733 | 152,430 |
| Recognized in other comprehensive income | -111 | 1,549 |
| Correction from previous years | 0 | -51 |
| Recognized in the income statement | 40,465 | 37,805 |
| Deferred tax liabilities at 31 December | 232,087 | 191,733 |
| Deferred tax is recognized in the balance sheet as follows: | | |
| Deferred tax (active) | 0 | 0 |
| Deferred tax (liability) | -232,087 | -191,733 |
| Deferred tax at 31 December | -232,087 | -191,733 |

Deferred tax recognized in the balance

The calculation of deferred taxes included DKK 36.4 million relating to tax losses carried forward from Group companies. Based on budget accounting and tax profits in the period 2021-2024 and deferred tax liabilities, it is estimated that all tax losses (tax base) will be realized, which is included in the calculation of deferred tax DKK 232.1 million (taxable value) per 31 December 2021.

Deferred tax assets (value calculated at a tax rate of 22%) recognized in the balance sheet relate to profit and losses from the subsidiaries Pulse Taastrup P/S, Pulse Glostrup P/S, Pulse N P/S, Pulse O P/S, Ballerup Hotel P/S, Svanevej P/S, Toldbuen P/S, PS Holdco I P/S, Phoam Studio ApS, PSN ApS, Pulse Living ApS, Albuen ApS, PS I ApS, and Park Street UK.

| Amounts in DKK 1000s | Balance 1/1 | Recognized in the income statement | Recognized in another comprehensive income | Balance 31/12 |
|---------------------------------------|----------------|------------------------------------|--|----------------|
| 2021 | | | | |
| Software | 807 | -397 | 0 | 410 |
| Investment and residential properties | 228,140 | 38,058 | -111 | 266,087 |
| Fixtures and fittings | -523 | 110 | 0 | -413 |
| Receivables | -409 | -203 | 0 | -612 |
| Provisions | -88 | 88 | 0 | 0 |
| Credit institutions | 204 | -983 | 0 | -779 |
| Tax losses carryforward | -36,398 | 3,792 | 0 | -32,606 |
| | 191,733 | 40,465 | -111 | 232,087 |
| 2020 | | | | |
| Software | 0 | 807 | 0 | 807 |
| Investment and residential properties | 199,231 | 27,360 | 1,549 | 228,140 |
| Fixtures and fittings | -1,552 | 1,029 | 0 | -523 |
| Receivables | 0 | -409 | 0 | -409 |
| Provisions | -88 | 0 | 0 | -88 |
| Credit institutions | 256 | -52 | 0 | 204 |
| Tax losses carryforward | -45,417 | 9,019 | 0 | -36,398 |
| | 152,430 | 37,754 | 1,549 | 191,733 |

Note 25 – Borrowings

| Amounts in DKK 1000s | 2021 | 2020 |
|---|------------------|------------------|
| Borrowings, nominal | 1,515,581 | 1,412,811 |
| Market value adjustments | -6,110 | -7,787 |
| | 1,509,471 | 1,405,024 |
| The liabilities are thus included in the balance sheet: | | |
| Borrowings, long-term | 1,488,364 | 1,354,054 |
| Borrowings, short-term | 21,107 | 50,970 |
| | 1,509,471 | 1,405,024 |

The Group's loans and credits are distributed as per 31 December as follows:

| Liabilities recognized at fair value | Currency | Rate type | Expiry date | 2021 | 2020 |
|--------------------------------------|----------|---------------|-------------|---------------|---------------|
| Convertible bonds | DKK | Interest-free | 11-15 years | 11,335 | 11,335 |
| | | | | 11,335 | 11,335 |
| Market value adjustments | | | | -6,110 | -7,787 |
| Carrying amount | | | | 5,226 | 3,548 |

| Liabilities recognized at amortized cost | Currency | Rate type | Expiry date | 2021 | 2020 |
|--|----------|-----------|-------------|------------------|------------------|
| Banks Debt | DKK | Fixed | 0-1 years | 0 | 0 |
| Banks Debt | DKK | Fixed | 2-5 years | 503,615 | 255,260 |
| Mortgage Debt | DKK | Variable | 2-5 Years | 43,402 | 0 |
| Mortgage Debt | DKK | Variable | 6-10 years | 35,987 | 143,986 |
| Mortgage Debt | DKK | Variable | 11-15 years | 593,362 | 97,372 |
| Mortgage Debt | DKK | Variable | 16-20 years | 342,380 | 904,858 |
| Carrying amount | | | | 1,518,747 | 1,401,476 |

The nominal amounts stated in the tables represent the amount that Park Street will repay under the loan agreements by the end of these agreements.

Fixed interest loans stated in the tables indicate that a fixed rate applies until the loans' maturity date or until a new negotiation is made with the individual bank. Variable interest rates expressed in the tables indicate that the loans have interest rates that are regularly adjusted over the term of the loans due to fluctuations in market interest rates.

The evolution of the long and short term liabilities with credit institutions is specified follows:

| Amounts in DKK 1000s | 2021 | 2020 |
|--|------------------|------------------|
| Non-current financial liabilities | 1,354,054 | 1,478,691 |
| Current financial liabilities | 50,970 | 154,673 |
| Liabilities associated with assets held for sale | 0 | 0 |
| Financial liabilities with credit institutions at 1 January | 1,405,024 | 1,633,364 |
| Repayment of liabilities to credit institutions | -398,859 | -150,831 |
| Proceeds from assumption of liabilities to credit institutions | 503,306 | 0 |
| Mortgage and bank debt converted into equity | 0 | 0 |
| Cancellation of debt from disposal of assets | 0 | 0 |
| Repayment of debt from disposal of assets | 0 | -77,510 |
| Accrued financial expenses | 0 | 0 |
| Financial liabilities with credit institutions at 31 December | 1,509,471 | 1,405,024 |
| Non-current financial liabilities | 1,488,364 | 1,354,054 |
| Current financial liabilities | 21,107 | 50,970 |
| Total financial liabilities with credit institutions at 31 December | 1,509,471 | 1,405,024 |

Determining the fair value of debt to credit institutions

Information on Group's financial loan agreements, mortgage debt and convertible bonds is disclosed in note 25. Information on estimates and judgments related to the determination of fair value of financial liabilities is disclosed in note 1. As stated in these notes mortgage and bank debt have been recognized at amortised cost in 2021 and 2020.

Zero-coupon bonds (former Convertible bonds)

As a result of a prior bank agreement, Park Street issued in 2010 convertible bonds for a number of credit institutions for a total nominal DKK 69.0 million. The bonds are non-callable by credit institutions until 31 December 2029 and non-amortized. Conversion period for the bonds to shares has expired, and as a result, the bonds in the annual report classified as normal loans from credit institutions and is therefore included under "Credit institutions" in the balance sheet (zero-coupon bonds). The convertible bonds are recorded as subordinated loan capital and are subordinate to all other unsubordinated debt. The movement of the nominal value of these zero-coupon bonds is as follows:

| Amounts in DKK 1000s | 2021 | 2020 |
|---|--------|--------|
| Zero-coupon bonds at 1 January (Nominal value) | 11,335 | 11,335 |
| Bonds converted into class B shares (Nominal value) | 0 | 0 |
| Zero-coupon bonds at 31 December (Nominal Value) | 11,335 | 11,335 |

The fair value estimated by an independent reviewer (Level 3 of the fair value hierarchy) at December 31 2021 corresponds to a rate of 31.30 (31 December 2020 – 31.30). The carrying value of zero-coupon bonds in the statement of financial position is shown in the following table:

| Amounts in DKK 1000s | 2021 | 2020 |
|---|--------------|--------------|
| Fair value of financial liability at the date of issue | 3,548 | 3,548 |
| Amortization of convertible bonds at 31 December | 0 | 0 |
| Fair Value adjustment recognized in the Profit and Loss | 1,678 | 0 |
| Fair Value adjustment of convertible bonds converted in Equity | 0 | 0 |
| Balance at 31 December | 5,226 | 3,548 |

As stated in note 25 Group's non-convertible bonds are recognized as liabilities towards credit institution and are recognized as at fair value based on data that is non-observable in the market.

Note 26 – Provisions

| Amounts in DKK 1000s | 2021 | 2020 |
|-------------------------------|------------|------------|
| Provisions at 1 January | 400 | 400 |
| Used in the year | 0 | 0 |
| Reversed during the year | 0 | 0 |
| Accrued in the year | 0 | 0 |
| Provisions 31 December | 400 | 400 |

Provisions relate to an obligation with the purchaser of a property concerning environmental clean-up on a land.

Note 27 – Contingent assets and liabilities

Pledges and guarantees

The nominal pledge for the bank debt and mortgage debt given by credit institutions per December 31, 2021 amounts a total of DKK 1,728 million (31 December 2020: DKK 2,002 million), the nominal value of the loans amounts a total of DKK 1,519 million (December 31, 2020: DKK 1,405 million) in the group's investment properties and domiciles with a book value totalling DKK 2,809 million (31 December 2020: DKK 2,658 million).

The nominal pledge for the bank debt and mortgage debt given by credit institutions per December 31, 2021 amounts a total of DKK 7.7 million (31 December 2020: DKK 8.0 million), in the group's deposited mortgage deeds with a book value totalling DKK 7.7 million (31 December 2020: DKK 8.0 million).

Litigations and disputes

No additional significant litigations and disputes are acknowledged by the Group at December 31, 2021 other than the ones indicated in Note 27.

Conditional debt relief and contingencies

In connection with the sale of a property in 2014, Park Street has been subject to a surcharge for the property if the purchaser on the site before 1 January 2024 obtains more building rights than assumed at the conclusion of the transaction. The additional price amounts to DKK 2,000 for each building rights. Additional building plans will require a change of the local plan for the area in which the property in question is located. Park Street

is not aware of any plans to change the local plan in question, for this reason Park Street does not consider the potential additional price as a contingent asset.

Contingent assets

As part of the sales agreement of the property sold in 2018, Park Street and the buyer have agreed that Park Street is entitled to obtain an additional supplement of DKK 1 million if the buyer completes a development project of more than 5,000 square meters within 5 years from the date of acquisition; the Company has decided not to recognize the contingent asset in the balance as at December 31, 2021.

Lease commitments

There are operating leases for cars rental and printers.

| Amounts in DKK 1000s | 2021 | 2020 |
|--|------------|------------|
| Within 1 year from the balance sheet date | 1 | 2 |
| Between 1 and 5 years from the balance sheet date | 5 | 3 |
| After 5 years from the balance sheet date | 0 | 0 |
| Operating lease obligations at 31 December | 6 | 5 |
| Minimum lease payments recognized in the profit and loss account for the year | 130 | 242 |

Note 28 – Financial risks and use of derivative instruments

| Amounts in DKK 1000s | 2021 | 2020 |
|--|------------------|------------------|
| Mortgages and debentures | 7,671 | 8,000 |
| Financial assets measured at fair value through profit or loss | 7,671 | 8,000 |
| Receivables | 23,973 | 17,202 |
| Cash and equivalents | 167,820 | 23,151 |
| Financial assets measured at amortized cost | 191,793 | 40,353 |
| Credit institutions | -5,226 | 3,548 |
| Financial liabilities measured at fair value through profit or loss | -5,226 | 3,548 |
| Credit institutions | 1,509,471 | 1,401,476 |
| Deposits | 38,530 | 32,501 |
| Accounts payable | 7,718 | 3,988 |
| Other Debts | 14,238 | 12,926 |
| Financial liabilities measured at amortized cost | 1,569,957 | 1,450,892 |

Risk management policy

The financial management of the Group is geared towards stabilization and optimization of the Group's operations, while at minimizing the Group's financial risk exposure. It is part of the Group's policy not to conduct speculative transactions by active use of financial instruments.

The group is due to its activities exposed to various financial risks, including liquidity risk, market risks (primarily interest rate risk) and credit risk.

Liquidity risk

Park Street's liquidity risk consists on not being able to make regular payments and not being able to provide sufficient liquidity to cover the financing costs, capital repayment obligations and capital investments. Lack of liquidity may arise from insufficient cash resources and may be adversely affected by missed payments from Park Street tenants, increased vacancy, repayment of deposits, divestments, unexpected costs and investment needs. Lack of liquidity may also arise from default of loans signed and in connection with refinancing when existing loan agreements expire or are terminated.

Cash reserves total at December 31, 2021 DKK 167.8 million (31 December 2020: DKK 23.2 million). Park Street forecasts that current and generated liquidity is sufficient to carry out the group's planned activities throughout 2022.

Maturity of financial liabilities is specified as follows:

| Amounts in DKK 1000s | Carry forward balance | Contractual cash flows | 0 - 1 Years | 2 - 3 Years | 4 - 5 Years | After 5 Years |
|---|-----------------------|------------------------|---------------|----------------|----------------|------------------|
| 2021 | | | | | | |
| Non-derivative financial instruments | | | | | | |
| Credit institutions | 1,509,471 | 1,654,089 | 43,938 | 89,546 | 578,304 | 942,300 |
| Trade payables | 7,718 | 7,718 | 0 | 0 | 0 | 0 |
| Deposits | 38,530 | 38,530 | 33,367 | 3,802 | 186 | 1,175 |
| Other debts | 14,238 | 14,238 | 0 | 0 | 0 | 0 |
| Total | 1,569,957 | 1,714,575 | 77,305 | 93,348 | 578,490 | 943,475 |
| 2020 | | | | | | |
| Non-derivative financial instruments | | | | | | |
| Credit institutions | 1,405,024 | 1,542,908 | 69,339 | 326,760 | 96,539 | 1,050,270 |
| Trade payables | 3,988 | 3,988 | 0 | 0 | 0 | 0 |
| Deposits | 32,501 | 32,501 | 25,108 | 3,417 | 3,492 | 484 |
| Other debts | 12,926 | 12,926 | 0 | 0 | 0 | 0 |
| Total | 1,454,439 | 1,592,323 | 94,448 | 330,177 | 100,031 | 1,050,754 |

Interest rate risk

Park Street is as a result of its financing activities in significant extent exposed to interest rate fluctuations. The interest rate risk is therefore an essential element in the overall assessment of the Group's financial situation.

The interest rate risk as of December 31, 2021 primarily relate to the following:

- Fluctuations in market interest rates on mortgages with variable rates (Cibor6, F2, F3, F5).
- Renegotiation of the margin rate applied on the mortgage loans.
- Renegotiation of fixed interest rate of bank debt associated with the extension of loans / terms. Fixed rate includes loans, which applies a fixed rate until the loans' maturity date, to other agreed point in time or until a renegotiation is made with the individual bank.

Park Street's major interest rate risk is the risk that the financial creditors on short notice increase terms of interest and margin rates. In this situation, the level of interest and contribution rates depend on negotiations with the financial institutions. The Group's loan portfolio is continuously monitored with a view to optimizing the group's exposure to interest rate risks. Park Street at December 31, 2021 does not have financial instruments for interest rate hedging, and the group has limited opportunities to influence the interest rate risk in the current financial situation.

Group's nominal financial debt is specified as follows, based on the type of interest rate that is linked to individual loans:

| Type of loan | Nominal (DKK million) | *Weighted interest rate (per annum) | |
|------------------------------|-----------------------|-------------------------------------|--------------|
| At December 31, 2021: | | | |
| Mortgage debt | Cibor6 | 139 | 2.06% |
| Mortgage debt | F2 | 46 | 2.48% |
| Mortgage debt | F3 | 324 | 0.59% |
| Mortgage debt | F5 | 505 | 1.06% |
| Bank debt etc. | Fixed | 504 | 0.84% |
| Others | Interest-free | 0 | 0.00% |
| | | 1,519 | 1.53% |

At December 31, 2020:

| | | | |
|----------------|---------------|--------------|--------------|
| Mortgage debt | Cibor6 | 208 | 1.77% |
| Mortgage debt | F2 | 49 | 2.64% |
| Mortgage debt | F3 | 383 | 0.86% |
| Mortgage debt | F5 | 506 | 1.27% |
| Bank debt etc. | Fixed | 255 | 2.54% |
| Others | Interest-free | 4 | 0.00% |
| | | 1,405 | 1.51% |

(*) Weighted interest rate (pa) includes contributions to mortgage and expresses the average weighted interest rates in effect at the turn of the year and in the subsequent period until the next repricing date.

The calculated weighted interest rate for all Group loans is at 31 December 2021 1.53% per annum, and is based on the latest confirmed interest rates. The corresponding calculated weighted rate at 31 December, 2020 was 1.51% per annum. This did not have a significant impact on the P&L for 2021.

Breakdown by maturity until the next date of interest rate adjustment distributes the Group's loans as follows (as of Dec. 31):

| Amounts in DKK 1000s | 2021 | 2020 |
|-----------------------------|--------------|--------------|
| Within six months | 123 | 208 |
| Between 6 and 12 months | 121 | 0 |
| Between 1 and 2 years | 254 | 299 |
| Between 2 and 5 years | 1,006 | 894 |
| After 5 years | 5 | 4 |
| | 1,509 | 1,405 |

The interest rate adjustment date for fixed-rate and interest-free loans is included in the above table at the time of the renegotiation of the maturity and / or terms of the loans or where existing confirmations on a given interest rate expire for a period.

Interest rate risk from Park Street's view can be presented in the following two divisions:

- Variable market interest rates: Risks associated with fluctuations in market interest rates, i.e. on loans where interest rate adjustment takes place at defined times based on market fluctuations. This applies to mortgage loans with variable interest rates.
- Interest, etc. on all loans: Risks associated with fluctuations in interest rates on all loans. In addition to the above fluctuations in market rates, this includes the renegotiation of contribution rates at mortgage banks and renegotiation of loan terms with bank creditors.

The hypothetical effect on the results and equity after tax as a result of 1 percentage point increase in interest rates (ex. Fair value adjustments) is illustrated in the following table:

| Amounts in DKK 1000s | 2021 | 2020 |
|--------------------------------------|-------------|-------------|
| Variable Interest rate loans: | | |
| Effect on income statement | -10.2 | -14.1 |
| Effect on equity | -10.2 | -14.1 |

Regarding loans from credit institutions that have ongoing interest rate adjustments resulting from changes in market interest rates, the table above illustrates that the hypothetical effect on net income and equity as a result of one percentage point increase in interest rates amounts to DKK -10.2 million per annum (2020: DKK -14.1 million). The approach used to determine the effect has been carried out by increasing the base rate by 100 basis points of all the loans with floating rate exposure. This analysis includes F2, F3, F5 loans as well. The effect on the income statement has been calculated for a 12 month period.

Currency risk

The group exposure is very limited to changes in currency rates.

Credit risk

The Group's credit risk is primarily related to:

- Lease receivables
- Receivables from the sale of properties
- Receivables from mortgages

The maximum credit risk for financial assets is reflected in the accounting values of the balance sheet, and taking into account securities received.

Risks concerning to rental receivables are limited to Park Street's options to deduct payments from deposits and termination of the covered leases. Credit risk on receivables arising from the sale of properties is limited, as the transactions are always subject to payment of purchase price and deposit of the purchase price. With mortgage deeds, the Group has a usual debtor risk, which is reduced by mortgages on properties.

In order to minimize the risk of loss of receivable rent, the tenants' ability to pay prior to entering into leases is assessed to the extent that it is relevant. In addition, there is usually a requirement for a cash deposit, a guarantee and / or prepaid rent. However, if a tenant is unable to pay, it may result in loss as well as reduced income due to rental allowance upon relocation, lower future rental income and any additional costs incurred in connection with refurbishment etc.

Credit risk on receivables at December 31, 2021 is further described in note 20.

Group's Cash and cash equivalents consists primarily of deposits in reputable banks. The group believes that there is no significant credit risk associated with the cash. Deposits in banks are labelled at variable interest rate.

Financial liabilities with credit institutions and fair value

Group's mortgage debt and bank debt is classified as amortized cost. Fair value of loans measured at amortised cost amount to DKK 1,405 thousand. Fair value has been determined as the present value of the contractual cash flows discounted at a rate reflecting the current borrowing rate. Due to the fact that the terms of all loans were renegotiated in 2017, fair value of all floating rate loans is considered to be equal to their carrying amount. Based on a recent transaction, the fair value measurement is considered a level 2 measurement.

The fair value of zero-coupon debt is established based on the fair value estimated by an independent reviewer (estimated rate of 31.30 at December 31, 2020).

The Group's financial assets and liabilities measured at fair value are classified on the following 3 levels in the fair value hierarchy:

- Level 1: Based on listed prices (non-adjusted) on active markets for identical assets or liabilities.
- Level 2: Based on inputs other than listed prices that are observable for the asset or liability, either direct (as prices) or indirect (derived from prices).
- Level 3: Based on data that is not observable in the market.

| Amounts in DKK 1000s | Carry forward balance | Level 1 | Level 2 | Level 3 |
|------------------------------------|-----------------------|----------|--------------|--------------|
| 2021 | | | | |
| Mortgages and debentures | 7,671 | 0 | 7,671 | 0 |
| Total financial assets | 7,671 | 0 | 7,671 | 0 |
| Credit institutions | 5,226 | 0 | 0 | 5,226 |
| Total financial liabilities | 5,226 | 0 | 0 | 5,226 |

2020

| | | | | |
|------------------------------------|--------------|----------|--------------|--------------|
| Mortgages and debentures | 8,000 | 0 | 8,000 | 0 |
| Total financial assets | 8,000 | 0 | 8,000 | 0 |
| Credit institutions | 3,548 | 0 | 0 | 3,548 |
| Total financial liabilities | 3,548 | 0 | 0 | 3,548 |

It is the Group's policy to recognise transfers between the different levels from the time at which an event or change in circumstances entails a change in the classifications. No transfers were made between levels 1 and 2 in the accounting period.

When calculating the fair value of the Group's liabilities in accordance with level 3 of the fair value hierarchy, a correction is made for the Group's own credit rating, taking into account the legal status of the liabilities, and the security in the assets measured at fair value. Consequently, no direct assumptions of discount factors, etc. are included when measuring liabilities to credit institutions in accordance with level 3 of the fair value hierarchy.

The table below shows the change in liabilities to credit institutions measured at fair value in the balance sheet based on valuation methods in which significant inputs are not based on observable market data (level 3):

| Amounts in DKK million | 2021 | 2020 |
|---|--------------|--------------|
| Carrying amount at 1st of January | 3,548 | 3,548 |
| Gains / losses in the income statement | 1,678 | 0 |
| Redemptions | 0 | 0 |
| Transfer to Level 3 | 0 | 0 |
| Transfer from Level 3 | 0 | 0 |
| Balance at 31st of December | 5,226 | 3,548 |
| Gain / loss in the income statement for liabilities held at 31st of December | 1,678 | 0 |

Gains/losses concerning credit institutions measured at fair value are included in the item 'Adjustment to fair value, net' in the income statement. Liabilities to credit institutions measured at fair value are transferred to/from level 3 in the fair value hierarchy depending on whether the fair value of the loans contains a correction for the Group's own credit rating.

For financial instruments that are not measured at fair value, the book value is assessed as being a reasonable approximation of fair value. This is based on the trade price of the underlying bonds (Level 2).

Note 29 – Non-current operating items, etc.

| Amounts in DKK 1000s | 2021 | 2020 |
|---|---------------|---------------|
| Depreciation and amortization | -4,330 | -2,891 |
| Profit/loss on sale of operating assets | 1,472 | 38,483 |
| Total regulation | -2,858 | 35,592 |

Note 30 – Change in operating capital

| Amounts in DKK 1000s | 2021 | 2020 |
|--|--------------|---------------|
| Change in receivables | -6,771 | 311 |
| Change in provisions | 0 | 0 |
| Change in deposit | 6,029 | -8,865 |
| Change in trade payables | 3,730 | 2,676 |
| Change in total working capital | 2,988 | -5,878 |

Note 31 – Related parties

Park Street Asset Management Ltd. (London, England) has controlling influence in Park Street A/S by virtue of its shareholding of 92.14% of shares and votes in Park Street A/S. See note 5, where the remuneration of Directors and Board of Park Street A/S appears. The Company additionally had the following transactions between Park Street and related parties that consisted of intangible assets.

| Amounts in DKK 1000s | 2021 | 2020 |
|------------------------------|-------|-------|
| Other related parties | | |
| Intangible assets | 0 | 3,249 |
| Software expenses | 2,234 | 0 |

There have been no other transactions, etc. with related parties during the period.

Note 32 – Subsequent Events

An investment property in Loftborvej has been sold for DKK 117.6 million in January 2022.

Significant leases for over 3,800 square meters have been signed since January 2022.

As indicated on the company announcement published on 25 February 2022, Park Street A/S had initiated a share buyback program for up to DKK 250m of Class A and Class B shares, to be executed during the period from 25th February 2022 to 30th June 2022. . The buyback program was launched in accordance with the authorization granted to the board of directors as stated on the point 3.7 of the Articles of Associated and approved by the shareholders at the Annual General Meeting on 22nd April 2021. The board of directors is authorized in the period until 21st April 2026 to allow the Company to acquire Class A and Class B treasury shares corresponding to a total of 35% of the Company's Class A and 35% of Class B share capital.

From the balance sheet date until the date of presentation of this Annual Report no additional events have occurred other than the abovementioned which significantly affects the assessment of the annual report.

Note 33 – Accounting policies

The annual report for the period January 1 to December 31, 2021 for Park Street A / S comprises the consolidated financial statements of Park Street A / S and its subsidiary companies and separate financial statements of the parent company. The annual report of Park Street A / S for the year 2021 is prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and requirements according to the Danish Financial Statements Act. The annual report has been approved by the Board of Directors on March 30, 2022. The annual report shall be submitted to Park Street A / S shareholders for approval at the Annual General Meeting that will take place on April 21, 2022.

BASIS OF PREPARATION

The annual report is presented in Danish crown (DKK) rounded to the nearest DKK 1,000, which is considered to be the primary currency of the Group's activities and the functional currency of the parent company. The annual report is prepared on a historical cost basis, except for investment properties and certain financial obligations that are measured at fair value. Further, investment properties and domicile are measured at reassessed value. The accounting policies are otherwise as described below.

CHANGES IN ACCOUNTING POLICIES

Accounting policies are unchanged from the previous year.

DESCRIPTION OF CONSOLIDATED ACCOUNTING POLICIES

Consolidated Financial Statements

The consolidated financial statements include Park Street A / S (parent company) and companies (subsidiaries) controlled by the parent. The parent company is deemed to have control if it (i) has control of the relevant activities in the entity, (ii) is exposed to or are entitled to a variable returns from the investment and (iii) may use its controlling interest to affect the variables of their return.

The consolidated financial statements are prepared as a consolidation of the parent financial statements and accounts of the individual subsidiaries, which have been prepared in accordance with the Group's accounting policies, the elimination of intercompany income and expenses, shareholdings, balances, dividends and gains and losses on transactions, taken between the consolidated companies.

Sale of subsidiaries and activities

When the Group ceases to have control any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

Foreign currency

Transactions in currencies other than the individual companies' functional currencies are translated initially at the transaction date. Receivables and payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the closing rate. Exchange differences arising between the date of transaction and payment date or the balance sheet date are recognized in the income statement under financial income or expenses. Exchange differences arising from the translation of foreign companies' balance sheet items at the beginning of the exchange rates and the translation of income statements from average rates to closing rates are recognized in other comprehensive income.

Exchange rate on full or partial disposal of foreign entities, where control is transferred, the foreign currency translation adjustments are recognized in other comprehensive income, which is attributable to the unit from other comprehensive income to net income along with the gain or loss on the disposal.

PROFIT AND LOSS STATEMENT

Revenue

Revenue includes rental income, interest on mortgage and debt instruments measured at fair value, sale amount from sold project holding, sales of goods and sales of other services. Rental Revenue is measured at the fair value of the consideration received or receivable and is calculated exclusive of VAT collected on behalf of third parties and discounts.

Revenue from the sale of project portfolios is recognized when delivery takes place and transfer of risk to the buyer (sales method), ie when any construction is completed and finally transferred to the buyer, and all essential elements of the sales agreement are met. Sales of goods factored when delivery and risk transition have taken place.

Rental income, interest on mortgage and debt instruments measured at fair value, and sales of other services is recognized in the periods to which they relate.

Operating costs

Operating costs include costs directly related to turnover, including ongoing operating expenses of the Group investment properties, costs associated with the acquisition and construction of submitted project inventories and other operating costs.

Adjustments to fair value, net

Adjustment to fair value, net includes continuous adjustments of investment properties and related debt as well as debt instruments measured at fair value through profit or loss.

Realized gains on sale of investment properties

Realized gains on sale of investment properties is recognized when the risks and rewards are transferred to the buyer, and the control of the property has been transferred.

Financial income and expenses

Financial items include interest income and interest expenses, foreign exchange rate adjustments, amortization premiums / discounts, realized and unrealized gains and losses on securities as well as surcharges and refunds under the tax.

Borrowing costs directly attributable to the development projects of investment or project portfolios, added to the cost of the assets until the time when the project is completed and the property can be used for the intended purpose. If there is a loan directly to finance the development project, calculated borrowing costs on the basis of an average interest rate of the group's loans except for loans recorded at the acquisition of specific assets. Other borrowing costs are recognized in the income statement in the periods to which they relate.

Income tax expense

Tax for the year comprises current tax and changes in deferred tax, is recognized in the income statement with the portion attributable to the profit and directly in equity or in other comprehensive income with the portion attributable to amounts recognized directly in equity and in other comprehensive income.

BALANCE STATEMENT

Intangible assets

Intangible assets (software) is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of those parts that are replaced is derecognised. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Depreciation, based on a component approach, is calculated using the straight line method to allocate the cost over the asset's estimated useful lives. Intangible assets (software) have been depreciated under the assumption of 3 years of useful life.

Depreciation is based on revalued amount less estimated residual value after useful life (residual value).

Domicile

Domicile properties are initially measured at cost. The cost comprises the cost and expenses directly associated with the acquisition. Fair value at the time of a previous investment property is transferred to owner-occupied properties, is considered the property new cost.

Domicile properties are then measured at a readjusted value, corresponding to the fair value at the time of re-evaluation less accumulated depreciation. Principles and Estimates Management's estimate of the properties' fair value are shown in note 1. Revaluations recognized in other comprehensive income and attributed to the separate reserve for revaluation of equity. Owner-occupied properties are depreciated over the assets / components' estimated useful lives, as follows:

| | |
|------------------|-------------|
| Buildings | 50 years |
| Other components | 15-30 years |

Depreciation is based on revalued amount less estimated residual value after useful life (residual value). Land is not depreciated.

Investment properties

Investment property includes land and buildings held by Park Street to earn rental income and / or capital gains. Investment properties are measured initially at cost, which comprises the properties and cost, directly related costs. Investment properties are then measured at fair value and all value adjustments are recognized in the income statement under "Adjustment to fair value, net".

Principles and methods for management's estimate of the properties' fair values is disclosed in note 1.

Land plots, where here is no final decision on the purpose of usage have been included in the Group's portfolio as investment properties.

Machinery and equipment

All machinery and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of

those parts that are replaced is derecognised. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Depreciation, based on a component approach, is calculated using the straight line method to allocate the cost over the asset's estimated useful lives as stated above on Domicile.

Depreciation is based on revalued amount less estimated residual value after useful life (residual value).

Investment in associates

Investments in associates are recognised at cost price following the cost method principle. The investment is recorded at its historical cost (purchase price). Once the initial transaction is recorded there is no need to adjust it, unless there is evidence that the fair market value of the investment has declined below the recorded historical cost. If so, the investment is written down to adjust to its new fair value.

Impairment of non-current assets

The carrying value of tangible assets that are not measured at fair value are assessed regularly and at least annually to determine whether there is any indication of impairment. When such an indication is present, the asset is valued at recovery value. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. Value in use is the present value of expected future cash flows from the asset or cash-generating unit to which the asset belongs. If the asset does not generate cash independently of other assets, the recoverable amount of the smallest cash-generating unit that includes the asset.

Impairment is recognized if the carrying amount of an asset or cash-generating unit exceeds the assets' useful or cash-generating unit's recoverable amount does not exceed the carrying amount that the asset would have had after depreciation if the asset had not been impaired.

Current financial assets at amortised cost

Mortgages classified as financial instruments categorized as "financial assets measured at fair value through profit or loss" are recognized at fair value on initial recognition and subsequently measured at fair value, continuously carried out a revaluation of this statement. Fair value is determined based on observable market data (interest rates), the debtor's creditworthiness and on assessments of the loan term to maturity and ranking in the position.

Project Holdings

Project Holdings include properties held for the purpose of sale, including ongoing or completed construction projects for own account and former investment properties under development for sale.

Project inventories are measured at cost or net realizable value, if this is lower. Fair value at the time when a previous investment property is transferred to project inventory is considered the property's new cost.

The cost includes the purchase price of the properties plus project and construction costs incurred, as well as borrowing costs attributable to the project / conversion period and indirect project costs.

When it is estimated that the total cost of construction projects, including replacement / expansion projects, will exceed the total sales income, the expected loss is recognized in the profit and loss.

Receivables

Receivables are measured at amortized cost. Impairment losses are made for losses which are deemed to have resulted in an objective indication that an individual receivable is impaired.

Prepayments

Prepayments recognized under assets comprise incurred costs related to coming financial years. Prepayments are measured at cost.

Dividends

Dividends are recognized as a liability at the time of adoption at the general meeting. Dividends proposed for distribution is shown as a separate component of equity until the Annual General Meeting.

Own shares

Acquisition and selling prices of company shares and dividends are recognized directly in equity under retained earnings.

Foreign currency reserve

Currency translation reserve includes the parent company shareholders' share of exchange rate differences arising from the translation of accounts for companies with a different functional currency than Danish crown. The reserve is dissolved by the disposal of foreign entities.

Revaluation reserve

Reserve for revaluation includes the accumulated revaluation of domicile. The reserve is reduced by transfer to the profit for the year, as depreciation and write-downs are made on the properties written up or for sale.

Corporate tax and deferred tax

Current tax liabilities and current tax receivables are recognized in the balance sheet as calculated tax on the taxable income, but adjusted for tax on prior years' taxable income and taxes paid on account.

Deferred tax is measured using the balance sheet liability method on temporary differences between accounting and tax values of assets and liabilities, excluding deferred taxes on temporary differences arising on initial recognition of goodwill or the initial recognition of a transaction that is not a business combinations, and where the temporary difference found at the time of initial recognition affects neither the accounting profit nor taxable income.

Deferred tax assets including the tax value of tax loss carryforwards, are recognized under non-current assets at the value at which they are expected to be used either by elimination in tax on future earnings or against deferred tax liabilities. Deferred tax assets are reviewed annually and recognized only to the extent that it is probable that they will be utilized.

Deferred tax is measured based on the tax rates and at the balance sheet date will be applicable in the respective countries when the deferred tax is expected to crystallize as current tax. Change in deferred tax due to changes in tax rates is recognized in the income statement.

Provisions

Provisions are recognized when, as a result of an event occurring before or at the balance sheet date has a legal or actual obligation and it is probable that a payment will be needed to settle the obligation.

The item includes provision for dealing with specific uncertainties on completed projects. Provisions are measured on a best estimate of the amount required to settle the obligation. Provisions with an expected maturity of one year and above are classified as non-current liabilities.

Liabilities

Financial liabilities are initially measured at fair value and subsequently measured as described below. Financial liabilities are derecognised when they expiry, are cancelled or are converted into equity. A substantial modification of the terms of a financial liability is treated as a settlement of the original liability and recognition of a new liability. A change in the present value of the contractual cash flows with at least 10%, measured on the basis of the original effective interest rate, is treated as a substantial modification.

Financial liabilities attributable to investment properties are measured at amortised cost. Prior to the significant modification of the liabilities attributable to investment property, they were measured at fair value through profit or loss. Adjustments to financial liabilities attributable to investment properties were recognized in the income statement under "Adjustment at fair value, net".

Other liabilities, including non-current liabilities, debt to suppliers and other debt, are measured at amortized cost.

When a financial liability without equity conversion features is converted into equity, the liability is considered settled at the fair value of the shares issued. A gain or loss is recognised in financial items.

Assets held for sale

Assets held for sale include non-current assets that are for sale. Liabilities relating to assets held for sale are liabilities directly related to those assets that will be transferred during the transaction. Assets are classified as "held for sale" when their carrying amount will primarily be recouped through a sale within 12 months according to a formal plan rather than through continued use and provided that the sale at the balance sheet date

is considered to be highly probable. When the properties are expected to be recovered from the sale of subsidiaries that own the properties, all the subsidiaries' assets and liabilities are reclassified.

Assets are not depreciated from the time they are classified as "held for sale". Assets held for sale are measured at the lower of the carrying amount at the time of the "sale-for-sale" or fair value less cost of sale. However, investment properties held for sale are measured according to the Group's usual accounting policies for investment properties, ie. at fair value without deduction of selling costs.

CASH FLOW STATEMENT

The cash flow statement is presented according to the indirect method and shows cash flows divided by operating, investing and financing activities for the year, the year's shift in cash and cash equivalents at the beginning and end of the year.

The liquidity effect on the sale of companies is shown separately under cash flow from investing activities. The cash flow statement recognizes the cash flows of sold companies until the date of sale.

Cash flows from operating activities are calculated as operating profit adjusted for non-cash operating items, changes in working capital, received and paid financial income and expenses and paid corporation tax.

Cash flows from investing activities include payments in connection with sales of companies and activities, purchase and sale of financial assets as well as purchase, development, improvement and sales, etc. of intangible and tangible assets, including investment properties.

Cash flows from financing activities include changes in the parent company's share capital and associated costs as well as admission and repayment of loans, repayment of interest-bearing debt, purchase and sale of own shares and payment of dividends.

Cash and cash equivalents comprise cash with insignificant price risk.





2021

PARK STREET A/S
FINANCIAL STATEMENTS

Income statement

| Note | Amounts in DKK 1000s | 2021 | 2020 |
|------|---|----------------|----------------|
| 2 | Net sales | 140,258 | 162,729 |
| 3 | Operating expenses | -35,581 | -43,828 |
| | Gross profit | 104,678 | 118,901 |
| 4 | Employee benefit expenses | -16,396 | -16,032 |
| 5 | Other external expenses | -11,264 | -6,371 |
| 6 | Depreciation, amortisation and impairment | -3,938 | -3,442 |
| | Operating profit (EBIT) | 73,079 | 93,056 |
| 8 | Financial income subsidiaries | 11,777 | 7,227 |
| 7 | Financial expenses | -20,931 | -22,405 |
| | Earnings before value adjustments (EBVAT) | 63,926 | 77,878 |
| 8 | Income / Loss from subsidiaries | 54,289 | -26,237 |
| 9 | Adjustment to fair value, net | 67,539 | 97,857 |
| | Gains realised on the sale of investment properties | 1,472 | 38,483 |
| | Profit before tax | 187,225 | 187,981 |
| 10 | Tax on profit for the period | -41,767 | -42,660 |
| | Profit for the period | 145,459 | 145,321 |
| | Distributed as follows | | |
| | Parent's shareholders | 145,459 | 145,321 |
| | Profit for the period | 145,459 | 145,321 |

Statement of comprehensive income

| Note | Amounts in DKK 1000s | 2021 | 2020 |
|------|---|----------------|----------------|
| | Profit for the period | 145,459 | 145,321 |
| | Other comprehensive income: | | |
| | <i>Items that cannot be reclassified to the income statement:</i> | | |
| | Fair value adjustment of domicile properties | 0 | 7,041 |
| | Tax on fair value adjustment of domicile properties | 0 | -1,549 |
| | Other comprehensive income after tax | 0 | 5,492 |
| | Comprehensive income for the period | 145,459 | 150,813 |
| | Distributed as follows | | |
| | Parent's shareholders | 145,459 | 150,813 |
| | Comprehensive income for the period | 145,459 | 150,813 |

Statement of financial position

| Note | Amounts in DKK 1000s | 2021 | 2020 |
|--------------------------------------|--|------------------|------------------|
| ASSETS | | | |
| Non-current assets | | | |
| Intangible assets | | | |
| | Software | 1,865 | 3,671 |
| | | 1,865 | 3,671 |
| Property, plant and equipment | | | |
| | Domiciles | 0 | 196,298 |
| 12 | Investment properties | 1,596,596 | 2,131,476 |
| 13 | Machinery and equipment | 49 | 744 |
| | | 1,596,645 | 2,328,517 |
| Financial assets | | | |
| 8 | Investment in subsidiaries | 452,291 | 87,668 |
| | Investment in associates | 2,029 | 2,029 |
| | Deferred tax assets | 0 | 0 |
| | Deposits | 161 | 187 |
| | | 454,481 | 89,885 |
| | Total non-current assets | 2,052,991 | 2,422,074 |
| Current assets | | | |
| 14 | Current financial assets at amortised cost | 165,554 | 165,883 |
| 15 | Receivables | 36,038 | 18,710 |
| | Income tax receivable | 4,986 | 4,358 |
| | Prepaid expenses and accrued income | 2,029 | 1,058 |
| | Cash and cash equivalents | 152,652 | 13,321 |
| | Total current assets | 361,259 | 203,330 |
| | Total assets | 2,414,250 | 2,625,404 |

Statement of financial position

| Note | Amounts in DKK 1000s | 2021 | 2020 |
|--------------------------------|-------------------------------------|------------------|------------------|
| LIABILITIES | | | |
| Equity | | | |
| | Share capital | 67,513 | 67,513 |
| | Revaluation reserve | 0 | 55,106 |
| | Share Premium | 289,260 | 289,260 |
| | Accumulated profit | 860,265 | 660,067 |
| | Total equity | 1,217,038 | 1,071,946 |
| Liabilities | | | |
| Non-current liabilities | | | |
| 16 | Deferred tax | 232,087 | 191,733 |
| 17 | Borrowings | 894,301 | 1,259,880 |
| | Deposits | 4,413 | 6,936 |
| | | 1,130,801 | 1,458,548 |
| Current liabilities | | | |
| | Provisions for liabilities | 400 | 400 |
| 17 | Current borrowings | 20,347 | 50,970 |
| | Trade and other payables | 11,860 | 5,175 |
| | Income tax payable | 1,242 | 4,524 |
| | Deposits | 25,108 | 24,166 |
| | Other liabilities | 7,454 | 9,674 |
| | | 66,411 | 94,910 |
| | Total liabilities | 1,197,212 | 1,553,459 |
| | Total equity and liabilities | 2,414,250 | 2,625,404 |

Statement of equity

| Amounts in DKK 1000s | Share capital | Revaluation reserve | Accumulated profit | Share Premium | Equity Total |
|---|---------------|---------------------|--------------------|----------------|------------------|
| Statement of equity for 2021: | | | | | |
| Equity as at 1 January 2021 | 67,513 | 55,107 | 660,066 | 289,260 | 1,071,946 |
| Comprehensive income for the period | | | | | |
| Profit for the period | 0 | 0 | 145,459 | 0 | 145,459 |
| Fair value adjustment of domicile | 0 | 0 | 0 | 0 | 0 |
| Tax on other comprehensive income | 0 | 0 | 0 | 0 | 0 |
| Other comprehensive income during the financial year | 0 | 0 | 0 | 0 | 0 |
| Comprehensive income for the period | 0 | 0 | 145,459 | 0 | 145,459 |
| Transactions with owners | | | | | |
| Repurchase own shares | 0 | 0 | 25 | 0 | 25 |
| Transfer of domicile properties to subsidiaries | 0 | -55,107 | 54,715 | 0 | -392 |
| Cash injection by existing shareholders | 0 | 0 | 0 | 0 | 0 |
| Liabilities with financial institutions converted into Equity | 0 | 0 | 0 | 0 | 0 |
| Total transactions with owners | 0 | -55,107 | 54,740 | 0 | -367 |
| Other adjustments | | | | | |
| Depreciation of revalued value of domiciles | 0 | 0 | 0 | 0 | 0 |
| Total other adjustments | 0 | 0 | 0 | 0 | 0 |
| Equity as at 31 December 2021 | 67,513 | 0 | 860,265 | 289,260 | 1,217,038 |
| Statement of equity for 2020: | | | | | |
| Equity as at 1 January 2020 | 67,513 | 51,177 | 523,183 | 289,260 | 931,133 |
| Comprehensive income for the period | | | | | |
| Profit for the period | 0 | 0 | 145,321 | 0 | 145,321 |
| Fair value adjustment of domicile | 0 | 7,041 | 0 | 0 | 7,041 |
| Tax on other comprehensive income | 0 | -1,549 | 0 | 0 | -1,549 |
| Other comprehensive income during the financial year | 0 | 5,492 | 0 | 0 | 5,492 |
| Comprehensive income for the period | 0 | 5,492 | 145,321 | 0 | 150,813 |
| Transactions with owners | | | | | |
| Repurchase own shares | 0 | 0 | -10,000 | 0 | -10,000 |
| Cash injection by existing shareholders | 0 | 0 | 0 | 0 | 0 |
| Liabilities with financial institutions converted into Equity | 0 | 0 | 0 | 0 | 0 |
| Total transactions with owners | 0 | 0 | -10,000 | 0 | -10,000 |
| Other adjustments | | | | | |
| Depreciation of revalued value of domiciles | 0 | -1,563 | 1,563 | 0 | 0 |
| Total other adjustments | 0 | -1,563 | 1,563 | 0 | 0 |
| Equity as at 31 December 2020 | 67,513 | 55,106 | 660,066 | 289,260 | 1,071,946 |

Statement of cash flows

| Note | Amounts in DKK 1000s | 2021 | 2020 |
|------|--|----------------|-----------------|
| | Operating profit (EBIT) | 73,079 | 93,056 |
| | Adjustment for illiquid operating items, etc. | 3,938 | 3,442 |
| | Change in project holdings, net | 0 | 0 |
| | Change in operating capital | -7,217 | -4,670 |
| | Cash flows concerning primary operations | 69,801 | 91,828 |
| | Financial expenses paid | -20,931 | -22,405 |
| | Paid Corporate Tax | -5,275 | -4,358 |
| | Total cash flow from operating activities | 43,594 | 65,064 |
| | Cash flow from investing activities | | |
| | Improvements to investment properties | -17,689 | -2,239 |
| | Sales of investment properties | 8,026 | 192,805 |
| | Purchase of intangible assets | 0 | -3,249 |
| | Purchases of other property, plant and equipment | 0 | -14,645 |
| | Share capital increase (cash injection) | -25 | 0 |
| | Intercompany Loans | 0 | -142,257 |
| | Total cash flow from investing activities | -9,688 | 30,415 |
| | Cash flow from financing activities | | |
| | Repurchase Own Shares | 0 | -10,000 |
| | Proceeds from assumption of liabilities to credit institutions | 503,306 | 0 |
| | Repayment of liabilities to credit institutions | -397,881 | -47,714 |
| | Repayment of debt from disposal of assets | 0 | -77,510 |
| | Total cash flow from financing activities | 105,425 | -135,224 |
| | Total cash flow for the period | 139,331 | -39,745 |
| | Liquid assets as at 1 January | 13,321 | 53,066 |
| | Liquid assets at the end of the period | 152,652 | 13,321 |
| | Liquid assets at the end of the period | | |
| | Cash and short term deposit | 152,652 | 13,321 |
| | Liquid assets at the end of the period | 152,652 | 13,321 |

Summary

| | |
|---------|---|
| Note 1 | Accounting policies, accounting estimates and risks, etc. |
| Note 2 | Net sales |
| Note 3 | Operating expenses |
| Note 4 | Employee benefits expenses |
| Note 5 | Auditor's fees |
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| Note 18 | Contingent assets and liabilities |
| Note 19 | Financial risks and the use of derivative financial instruments |
| Note 20 | Change in operating capital |
| Note 21 | Related parties |
| Note 22 | Accounting policies |

Notes

Note 1 - Accounting policies, accounting estimates and risks, etc.

The accounting assumptions, assessments and estimates made in the preparation of the parent company accounts are the same as described in note 1 of the consolidated financial statements, to which reference is made.

See note 8 regarding the recognition and measurement of investments, receivables from subsidiaries and provisions relating to subsidiaries in the Parent Company's financial statements.

Note 2 - Net sales

| Amounts in DKK 1000s | 2021 | 2020 |
|--|----------------|----------------|
| Rental income | 111,926 | 119,591 |
| Sales of other services | 27,437 | 42,550 |
| Total sales of services | 139,364 | 162,141 |
| Sales totals, project holdings | | 0 |
| Interest income, mortgages and instruments of debt | 895 | 587 |
| | 140,258 | 162,729 |

Note 3 - Operating expenses

| Amounts in DKK 1000s | 2021 | 2020 |
|---|---------------|---------------|
| Operating expenses, investment properties | 31,528 | -39,400 |
| Operating expenses, other services | 4,053 | 4,428 |
| | 35,581 | 43,828 |

Note 4 – Employee benefits expenses

| Amounts in DKK 1000s | 2021 | 2020 |
|------------------------------------|---------------|---------------|
| Salary | 15,190 | 14,875 |
| Contribution-based pensions (*) | 819 | 835 |
| Other social security costs | 58 | 60 |
| Other staff costs | 327 | 261 |
| | 16,396 | 16,032 |
| Average number of employees | 18 | 24 |

(*) Park Street A/S has only defined contribution plans. For defined contribution plans, the employer undertakes to pay a defined contribution to a pension fund, but has no risk with regard to future developments in interest rates, inflation, mortality, disability, etc. as regards the amount to be paid to the employee.

Remuneration of the CEO and the Board of Directors is described in Note 5 of the consolidated accounts.

Note 5 – Auditor's fees

The auditor appointed in 2021 and 2020 is PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab. Their fees can be specified as follows:

| Amounts in DKK 1000s | 2021 | 2020 |
|--------------------------|------------|------------|
| Statutory audit | 420 | 373 |
| Other assurance services | 40 | 0 |
| Tax and VAT advice | 192 | 177 |
| Other services | 155 | 20 |
| | 807 | 570 |

Fees for non-audit services delivered by PricewaterhouseCoopers, Statsautoriseret Revisionspartnerselskab, include general accounting and tax advisory services.

Note 6 – Depreciation, amortisation and impairment

| Amounts in DKK 1000s | 2021 | 2020 |
|--|--------------|--------------|
| Depreciation, software | 1,807 | 1,361 |
| Depreciation, domicile properties | 1,497 | 1,563 |
| Depreciation, inventory and fixed assets | 634 | 518 |
| | 3,938 | 3,442 |

Note 7 – Financial Expenses

| Amounts in DKK 1000s | 2021 | 2020 |
|--|---------------|---------------|
| Interest expenses, liabilities to credit institutions measured at amortized cost | 19,142 | 21,256 |
| Interest expenses, group companies | 0 | 9 |
| Other interest costs and fees | 521 | 264 |
| Borrowing costs | 1,268 | 875 |
| | 20,931 | 22,405 |

Note 8 – Investment in subsidiaries

See accounting policies on note 33 of the Consolidated Financial Statements.

Receivables considered to be part of the overall investment in the subsidiary are written down by any remaining negative equity value.

| Amounts in DKK 1000s | 2021 | 2020 |
|---|----------------|---------------|
| Cost price at January 1 | 92,377 | 92,227 |
| Additions | 311,767 | 150 |
| Cost price at December 31 | 404,144 | 92,377 |
| Value adjustments at 1 January | -4,590 | 21,869 |
| Share of profit/loss for the year after tax | 54,289 | -26,459 |
| Value adjustments at December 31 | 49,700 | -4,590 |
| Carrying amount at January 1 | 87,668 | 113,920 |
| Investments with negative equity offset against trade receivables | -1,553 | -119 |
| Carrying amount at December 31 | 452,291 | 87,668 |

List of subsidiaries:

| Subsidiaries | Registered Address | Equity |
|-----------------------------|---|--------|
| PSN ApS | Svanevej 12, 4th Floor, 2400 Copenhagen NV | 100% |
| Pulse Glostrup P/S | Svanevej 12, 4th Floor, 2400 Copenhagen NV | 100% |
| Pulse Taastrup P/S | Svanevej 12, 4th Floor, 2400 Copenhagen NV | 100% |
| Phoam Studio ApS | Svanevej 12, 4th Floor, 2400 Copenhagen NV | 100% |
| Pulse Living ApS | Svanevej 12, 4th Floor, 2400 Copenhagen NV | 100% |
| Albuen ApS | Svanevej 12, 4th Floor, 2400 Copenhagen NV | 100% |
| PSI ApS | Svanevej 12, 4th Floor, 2400 Copenhagen NV | 100% |
| PSI Hold Co P/S | Svanevej 12, 4th Floor, 2400 Copenhagen NV | 100% |
| Pulse N P/S | Svanevej 12, 4th Floor, 2400 Copenhagen NV | 100% |
| Pulse O P/S | Svanevej 12, 4th Floor, 2400 Copenhagen NV | 100% |
| Ballerup Hotel P/S | Svanevej 12, 4th Floor, 2400 Copenhagen NV | 100% |
| Toldbuen P/S | Svanevej 12, 4th Floor, 2400 Copenhagen NV | 100% |
| Svanevej P/S | Svanevej 12, 4th Floor, 2400 Copenhagen NV | 100% |
| Park Street Nordicom UK Ltd | 85, Great Portland Street, London, W1W 7LT, England | 100% |

Note 9 – Adjustments to fair value, net

| Amounts in DKK 1000s | 2021 | 2020 |
|--|---------------|---------------|
| Fair value adjustment, investment properties | 67,539 | 97,857 |
| | 67,539 | 97,857 |

Note 10 – Tax on profit for the year and other comprehensive income

| Amounts in DKK 1000s | 2021 | 2020 |
|---|---------------|---------------|
| Annual tax can be divided as follows: | | |
| Current tax on profit of the year | 1,242 | 4,524 |
| Current tax, previous years | 59 | 382 |
| Changes in deferred taxes | 38,938 | 37,805 |
| Changes in deferred taxes previous years | 1,527 | -51 |
| | 41,766 | 42,660 |
| Tax on profit for the year can be explained as follows: | | |
| Estimated tax at a tax rate of 22% | 41,190 | 41,356 |
| Non-deductible costs | 44 | 586 |
| Adjustment of deferred tax assets and liabilities | 533 | 718 |
| | 41,766 | 42,660 |
| Effective tax rate | 22.31% | 22.69% |
| | | |
| Amounts in DKK 1000s | 2021 | 2020 |
| Tax on other comprehensive income: | | |
| Tax on fair value adjustment of domicile properties | 111 | -1,549 |
| | 111 | -1,549 |

Note 11 – Domiciles

| Amounts in DKK 1000s | 2021 | 2020 |
|---|----------------|----------------|
| Cost per 1st of January | 208,689 | 201,648 |
| Revaluation of value | 0 | 7,041 |
| Transfer to/from subsidiaries | -194,801 | 0 |
| Cost / Revaluated Value at 31 December | 13,888 | 208,689 |
| Depreciation and amortization per. 1st of January | -12,391 | -10,828 |
| Depreciation | -1,497 | -1,563 |
| Depreciation and amortization at 31 December | -13,888 | -12,391 |
| | | |
| Balance at 31 December | 0 | 196,298 |

Domicile properties consist of a hotel in Ballerup and Park Street's headquarters in Copenhagen.

As the property is presented as a domicile, depreciation is required in accordance with IAS 16. Assets are revaluated equal to fair value at the date of revaluation less accumulated depreciation and subsequent impairment losses. There have been revaluations both as of December 31, 2021 and December 31, 2020.

Domicile properties are pledged as security for loans, mortgage loans and other credit institutions as stated in Note 29. Information on fair value hierarchy of Domicile is as follows:

| Amounts in DKK 1000s | Level 1 | Level 2 | Level 3 | Total |
|-----------------------------|----------|----------|----------------|----------------|
| At 31 December 2021: | | | | |
| Domicile property | 0 | 0 | 0 | 0 |
| | 0 | 0 | 0 | 0 |
| At 31 December 2020: | | | | |
| Domicile property | 0 | 0 | 196,298 | 196,298 |
| | 0 | 0 | 196,298 | 196,298 |

Classification of domicile properties in level 3 means that determining the fair value of domicile properties mainly based on data that are not observable in the market.

During 2021 and 2020 been no transfers between levels of the fair value hierarchy.

The fair value of domicile properties is based on estimates. Refer to note 1 for additional details. No domiciles have been acquired in 2021 and 2020.

If Park Street domiciles were measured at the historical cost less accumulated depreciation, the book value would have been the following:

| Amounts in DKK 1000s | 2021 | 2020 |
|----------------------|----------------|----------------|
| Domicile properties | 116,131 | 117,628 |
| | 116,131 | 117,628 |

Note 12 – Investment properties

As of 31 December 2021 there are no ongoing sales processes regarding investment properties.

| Amounts in DKK 1000s | 2021 | 2020 |
|-------------------------------------|------------------|------------------|
| Balance at 1 of January | 2,131,476 | 2,168,799 |
| Transfer to / from a subsidiary | -620,913 | 0 |
| Transfer to / from project holdings | 0 | 1,628 |
| Costs incurred for improvements | 17,689 | 2,140 |
| Adjustment to fair value, net | 76,553 | 97,857 |
| Acquisition of properties | 0 | 14,645 |
| Depreciation of fixed assets | -129 | 730 |
| Sale of investment properties | -8,080 | -154,322 |
| Balance at 31 December | 1,596,596 | 2,131,476 |

Fair value hierarchy for investment:

| Amounts in DKK 1000s | Level 1 | Level 2 | Level 3 | Total |
|-----------------------------|----------|----------|------------------|------------------|
| At 31 December 2021: | | | | |
| Investment properties | 0 | 0 | 1,596,596 | 1,596,596 |
| | 0 | 0 | 1,596,596 | 1,596,596 |

At 31 December 2020:

| | | | | |
|-----------------------|----------|----------|------------------|------------------|
| Investment properties | 0 | 0 | 2,131,476 | 2,131,476 |
| | 0 | 0 | 2,131,476 | 2,131,476 |

Classification of investment properties in level 3 means that determining the fair value of investment properties is mainly based on data that is not observable in the market.

During 2021 and 2020 there has been no transfers between levels of the fair value hierarchy.

The fair value of investment properties is based on estimates. Refer to note 15 in the consolidated financial statements for additional details.

The net income of the investment portfolio is as follows:

| Amounts in DKK 1000s | 2021 | 2020 |
|--|---------------|---------------|
| Rental income from investment properties | 119,609 | 114,531 |
| Operating expenses, investment properties | -34,679 | -40,564 |
| Net income from investment properties | 84,930 | 73,967 |

The Group has entered into operating leases (leases) to tenants of its investment properties. The leases duration is up to 15 years. The contract minimum payments under existing leases are distributed as follows:

| Amounts in DKK 1000s | 2021 | 2020 |
|---|----------------|----------------|
| Remaining termination within 1 year from the balance sheet date | 26,972 | 75,578 |
| Remaining termination between 1 and 5 years from the balance sheet date | 70,238 | 113,391 |
| Remaining termination after 5 years from the balance sheet date | 57,607 | 52,362 |
| | 154,817 | 241,331 |

Note 13 – Machinery and equipment

| Amounts in DKK 1000s | IT Equipment | Appliances | Total Machinery and Equipment |
|---|---------------|---------------|-------------------------------|
| Cost at 1 of January 2021 | 4,150 | 8,424 | 12,574 |
| Additions during the year | 0 | 0 | 0 |
| Disposals during the year | 0 | 0 | 0 |
| Cost at 31 December 2021 | 4,150 | 8,424 | 12,574 |
| Amortization at 1 January 2021 | -4,115 | -7,715 | -11,830 |
| Amortization during the year | -16 | -680 | -696 |
| Amortization at 31 December 2021 | -4,131 | -8,395 | -12,526 |
| Balance at 31 December 2021 | 19 | 29 | 48 |
| Cost at 1 of January 2020 | 4,140 | 8,335 | 12,475 |
| Additions during the year | 10 | 89 | 99 |
| Disposals during the year | | | |
| Cost at 31 December 2020 | 4,150 | 8,424 | 12,574 |

| | | | |
|---|---------------|---------------|----------------|
| Amortization at 1 January 2020 | -4,099 | -6,799 | -10,898 |
| Amortization during the year | -16 | -916 | -932 |
| Amortization at 31 December 2020 | -4,115 | -7,715 | -11,830 |
| Balance at 31 December 2020 | 35 | 709 | 744 |

Note 14 – Current financial assets at amortised cost

Park Street has the following mortgage and debt instruments classified as "Financial assets measured at amortized cost":

| Amounts in DKK 1000s | 2021 | 2020 |
|--|----------------|----------------|
| Financial assets at amortized cost at 1 January | 165,883 | 23,961 |
| Repayment of the year | -329 | -335 |
| Additions - Intercompany loans | 0 | 142,257 |
| Financial assets at amortized cost at 31 December | 165,554 | 165,883 |

Mortgages and debt securities classified as financial instruments in the category "Financial assets recognized at amortized cost" expire in the following periods:

| Value | Expire | Effective interest rate p.a. | | Balance in DKK 1000 | | Fair value in DKK 1000 | |
|-------|--------|------------------------------|-------|---------------------|----------------|------------------------|----------------|
| | | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 |
| DKK | 2025 | 7.50% | 7.50% | 7,671 | 8,000 | 7,671 | 8,000 |
| DKK | 2022 | 7.50% | 7.50% | 1,000 | 1,000 | 1,000 | 1,000 |
| DKK | 2022 | 7.50% | 7.50% | 1,500 | 1,500 | 1,500 | 1,500 |
| DKK | 2022 | 7.50% | 7.50% | 2,200 | 2,200 | 2,200 | 2,200 |
| DKK | 2022 | 7.50% | 7.50% | 13,100 | 13,100 | 13,100 | 13,100 |
| DKK | 2022 | 7.50% | 7.50% | 140,083 | 140,083 | 140,083 | 140,083 |
| | | | | 165,883 | 165,883 | 165,883 | 165,883 |

Park Street A/S has provided a credit line facility to the subsidiary Pulse Taastrup P/S with an aggregate principal amount of nominal DKK 175 million (153.2 million utilized at 31.12.21) with an annual interest rate of 7.5% payable at the maturity date of the loan. Additionally, Park Street A/S has provided a credit line facility to the subsidiary Phoam Studio ApS with an aggregate principal amount of nominal DKK 5 million (4.7 million utilized at 31.12.21) with an annual interest rate of 7.5% payable at the maturity date of the loan.

The calculated fair value is based on estimates (Level 3 in fair value hierarchy).

Note 15 – Receivables

| Amounts in DKK 1000s | 2021 | 2020 |
|-------------------------------------|---------------|---------------|
| Receivable Rental Income | 3,963 | 2,894 |
| Receivables from sale of properties | 0 | 0 |
| Deposited funds in banks | 12,209 | 6,739 |
| Other Receivables | 409 | 327 |
| Receivables from related parties | 19,456 | 8,751 |
| Receivables at 31 December | 36,038 | 18,710 |

Write-downs on receivable rental income have been made after an individual assessment and have developed as follows:

| | | |
|---|--------------|--------------|
| Bad debt provision as of 1st of January | 1,712 | 1,488 |
| Additional provisions | 736 | 555 |
| Recognized losses (Write off) | -4 | -331 |
| | 2,443 | 1,712 |

In the above tenant rental income, receivables have been recognized which were overdue as at 31 December but have not been written down, with the following amounts:

| | | |
|------------------------|--------------|--------------|
| Up to 30 days | 0 | 88 |
| Between 30 and 90 days | 0 | 1,035 |
| Over 90 days | 1,300 | 379 |
| | 1,300 | 1,502 |

Trade receivables are predominantly non-interest bearing. Apart from rental income receivable, Park Street has no receivables that are overdue at the balance sheet date or which have been assessed as impaired.

Funds deposited in banks relate to receivables selling price from properties sold, funds deposited as collateral for mortgage loans and deposits as security for the initiated maintenance work on properties.

Note 16 – Deferred Taxes

| Amounts in DKK 1000s | 2021 | 2020 |
|--|----------------|----------------|
| Deferred tax at 1st of January | 191,733 | 152,430 |
| Recognized in other comprehensive income | -111 | 1,549 |
| Correction from previous years | 1,654 | -51 |
| Recognized in the income statement | 38,811 | 37,805 |
| Deferred tax at 31 December | 232,087 | 191,733 |

Deferred tax is recognized in the balance sheet as follows:

| | | |
|------------------------------------|-----------------|-----------------|
| Deferred tax (liability) | -232,087 | -191,733 |
| | -232,087 | -191,733 |
| Deferred tax at 31 December | -232,087 | -191,733 |

Deferred tax recognized in the balance

The calculation of deferred taxes included DKK 148 million relating to tax losses carried forward from Group companies. Based on budget accounting and tax profits in the period 2021-2024 and deferred tax liabilities, it is estimated that all tax losses (tax base) will be realized, which is included in the calculation of deferred tax DKK 232.1 million (taxable value) per 31 December 2021.

| Amounts in DKK 1000s | Balance 1/1 | Recognized in the income statement | Recognized in another comprehensive income | Balance 31/12 |
|---------------------------------------|-------------|------------------------------------|--|---------------|
| 2021 | | | | |
| Software | 807 | -397 | 0 | 410 |
| Investment and residential properties | 228,140 | 38,058 | -111 | 266,087 |
| Fixtures and fittings | -523 | 110 | 0 | -413 |
| Project Holdings | 0 | 0 | 0 | 0 |
| Receivables | -409 | -203 | 0 | -612 |
| Provisions | -88 | 88 | 0 | 0 |
| Credit institutions | 204 | -983 | 0 | -779 |
| Tax losses carryforward | -36,398 | 3,792 | 0 | -32,606 |

| | 191,733 | 40,465 | -111 | 232,087 |
|---------------------------------------|--------------------|---|---|----------------------|
| Amounts in DKK 1000s | Balance 1/1 | Recognized in the income statement | Recognized in another comprehensive income | Balance 31/12 |
| 2020 | | | | |
| Software | 0 | 807 | 0 | 807 |
| Investment and residential properties | 199,231 | 27,360 | 1,549 | 228,140 |
| Fixtures and fittings | -1,552 | 1,029 | 0 | -523 |
| Project Holdings | 0 | 0 | 0 | 0 |
| Receivables | 0 | -409 | 0 | -409 |
| Provisions | -88 | 0 | 0 | -88 |
| Credit institutions | 256 | -52 | 0 | 204 |
| Tax losses carryforward | -45,417 | 9,019 | 0 | -36,398 |
| | 152,430 | 37,754 | 1,549 | 191,733 |

There are no deferred tax assets not recognized in the balance.

Note 17 – Borrowings

| Amounts in DKK 1000s | 2021 | 2020 |
|------------------------------|----------------|------------------|
| Credit institutions, nominal | 920,757 | 1,318,637 |
| Market value adjustments | -6,110 | -7,787 |
| | 914,647 | 1,310,850 |

The liabilities are thus included in the balance sheet:

| | | |
|---------------------------------|----------------|------------------|
| Credit institutions, long-term | 894,301 | 1,259,880 |
| Credit institutions, short-term | 20,347 | 50,970 |
| | 914,647 | 1,310,850 |

The Group's loans and credits are distributed as per 31 December as follows:

| Liabilities recognized at fair value | Currency | Rate type | Expiry date | 2021 | 2020 |
|---|-----------------|------------------|--------------------|---------------|---------------|
| Convertible bonds | DKK | Interest-free | 11-15 years | 11,335 | 11,335 |
| | | | | 11,335 | 11,335 |
| Market value adjustments | | | | -6,110 | -7,787 |
| Carrying amount | | | | 5,225 | 3,548 |

| Liabilities recognized at amortized cost | Currency | Rate type | Expiry date | 2021 | 2020 |
|---|-----------------|------------------|--------------------|-------------|-------------|
| Banks Debt | DKK | Fixed | 2-5 years | 4,985 | 255,260 |
| Mortgage Debt | DKK | Variable | 2-5 years | 43,402 | 0 |
| Mortgage Debt | DKK | Variable | 6-10 years | 35,987 | 143,986 |
| Mortgage Debt | DKK | Variable | 11-15 years | 593,362 | 97,372 |
| Mortgage Debt | DKK | Variable | 16-20 years | 231,685 | 810,684 |

| | | |
|------------------------|----------------|------------------|
| Carrying amount | 909,420 | 1,307,302 |
|------------------------|----------------|------------------|

The nominal amounts stated in the tables represent the amount that Park Street will repay under the loan agreements by the end of these agreements.

Fixed interest loans stated in the tables indicate that a fixed rate applies until the loans' maturity date or until a new negotiation is made with the individual bank. Variable interest rates expressed in the tables indicate that the loans have interest rates that are regularly adjusted over the term of the loans due to fluctuations in market interest rates.

The evolution of the long and short term liabilities with credit institutions is specified follows:

| Amounts in DKK 1000s | 2021 | 2020 |
|--|------------------|------------------|
| Non-current financial liabilities | 1,259,880 | 1,383,922 |
| Current financial liabilities | 50,970 | 52,152 |
| Financial liabilities with credit institutions at 1 January | 1,310,850 | 1,436,074 |
| Repayment of liabilities to credit institutions | -397,881 | -47,714 |
| Repayment of debt from disposal of assets | 0 | -77,510 |
| Fair value adjustment of Debt | 1,678 | 0 |
| Financial liabilities with credit institutions at 31 December | 914,647 | 1,310,850 |
| Non-current financial liabilities | 894,301 | 1,259,880 |
| Current financial liabilities | 20,347 | 50,970 |
| Total financial liabilities with credit institutions at 31 December | 914,647 | 1,310,850 |

Determining the fair value of debt to credit institutions

Information on Group's financial loan agreements, mortgage debt and convertible bonds is disclosed in note 27 of the consolidated financial statements. Information on estimates and judgments related to the determination of fair value of financial liabilities is disclosed in note 1 of the Consolidated Financial Statements. As stated in these notes mortgage and bank debt have been recognized at amortised cost in 2021. No reversal of fair value adjustments in 2021 and 2020.

Zero-coupon bonds (former Convertible bonds)

See note 25 in the Consolidated Financial Statements.

Note 18 – Contingent assets and liabilities

Pledges and guarantees

The nominal pledge for the bank debt and mortgage debt given by credit institutions per December 31, 2021 amount a total of DKK 909 million (31 December 2020: DKK 1,778 million), the nominal value of the loans amounts a total of DKK 909 million (December 31, 2020: DKK 1,307 million) in the group's investment properties and domiciles with a book value totalling DKK 1,597 million (31 December 2020: DKK 2,327 million).

The nominal pledge for the bank debt and mortgage debt given by credit institutions per December 31, 2021 amount a total of DKK 7.7 million (31 December 2020: DKK 8.0 million), in the group's deposited mortgage deeds with a book value totalling DKK 7.7 million (31 December 2020: DKK 8.0 million).

Litigations and disputes

In connection with the sale of a property (building rights) in 2016, it was agreed that if, in connection with the buyer's settlement there is a proof that the property is contaminated, Park Street must reimburse the costs that may be needed to get property released for the buyer's purpose. Park Street consider the agreement as a contingent liability as stated in Note 26 of the consolidated financial statements.

No additional significant litigations and disputes are acknowledged by the Group at December 31, 2021 other than the ones indicated in Note 26 of the consolidated financial statements.

Conditional debt relief and contingencies

In connection with the sale of a property in 2014, Park Street has been subject to a surcharge for the property if the purchaser on the site before 1 January 2024 obtains more building rights than assumed at the conclusion of the transaction. The additional price amounts to DKK 2,000 for each building rights. Additional building plans will require a change of the local plan for the area in which the property in question is located. Park Street is not aware of any plans to change the local plan in question, for this reason Park Street does not consider the potential additional price as a contingent asset.

Contingent assets

As part of the sales agreement of the property sold in 2018, Park Street and the buyer have agreed that Park Street is entitled to obtain an additional supplement of DKK 1 million if the buyer complete a development project of more than 5,000 square meters within 5 years from the date of acquisition; the Company has decided not to recognize the contingent asset in the balance as at December 31, 2021.

Lease commitments

There are operating leases for cars rental and printers.

| Amounts in DKK 1000s | 2021 | 2020 |
|--|------------|------------|
| Within 1 year from the balance sheet date | 1 | 2 |
| Between 1 and 5 years from the balance sheet date | 5 | 3 |
| After 5 years from the balance sheet date | 0 | 0 |
| Operating lease obligations at 31 December | 6 | 5 |
| Amounts in DKK 1000s | | |
| Minimum lease payments recognized in the profit and loss account for the year | 130 | 242 |

Note 19 – Financial risks and the use of derivative financial instruments

| Amounts in DKK 1000s | 2021 | 2020 |
|--|----------------|------------------|
| Mortgages and debentures | 7,671 | 8,000 |
| Intercompany loan | 157,883 | 157,548 |
| Financial assets measured at amortized cost | 165,554 | 165,548 |
| Receivables | 36,038 | 18,710 |
| Cash and equivalents | 152,652 | 13,321 |
| Loan and receivables | 188,690 | 32,031 |
| Credit institutions | 5,226 | 3,548 |
| Financial liabilities measured at fair value through profit or loss | 5,226 | 3,548 |
| Credit institutions | 909,421 | 1,307,301 |
| Deposits | 29,521 | 31,102 |
| Accounts payable | 11,860 | 5,175 |
| Other Debts | 7,454 | 9,674 |
| Financial liabilities measured at amortized cost | 958,256 | 1,353,253 |

Risk management policy

The financial management of the Group is geared towards stabilization and optimization of the Group's operations, while at minimizing the Group's financial risk exposure. It is part of the Group's policy not to conduct speculative transactions by active use of financial instruments.

The group is due to its activities exposed to various financial risks, including liquidity risk, market risks (primarily interest rate risk) and credit risk.

Liquidity risk

Park Street's liquidity risk consists on not being able to make regular payments and not being able to provide sufficient liquidity to cover the financing costs, capital repayment obligations and capital investments. Lack of liquidity may arise from insufficient cash resources and may be adversely affected by missed payments from Park Street tenants, increased vacancy, repayment of deposits, divestments, unexpected costs and investment needs. Lack of liquidity may also arise from default of loans signed and in connection with refinancing when existing loan agreements expire or are terminated.

Cash reserves total at December 31, 2021 DKK 152.6 million (31 December 2020: DKK 13.3 million). Park Street forecasts that current and generated liquidity is sufficient to carry out the group's planned activities throughout 2022.

Maturity of financial liabilities is specified as follows:

| Amounts in DKK 1000s | Carry forward balance | Contractual cash flows | 0 - 1 Years | 2 - 3 Years | 4 - 5 Years | After 5 Years |
|---|-----------------------|------------------------|----------------|----------------|----------------|----------------|
| 2021 | | | | | | |
| Non-derivative financial instruments | | | | | | |
| Credit institutions | 914,647 | 998,587 | 31,338 | 62,675 | 62,796 | 841,778 |
| Trade payables | 11,860 | 11,860 | 0 | 0 | 0 | 0 |
| Deposits | 29,521 | 29,521 | 25,108 | 3,634 | 97 | 682 |
| Other debts | 7,454 | 7,454 | 7,454 | 0 | 0 | 0 |
| Total | 963,482 | 1,047,422 | 63,900 | 66,309 | 62,893 | 842,460 |
| 2020 | | | | | | |
| Non-derivative financial instruments | | | | | | |
| Credit institutions | 1,310,850 | 1,453,565 | 68,661 | 317,705 | 108,160 | 959,039 |
| Trade payables | 5,175 | 5,175 | 5,175 | 0 | 0 | 0 |
| Deposits | 31,102 | 31,102 | 24,166 | 3,063 | 3,389 | 484 |
| Other debts | 9,674 | 9,674 | 9,674 | 0 | 0 | 0 |
| Total | 1,356,802 | 1,499,517 | 107,677 | 320,768 | 111,549 | 959,523 |

Interest rate risk

Park Street is as a result of its financing activities in significant extent exposed to interest rate fluctuations. The interest rate risk is therefore an essential element in the overall assessment of the Group's financial situation.

The interest rate risk as of December 31, 2021 primarily relate to the following:

- Fluctuations in market interest rates on mortgages with variable rates (Cibor6, F2, F3, F5).
- Renegotiation of the margin rate applied on the mortgage loans.
- Renegotiation of fixed interest rate of bank debt associated with the extension of loans / terms. Fixed rate includes loans, which applies a fixed rate until the loans' maturity date, to other agreed point in time or until a renegotiation is made with the individual bank.

Park Street's major interest rate risk is the risk that the financial creditors on short notice increase terms of interest and margin rates. In this situation, the level of interest and contribution rates depend on negotiations with the financial institutions. The Group's loan portfolio is continuously monitored with a view to optimizing the group's exposure to interest rate risks. Park Street at December 31, 2021 does not have financial instruments for interest rate hedging, and the group has limited opportunities to influence the interest rate risk in the current financial situation.

Group's nominal financial debt is specified as follows, based on the type of interest rate that is linked to individual loans:

| Type of loan | | Nominal (DKK million) | * Weighted interest rate (per annum) |
|------------------------------|---------------|-----------------------|--------------------------------------|
| At December 31, 2021: | | | |
| Mortgage debt | Cibor3 | 0 | 0.00% |
| Mortgage debt | Cibor6 | 139 | 2.08% |
| Mortgage debt | F2 | 46 | 2.54% |
| Mortgage debt | F3 | 214 | 0.83% |
| Mortgage debt | F5 | 505 | 0.84% |
| Bank debt etc. | Fixed | 5 | 0.00% |
| Others | Interest-free | 5 | 0.00% |
| | | 914 | 1.11% |
| At December 31, 2020: | | | |
| Mortgage debt | Cibor6 | 208 | 1.77% |
| Mortgage debt | F2 | 49 | 2.64% |
| Mortgage debt | F3 | 289 | 0.90% |
| Mortgage debt | F5 | 506 | 1.27% |
| Banks and other payables. | Fixed | 254 | 2.54% |
| Others | Interest-free | 4 | 0.00% |
| | | 1,310 | 1.57% |

The calculated weighted interest rate for all Park Street loans are at 31 December 2021 1.11% per annum, and is based on the latest confirmed interest rates. The corresponding calculated weighted rate at 31 December, 2020 was 1.57% per annum.

Breakdown by maturity until the next date of interest rate adjustment distributes the Group's loans as follows (as of Dec. 31):

| Amounts in DKK 1000s | 2021 | 2020 |
|-------------------------|------------|--------------|
| Within six months | 193 | 208 |
| Between 6 and 12 months | 0 | 0 |
| Between 1 and 2 years | 212 | 299 |
| Between 2 and 5 years | 505 | 799 |
| After 5 years | 5 | 4 |
| | 914 | 1,310 |

The interest rate adjustment date for fixed-rate and interest-free loans is included in the above table at the time of the renegotiation of the maturity and / or terms of the loans or where existing confirmations on a given interest rate expire for a period.

Interest rate risk from Park Street's view can be presented in the following two divisions:

- Variable market interest rates: Risks associated with fluctuations in market interest rates, ie. on loans where interest rate adjustment takes place at defined times based on market fluctuations. This applies to mortgage loans with variable interest rates.
- Interest, etc. on all loans: Risks associated with fluctuations in interest rates on all loans. In addition to the above fluctuations in market rates, this includes the renegotiation of contribution rates at mortgage banks and renegotiation of loan terms with bank creditors.

The hypothetical effect on the results and equity after tax as a result of 1 percentage point increase in interest rates (ex. Fair value adjustments) are illustrated in the following table:

| Amounts in DKK 1000s | 2021 | 2020 |
|--------------------------------------|-------|-------|
| Variable Interest rate loans: | | |
| Effect on income statement | -11.3 | -13.0 |
| Effect on equity | -11.3 | -13.0 |

On loans from credit institutions, with ongoing interest rate adjustments resulting from changes in market interest rates, illustrates the table above that the hypothetical effect on net income and equity as a result of one percentage point increase in interest rates amounts to DKK -11.3 million per annum (2020: DKK -13.0 million).

Currency risk

The group exposure is very limited to changes in currency rates.

Credit risk

The Group's credit risk is primarily related to:

- Lease receivables
- Receivables from the sale of properties
- Receivables form mortgages

The maximum credit risk for financial assets is reflected in the accounting values of the balance sheet, and taking into account securities received.

Risks concerning to rental receivables are limited to Park Street's options to deduct payments from deposits and termination of the covered leases. Credit risk on receivables arising from the sale of properties is limited, as the transactions are always subject to payment of purchase price and deposit of the purchase price. With mortgage deeds, the Group has an usual debtor risk, which is reduced by mortgages on properties.

In order to minimize the risk of loss of receivable rent, the tenants' ability to pay prior to entering into leases is assessed to the extent that it is relevant. In addition, there is usually a requirement for a cash deposit, a guarantee and / or prepaid rent. However, if a tenant is unable to pay, it may result in loss as well as reduced income due to rental allowance upon relocation, lower future rental income and any additional costs incurred in connection with refurbishment etc.

Credit risk on receivables at December 31, 2021 is further described in note 20 of the consolidated financial statements.

Group's Cash and cash equivalents consists primarily of deposits in reputable banks. The group believes that there is no significant credit risk associated with the cash. Deposits in banks are labelled at variable interest rate.

Financial liabilities with credit institutions and fair value

Group's mortgage debt and bank debt is classified as amortized cost. Fair value of loans measured at amortised cost amount to DKK 909,420. Fair value has been determined as the present value of the contractual cash flows discounted at a rate reflecting the current borrowing rate. Due to the fact that the terms of all loans were renegotiated in 2017, fair value of all floating rate loans is considered to be equal to their carrying amount. Based on a recent transaction, the fair value measurement is considered a level 2 measurement.

The fair value of zero-coupon debt is established based on the fair value estimated by an independent reviewer (estimated rate of 46.09 at December 31, 2021).

The Group's financial assets and liabilities measured at fair value are classified on the following 3 levels in the fair value hierarchy:

- Level 1: Based on listed prices (non-adjusted) on active markets for identical assets or liabilities.
- Level 2: Based on inputs other than listed prices that are observable for the asset or liability, either direct (as prices) or indirect (derived from prices).
- Level 3: Based on data that is not observable in the market.

| Amounts in DKK 1000s | Carry forward balance | Level 1 | Level 2 | Level 3 |
|------------------------------------|-----------------------|----------|----------------|--------------|
| 2021 | | | | |
| Mortgages and debentures | 7,671 | 0 | 7,671 | 0 |
| Intercompany loan | 0 | | 0 | |
| Total financial assets | 7,671 | 0 | 7,671 | 0 |
| Credit institutions | 5,226 | 0 | 0 | 5,226 |
| Total financial liabilities | 5,226 | 0 | 0 | 5,226 |
| 2020 | | | | |
| Mortgages and debentures | 8,000 | 0 | 8,000 | 0 |
| Intercompany loan | 157,548 | | 157,548 | |
| Total financial assets | 165,548 | 0 | 165,548 | 0 |
| Credit institutions | 3,548 | 0 | 0 | 3,548 |
| Total financial liabilities | 3,548 | 0 | 0 | 3,548 |

It is the Group's policy to recognise transfers between the different levels from the time at which an event or change in circumstances entails a change in the classifications. No transfers were made between levels 1 and 2 in the accounting period.

When calculating the fair value of the Group's liabilities in accordance with level 3 of the fair value hierarchy, a correction is made for the Group's own credit rating, taking into account the legal status of the liabilities, and the security in the assets measured at fair value. Consequently, no direct assumptions of discount factors, etc. are included when measuring liabilities to credit institutions in accordance with level 3 of the fair value hierarchy.

The table below shows the change in liabilities to credit institutions measured at fair value in the balance sheet based on valuation methods in which significant inputs are not based on observable market data (level 3):

| Amounts in DKK 1000s | 2021 | 2020 |
|--|--------------|--------------|
| Carrying amount per. 1st of January | 3,548 | 3,548 |
| Gains / losses in the income statement | 1,678 | 0 |
| Balance at 31st of December | 5,226 | 3,548 |

Gain / loss in the income statement for liabilities held at 31st of December 0

Gains/losses concerning credit institutions measured at fair value are included in the item 'Adjustment to fair value, net' and in the item 'Special items' in the income statement of the consolidated financial statements. Liabilities to credit institutions measured at fair value are transferred to/from level 3 in the fair value hierarchy depending on whether the fair value of the loans contains a correction for the Group's own credit rating.

For financial instruments that are not measured at fair value, the book value is assessed as being a reasonable approximation of fair value.

Note 20 – Changes in other working capital

| Amounts in DKK 1000s | 2021 | 2020 |
|--|----------------|----------------|
| Change in receivables | -17,327 | -4,903 |
| Change in deposit | 1,581 | -8,557 |
| Change in trade payables and other liabilities | -6,685 | 2,910 |
| Change in total working capital | -22,431 | -10,550 |

Note 21 – Related parties

Park Street Asset Management Ltd. (London, England) has controlling influence in Park Street A/S by virtue of its shareholding of 92.14% of shares and votes in Park Street A/S. See note 5 in the Consolidated annual report, where the remuneration of Directors and Board of Park Street appears. The Company has additionally had the following transactions between Park Street and related parties:

| Amounts in DKK 1000s | 2021 | 2020 |
|------------------------------|-------------|-------------|
| Other related parties | | |
| Intangible assets | 0 | 3,249 |
| Software expenses | 2,234 | 0 |

There have been no other transactions, etc. with related parties during the period.

Note 22 – Accounting policies

Park Street A/S applies the same accounting policies as stated in Note 33 on the consolidated financial statements, in addition the following note is applicable for the parent company:

Investment in subsidiaries

Investments in subsidiaries are recognised and measured in the financial statements of the parent company under the equity method. On acquisition of subsidiaries, the difference between cost of acquisition and net asset value of the entity acquired is determined at the date of acquisition after the individual assets and liabilities having been adjusted to fair value (the acquisition method).

The item "Income (loss) from investment in subsidiaries" in the income statement includes the proportionate share of the profit after tax of the subsidiary. The item "Investments in subsidiaries" in the balance sheet includes the proportionate ownership share of the net asset value of the entities calculated under the accounting policies of the parent company with deduction or addition of unrealised intercompany profits or losses and with addition of any remaining value of the positive differences (goodwill).

Subsidiaries with a negative net assets value are measured at DKK 0, and any receivables from these are written down by the parent company's share of the negative net asset value, if impaired. Any legal or constructive obligation of the parent company to cover the negative balance of the subsidiaries is recognised as provisions. The total net revaluation of investments in subsidiaries is transferred upon distribution of profit to "Reserve for net revaluation" under equity. Gains and losses on disposals or winding up of subsidiaries are calculated as the difference between the sales value or cost of winding up and the carrying amount of the net assets at the date of acquisition including goodwill and expected loss of disposal or winding up. The gains or losses are included in the income statement.

Financial Ratios

The financial ratios have been calculated as follows:

Return on property portfolio (% p.a.): $\text{Gross profit} \times 100 / \text{Fair value of investment and domicile properties}$

Average loan rate (% p.a.): $\text{Financial items} \times 100 / \text{Credit institutions Return margin on property portfolio (% p.a.)}$

Return on property portfolio (% p.a.) - Average loan rate

Return on equity (%): $\text{Profit for the period} / \text{Total equity}$

Equity ratio (%): $\text{Total equity} / \text{Total assets}$

Net asset value per share, end of period (DKK): $\text{Total equity} / \text{Share capital}$

Earnings per share (avg. Number of shares) (DKK): $\text{Profit for the period} / \text{Average number of shares}$

Earnings per share, end of period (DKK): $\text{Profit for the period} / \text{Number of own shares, end period}$

Result of continuing activities per. share (DKK): $\text{Profit for the period} / \text{Number of own shares, end period}$

Dividend yield (%): $\text{Dividend per share} / \text{Share price, end of period}$ Price/net asset value, end of period:

Share price / Net asset value per share, end of period

Cash flow from operations per share (DKK): $\text{Cash flows from operations} / \text{Diluted average number of shares in circulation}$

PROPERTY OVERVIEW

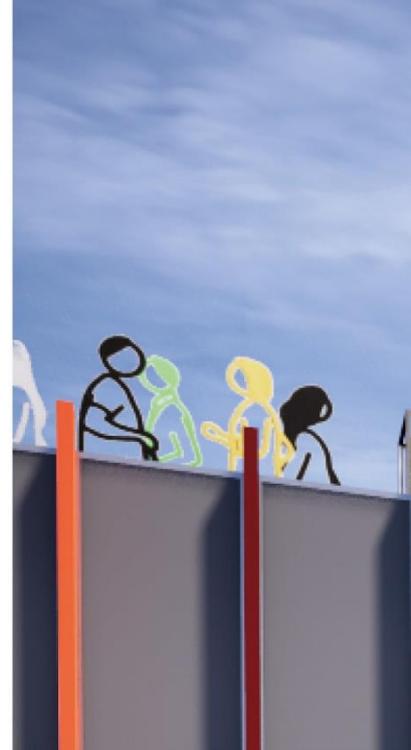
Park Street Group owns at 31 December 2021, 54 properties.

| # | Strategy | Property Type | Address | ZIP | City |
|----|--------------|---------------|----------------------|------|-----------|
| 1 | Spark Office | Office | 26, Hejrevej | 2400 | København |
| 2 | | | 30, Hejrevej | 2400 | København |
| 3 | | | 18, Ørnevej | 2400 | København |
| 4 | | | 3, Femøvej | 4700 | Næstved |
| 5 | | | 6, Toldbuen | 4700 | Næstved |
| 6 | | | 9, Omøvej | 4700 | Næstved |
| 7 | | | 23, Hersegade | 4000 | Roskilde |
| 8 | | | 3, Femøvej | 4700 | Næstved |
| 9 | | | 2, Dannebrogsgade | 5000 | Odense |
| 10 | | | 275, Svendborgvej | 5260 | Odense |
| 11 | | | 1E, Vilhelmskildevej | 5700 | Svendborg |
| 12 | | | Birkemose Alle 21 | 6000 | Kolding |
| 13 | | | 23, Birkemose Allé | 6000 | Kolding |
| 14 | | | 9, Birkemosevej | 6000 | Kolding |
| 15 | | | 22, Stagehøjvej | 8600 | Silkeborg |
| 16 | | | Banegårdsvej | 2600 | Glostrup |
| 17 | Spark Retail | Retail | 1, Lilleholm | 2670 | Greve |
| 18 | | | 20, Prøvestensvej | 3000 | Helsingør |
| 19 | | | 2, L. C. Worsøesvej | 4300 | Holbæk |
| 20 | | | 27, Immerkær | 2650 | Hvidovre |
| 21 | | | 3, Banetorvet | 3450 | Lillerød |
| 22 | | | 10, Dyssegårdsvej | 4700 | Næstved |
| 23 | | | 13, Nørregade | 4100 | Ringsted |
| 24 | | | 27, Nørregade | 4100 | Ringsted |
| 25 | | | 8, Ro's Have | 4000 | Roskilde |
| 26 | | | 11, Ro's Have | 4000 | Roskilde |
| 27 | | | 13, Ro's Have | 4000 | Roskilde |
| 28 | | | 1, Stenbukken | 9200 | Aalborg |
| 29 | | | 102, Silkeborgvej | 7400 | Herning |
| 30 | | | 2A, Engdahlsvej | 7400 | Herning |
| 31 | | | 19A, Albuen | 6000 | Kolding |
| 32 | | | Århusvej | 8960 | Randers |
| 33 | | | 60, Åkirkebyvej | 3700 | Rønne |
| 34 | | | 78, Zahrtmannsvej | 3700 | Rønne |
| 35 | | Storage | 78, Vordingborgvej | 4700 | Næstved |
| 36 | | | 78, Vordingborgvej | 4700 | Næstved |
| 37 | | | 7, Blegdammen | 4700 | Næstved |
| 38 | Pulse | Residential | 29, Tåsingegade | 2100 | København |
| 39 | | | 21, Nørregade | 4100 | Ringsted |
| 40 | | | 31, Nørregade | 4100 | Ringsted |
| 41 | | | 1, Møllergade | 5700 | Svendborg |
| 42 | | | 33, Jernbanegade | 6000 | Kolding |
| 43 | | | 1, Helligkorsgade | 6000 | Kolding |
| 44 | | | 30, Østergade | 7600 | Struer |
| 45 | | | 34A, Dæmningen | 7100 | Vejle |

| # | Strategy | Property Type | Address | ZIP | City |
|----|--------------------|------------------------------|----------------------------|------|-------------|
| 46 | | Residential - Project | 8, Hejrevej | 2400 | København |
| 47 | | | 4, Kirsebærgården | 3450 | Lillerød |
| 48 | | | Skråningshusene | 3070 | Snekkersten |
| 49 | | | 2, Selsmosevej | 2630 | Taastrup |
| 50 | | Retail | 12, Sjællandsgade | 7100 | Vejle |
| 51 | | Parking | J.C.Christensens Gade | 2300 | København |
| 52 | Pulse Hotel | Hotel | 13, Algade | 4000 | Roskilde |
| 53 | | | 6, Marbækvej | 2750 | Ballerup |
| 54 | Sold | Retail | Loftbrovej 17, Nørresundby | 9400 | Aalborg |



PARK STREET



Park Street A/S

Svanevej 12

2400 København NV

tel. +45 33 33 93 03

www.psnas.com / www.nordicom.dk

nordicom@nordicom.dk

