ANNUAL REPORT

2019

Company: Park Street Nordicom A/S
CVR: 12932502

Svanvej 12, 4
2400 København NV

Accounting period: 1 January - 31 December 2019

Chairman: Kåre Stolt

Approved - Kåre Stolt

PARK STREET nordicom

Company:

Park Street Nordicom A/S
Svanevej 12
DK-2400 København NV
CVR no.: 12 93 25 02
LEI no.: LEIN913442016122012215420784
Registered office: Copenhagen, Denmark

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Board of Directors:
Andrew John Essex La Trobe, Chairman
Per Høpfner, Vice-chairman
Pradeep Pattem
Ohene Aku Kwapong
Lars-Andreas Nilsen
Anita Nassar

Management:
CEO Pradeep Pattem
Head of Finance David Casado
Auditor:
PriceWaterhouseCoopers Statsautoriseret Revisionspartnerselskab

Main activity:
Park Street Nordicom 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 held April 23th, 2020 at 10:00 on Svanevej 12, 2400 Copenhagen K

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Main Activity

Park Street Nordicom 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 2019

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

In 2019, Park Street Nordicom achieved EBVAT of DKK 83.2 million (2018: DKK 84.0 million), which is slightly below management expectations for the period due to not completing redevelopment and sale of assets expectations for the year. On another hand, net operating income results are in line with management expectations have been fulfilled.

The EBVAT achieved is DKK 0.8 million lower than the one in 2018. The slight reduction is primarily due to the increase in overhead costs (DKK 9.0 million), driven by higher investment of resources for future value enhancements which has been partially compensated by an increase of the gross profit (DKK 3.8 million) mainly driven by the revenue generated from an asset acquired in 2019 and a reduction of the financial expenses (DKK -4.3 million).

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

- Gross profit in 2019 is DKK 150.0 million (2018: DKK 146.1 million), equivalent to an increase of DKK 3.9 million. The increase in gross profit is primarily due to rent increase in 2019 generated by a newly acquired asset in 2019 which has generated a rent increase of DKK 5.6 million. This rent increase has been partially compensated by a slight increase in vacancies existing in assets that are part of rede-volpment projects.

- The Group's overheads were DKK 37.8 million in 2019 against DKK 28.7 million in 2017. The increase is caused mainly by a higher investment of resources for future value enhancements mainly linked to redevelopment projects (DKK 3.9 million). Additionally fixed assets depreciation has increased (DKK 2.5 million) due to machinery and equipment depreciation in the newly acquired asset in 2019.
- Net financial items amounts to DKK -29.1 million in 2019 against DKK -33.4 million in 2018, representing a positive change of DKK 4.3 million driven by lower margins interest rates.

Net Profit of the period has increased from DKK 108.3 million in 2018 to DKK 115.1 Million in 2019 due to the following effects:

- Fair value adjustment in 2019 with a net of DKK 48.7 million while the fair value adjustment in 2018 had an effect of DKK 42.6 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 Nordicom A/S and subsidiaries.

- In 2019, the sale of a non-core property generated a profit of 0.4 million DKK (2018: DKK 3.7 million).

The Group's equity as at 31st December 2019 was DKK 931.1 million, compared to DKK 810.6 million as at 31 December 2018. The improvement in the Group's equity is due to the profit for the period and revaluation of the domicile with a net increase of DKK 5.4 million.

The operation of the Group's properties in 2019 was generally as expected with the vacancy rate (calculated by rental value) for the Group's invest-ment properties at 11.0% in 2019, against 9.8% for all of 2018. The material portion of this vacancy is concentrated in potential redevelopment projects in Taastrup, Odense, Kolding and within storage assets in Næstved. Plans to establish the viability of these projects and further steps will be developed over the coming year.

Property acquisitions and sales

In 2019, Park Street Nordicom sold the following properties and plots:

- Residential property in Roskilde

Park Street Nordicom acquired the following properties:

- Shopping center in Glostrup
- Residential unit in Østerbro, Copenhagen
- Land plot in Kolding

In addition to the above purchase, Park Street Nordicom has made the following transactions in 2020:

- Sale of a residential unit in Ballerup
- Acquistion of a Residential unit in Østerbro, Copenhagen.

Organisation

Since April 25th April of 2019 when the Annual general of the Company took place the Board of Directors of Park Street Nordicom consists of Andrew La Trobe, Per Høpfner, Pradeep Pattem, Ohene Aku Kwapong, Lars-Andreas Nilsen and Anita Nassar.

The number of employees of Park Street Nordicom were 42 by the end of 2019, against 41 at the start of the year.

Subsequent events after December 31, 2019

As stated above an additional residential unit in a existing property of the group has been acquired in January 2020 in Copenhagen, Østerbro and a residential unit has been sold in February 2020 in Ballerup.

In regards to the Covid-19 related Global Economic Disruption the Board of Directors states the following:

- Significant uncertainties have been unleashed with the spread of Covid-19 virus and the resultant social and economic restrictions imposed globally by various states.
- We are too early in the cycle to be able to quantify the impact on the operations. At the least, we expect challenges to the various tenants across sectors to lead to directly or indirectly impact the rent collections and delinquencies.
- Denmark has proposed several measures to mitigate the challenges, we are yet to see the specific impact but expect it to mitigate some of the severe risks.
- The valuations of the portfolio of assets performed at 31.12.19 could be severely impacted on the downside, depending on the overall economic performance of Denmark. In particular non-food retail tenants and related assets and hotels in the portfolio could face valuation declines.
- The Company is highly dependent on steady cashflows from its rental income to be able to service its debt obligations, manage fixed costs and make investments for portfolio development. The management has severely curtailed future investments and spend on strategic initiatives in view of current uncertainties, with the aim of conserving cash.
- Current measures from the Danish state, both in terms of social restrictions and economic support are focussed on a 3 month horizon. Park Street Nordicom's own internal planning is now centered on managing operations conservatively over this period. Any longer term disruption will require a far deeper state led economic support to the wider Danish economy, to which our performance and asset valuations are highly correlated.

Management considers the implications of Covid-19 a subsequent occurred after the balance sheet date (31 December 2019), which is therefore a non-adjusting event to the Company.

In view of the extremity of potential disruptions, and the uncertainties of the duration of such disruption, Park Street Nordicom has decided to not publish any EBVAT estimations for 2020 and withdraws any previous guidance provided to the market. Management finds itself unable to disclose reliably its outlook for the future in accordance with section 12 of the Danish Financial Statements Act. It is to be noted that the company is able to deliver on its operations and requisite support to the tenants via various ways of online and on site working during this period of deep disruption, which has been highly facilitated by its previous investments in developing an on-line property management platform.

Outlook and strategy for 2020

Park Street Nordicom owns and manages 59 properties with more than 260,000 SQM built up area across Denmark.

The company has a deep history of 3 decades acquiring properties with significant development potential.

Around 90% of the assets are stable, with around 90% of occupancy level.

In 2019, Park Street Nordicom took significant steps towards the following objectives of:

- Building a Real Estate Platform with core pillars:
  - Technology
  - Design
  - Value Enhancement
  - Responsible Ownership
- Digitising and standarising processes towards creating a scalable platform.
- Deepening design and development skills towards creating a long term Asset Management impact on the portfolio.
- Increasing assets under management working with long term capital partners.

For the year

2020

WE CONTINUE TO SEEK TO MEASURE OUR PERFORMANCE AGAINST THE FOLLOWING TARGETS:

- Design and technology driven streamline of Core operations ensuring best in class asset management, administration, property management and leasing.
- Acquisition of assets with high value creation potential and explore options for external partnerships, sales or joint ventures towards Medium Term Assets with the intention of reducing our exposure in the medium term.
- Optimize Capital Management through refinancing of existing assets, external capital partnerships for future acquisitions and large redevolepment opportunities.
- Redevelopment of selected projects with significant value increase.

CORE OPERATIONS

ADMINISTRATION - PROPERTY MANAGEMENT - FINANCE

- Digitally mapped assets and leases.
- Well defined & established operational processes,based on accurate real time data, across the business functions of Property Administration, Property Management and Finance management leading to more responsive operations.
- Digital reporting and be-spoke analytical tools for the financial data analysis.
- Focus on further automation of rent collection and reconciliation, insurance claims, vendor management, tenant engagement & management.
- Initiatives to optimize utilities and common costs: Further cost optimization by 5% (Core operating cost reduction).

LEASING - VACANCY REDUCTION AND LEASING ENHANCEMENTS

- **ZERO VACANCY TARGET**
  From this year we are incorporating Zero Vacancy ambition across our core portfolio. This will influence our daily work approach - to be dynamic about pricing, about the design and refurbishment decisions towards achieving full occupancy.

- **VALUE ADD MARKETING**
  We are taking next step in the marketing strategy by enhancing visualisation content, targeted ads, direct marketing and increased use of social media. Along with those we are working close with select external brokers for proactive lettings of vacant areas.

- **SPECIALIST RESOURCES**
  Hire further specialists for leasing into our team, who will focus on leasing and tenant management towards better services and mutually beneficial terms. We will seek to actively use external specialists for optimal positioning of our properties.

- **STANDARDISATION AND DIGITISATION**
  We will seek to standardise all processes, documents and steps in leasing which creates long term administration benefits for tenants. It will lead to digitalization of all procedures within leasing, which is no doubt one of the key future trends in real estate market.

- **FULLY SUPPORTED**
  Leasing department needs to be fully supported by administration, finance and design. We find it feasible in Park Street Nordicom as all aspects of support are in house, which helps smooth communication, quick response and full support to the leasing process.

ACQUISITIONS & DISPOSALS

EXPLORE OPPORTUNITIES FOR EXPANDING PORTFOLIO ACROSS EUROPE

- Acquisition of assets in the greater Copenhagen area with special focus in the Nørrebro area where the company already owns more than 25,000 sqm in assets.

- Possibility to acquire portfolio or companies in order to create synergies either by acquiring distressed assets or operations that can provide significantly value and returns.

- Acquisition plan subject to establishment of capital partnerships where Park Street Nordicom performs the Asset Management of the properties as a consequence of optimized Core operations and technology.

- Targeted disposal of assets post conclusion of asset management optimization of non core assets with a value between 800 to 1,000 million DKK.

CAPITAL

OPTIMAL CAPITAL MANAGEMENT

- Maintain LTV (Loan to Value) of 60% to 70% on a Portfolio level with Long Term Mortgage Debt financing.

- Long term target to generate Asset level Return on Equity of over 15%, with Company level Return of Equity of over 12%.

- Refinance selected Assets in terms of existing financing:
    - 13 assets with of DKK 200 million value have No Mortgage debt.
    - 6 assets with DKK 750 million value have low LTV Mortgage debt.
    - Reduce Bank Debt with Term Mortgage Debt.

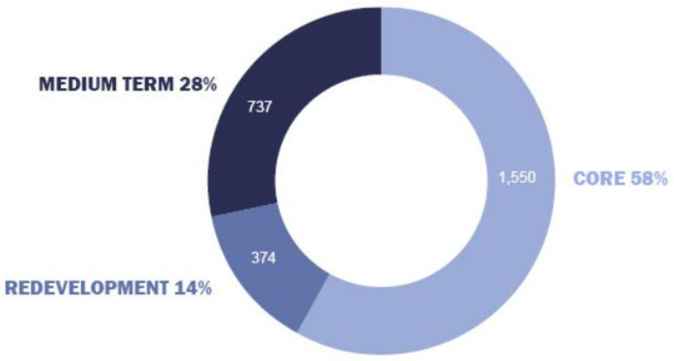
- External capital partnerships with long term institutional capital partners for future acquisitions and large redevelopment opportunities.

- Initiate steps for buy back of shares in accordance to provisions in articles of association of Park Street Nordicom, which corresponds to a maximum of 10% of the Company's class A share capital.

- Last dividend declared by the Company took place in 2008. The Management intend to propose recommencing dividend payments in view of the strong balance sheet and sustainable performance of the Company.

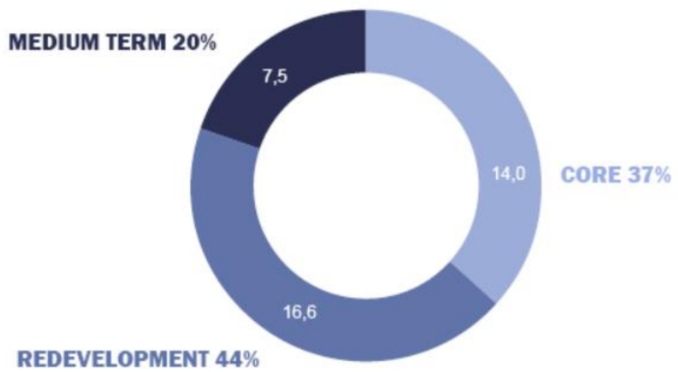
PORTFOLIO STRATEGY

BY ASSET VALUE (MILLION DKK)



VACANCY

ESTIMATED RENTAL VALUE (MILLION DKK)



TARGETS

- Target to reduce Core Vacancy to 0.
- Reduce Operating costs (55 million DKK in 2019) by 5% as a consequence of cost optimization with focus on optimising energy performance of our portfolio.

Financial Highlights

Amounts in DKK 1000s	2019	2018	2017	2016	2015
Income statement					
Rental income	147,518	149,729	140,678	145,535	151,332
Total net sales	179,454	175,444	167,657	175,098	177,218
Gross profit	150,093	146,154	132,106	131,727	139,713
Profit from primary operations	146,021	142,341	392,800	24,471	124,349
Financial items	-29,105	-33,409	-73,397	-74,926	-81,093
Earnings before value adjustments and tax (EBVAT)	83,223	84,014	25,902	24,858	24,407
Profit for the period	115,053	108,289	360,137	43,496	39,541
Statement of financial position					
Investment properties	2,477,995	2,304,614	2,255,395	1,918,052	2,040,654
Investments in property, plant and equipment	19,257	2,650	11,702	12,287	33,535
Balance sheet total	2,772,843	2,580,698	2,488,782	2,225,316	2,322,188
Interest-bearing debt	1,633,364	1,590,916	1,783,271	2,196,434	2,336,074
Total equity	931,133	810,652	554,947	-33,062	-84,145
Statement of cash flows					
Cash flows from operations	92,856	77,201	32,377	45,901	36,701
Cash flows from investment	-125,488	51,825	24,893	144,433	89,342
Cash flows from financing	39,927	-94,668	-116,556	-152,493	-129,380
Other disclosures					
Non-current liabilities as a proportion of total liabilities (%)	89.7	94.1	82.7	58.4	60.3
Share capital	67,513	67,513	42,853	12,028	12,028
Share price, end of period (DKK)	6.65	6.7	5.8	1.3	1.9
Share price change in points	-0.05	0.9	4.5	-0.6	-0.2
Dividend per share	0.0	0.0	0.0	0.0	0.0
Number of employees in the Group (average)	32	27	23	26	20

Financial ratios

	2019	2018	2017	2016	2015
Return on property portfolio (% p.a.)	5.8	5.9	5.5	5.7	5.7
Average loan rate (% p.a.)	1.8	2.0	3.7	3.3	3.4
Return margin on property portfolio (% p.a.)	4.0	3.9	1.8	2.4	2.3
Return on equity (%)	12.4%	13.4%	64.9%	N/A	N/A
Equity ratio (%)	33.6%	31.4%	22.3%	Neg.	Neg.
Net asset value per share, end of period (DKK)	13.8	12.0	13.0	-2.8	-7.1
Earnings per share (avg. Number of shares) (DKK)	1.7	1.7	21.3	3.7	3.3
Earnings per share, end of period (DKK)	1.7	1.6	8.4	3.7	3.3
Result of continuing activities per. share (kr.)	1.7	1.6	8.4	3.7	3.3
Dividend yield (%)	0.0	0.0	0.0	0.0	0.0
Price/net asset value, end of period	0.5	0.6	0.4	Neg.	Neg.
Cash flow per share (DKK)	1.4	1.2	1.9	3.9	3.1

The above financial ratios are calculated in accordance with the definitions in CFA Society Denmark's 'Recommendations & Financial Ratios 2015'. Reference is made to note 33 to the consolidated financial statements in the Annual report for 2019.

Financial Results

Yearly result compared to expected development

The Group achieved in 2019 an EBVAT (profit excluding value adjustments and tax) of DKK 83.2 million, which is slightly below with the most recent guidance mentioned in the interim report for the first half of 2019 due to not completing revedelopment and sale of assets expectations for the year.

Segment Information
Park Street Nordicom does not present segment information and the Group’s portfolio is presented as one.

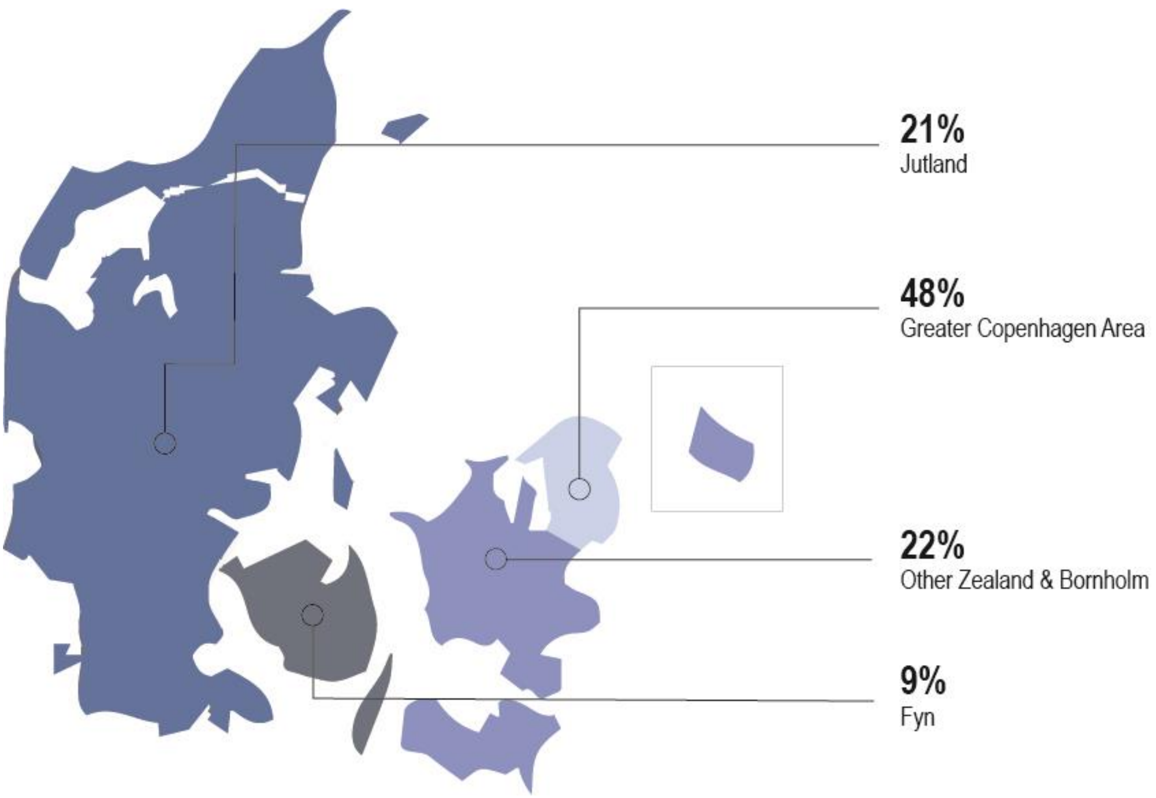
Operation from Investment Properties

The Group's investment properties at December 31, 2019 is composed of all the Group's 56 properties, excluding

- 2 properties classified as domicile property and
- 1 plot classified as project holdings.

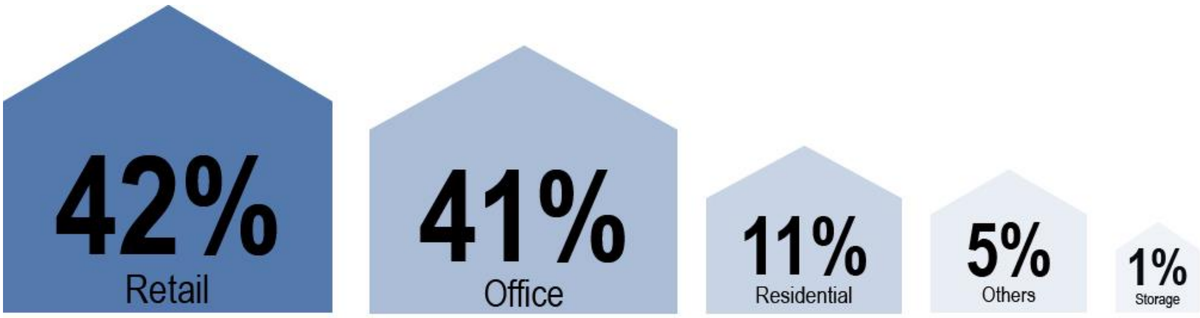
The Group's investment properties are geographically concentrated in Greater Copenhagen and major provincial cities. Based on investment property values, the portfolio allocates as follows:

Amount in Million DKK	2019		2018	
Greater Copenhagen Area	1,189	48%	1006	44%
Other Zealand and Bornholm	557	22%	542	24%
Fyn	214	9%	245	11%
Jutland	517	21%	512	22%
Total	**2,478**		**2,305**	



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

Amount in Million DKK	2019		2018	
Retail	1,041	42%	883	38%
Office	1,024	41%	1,014	44%
Residential	261	11%	255	11%
Storage	28	1%	27	1%
Others	125	5%	126	5%
Total	**2,478**		**2,305**	



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

Average vacancy in %	2019	2018
Retail	5.7%	4.0%
Office (*)	15.1%	16.0%
Residential	7.8%	3.7%
Storage	44.8%	27.2%
Others	6.5%	11.0%
Total	**11.0%**	**9.8%**

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

The following table shows the calculated average gross rent obtained divided by property types on properties held at 31 December 2019:

Avg. gross rent per sqm p.a. (DKK)	2019	2018
Retail	814	756
Office	815	821
Residential	1,132	1,032
Storage	299	296
Others	488	432
Total	**774**	**752**

Consolidated Financial Review

PROFIT AND LOSS

Park Street Nordicom's Net Profit is DKK 115.1 million for 2019 (2018: DKK 108.3 million), equivalent to a change of DKK 6.8 million in relation to 2018.

As mentioned above the EBVAT in 2019 is DKK 83.2 million (2018: DKK 84.0 million), which is DKK 0.8 million lower than the one achieved in 2018. The reduction is primarily driven to the increase in overhead costs (DKK 9.0 million), driven by higher investment of resources for future value enhancements which has been partially compensated by an increase of the gross profit (DKK 3.9 million) mainly driven by the revenue generated from an asset acquired in 2019 and a reduction of the financial expenses (DKK -4.3 million).

Net Profit of the period has increased from DKK 108.3 Million in 2018 to DKK 115.1 Million in 2019 due to the a higher revaluation of the investment properties amounting to DKK 62.4 Million (2018: DKK 54.7 Million). On the other hand the sale of a non-core property has generated a profit of 0.4 million DKK while in 2018 it generated DKK 3.7 million. To finalize, the effect of the Tax on profit is lower in 2019, being DKK 31.0 Million in 2019 (2018: DKK 34.1 Million).

BALANCE SHEET

Park Street Nordicom's balance sheet total as at 31 December 2019 was DKK 2,772.8 million, an increase of DKK 192.2 million on the balance sheet total at 31 December 2018. The increase is mainly due to the revaluation of investment and domicile properties of DKK 69.3 million and acquisition of assets of DKK 96.5 million. Non-current assets were DKK 2,679.9 million at 31 December 2019 (31 December 2018: DKK 2,492.7 million). Current assets have increased from DKK 88.0 million at 31 December 2018 to DKK 93.0 million at 31 December 2019, an increase of DKK 5.0 million mainly caused by the increase of the amount in cash coming from the company operations

The Group's equity as at 31st December 2019 was DKK 931.1 million, compared to DKK 810.7 million as at 31 December 2018. The improvement in the Group's equity is due to the profit for the period and revaluation of the domicile with a net increase of DKK 5.4 million

Liabilities to credit institutions were DKK 1,633.3 million at 31 December 2019 (31 December 2018: DKK 1,590.9 million), consisting of DKK 1,478.7 million (91%) for non-current liabilities and DKK 154.7 million (9%) for current liabilities. In 2019, financial liabilities were increased by DKK 42.5 million primarily driving of obtaining mortgage financing in a new asset acquired in 2019. This effect has been partially compensated by repayments to credit institutions.

CASH FLOWS FOR 2019

Cash flows from operating activities for 2019 were DKK 92.9 Million (2018: DKK 77.2 million), equivalent to an increase of DKK 15.7 million in relation to the same period last year. The increase is due primarily to a decrease of financial expenses paid and improvement in the working capital.

Cash flows from investing activities for 2019 were DKK -125.5 million (2018: DKK 51.8 million). Cash flows from investing activities were negatively affected by purchases of property, plant and equipment (DKK -103.9 million) and improvements made to investment properties (DKK -19.3 million). In 2018 cash flow from investing activities was positively affected by a cash injection in the share capital of DKK 50.0 million. Effect coming from the sale of investment properties has been DKK 1.9 million in 2019 while in 2018 the cash flow obtained from this activity was DKK 12.0 million.

Cash flows from financing activities for 2019 were DKK 39.9 million (2018: DKK -94.7 million) due to obtaining a loan in a newly acquired asset partially compensated with instalment payments of existing loans in the company.

The Group's liquid assets amounted to DKK 61.6 million at 31 December 2019 against DKK 54.3 million at 31 December 2018.

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 Nordicom A/S

For the parent company Park Street Nordicom A / S, profit before tax amounts to DKK 146.0 million in 2019 (2018: DKK 142.4 million).

The parent company's profit and loss before tax is affected by a profit of DKK 27.0 million (2018: DKK -5.2) from subsidiaries.

Parent company equity per 31 December 2019 amounts to DKK 931.1 Million (31 December 2018: DKK 810.7 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 Nordicom 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 Nordicom 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 Nordicom is subject to normal commercial and societal risks applicable to players in the Danish real estate market.

Park Street Nordicom'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 Nordicom values investment properties at fair value (market value) and includes valuation adjustments in net profit. Park Street Nordicom'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 Nordicom'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 upgarading the vacant space.

Vacancy

Park Street Nordicom 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 Nordicom 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 Nordicom. 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 Nordicom 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 Nordicom 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 Nordicom 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 Nordicom 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 Nordicom has sufficient insurance coverage.

Tax risks

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

Legal risks

Park Street Nordicom 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 Nordicom 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 Nordicom 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 Nordicom generally and based upon our business model has not identified nor experienced any material risks in relation to CSR, 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: In connection with the re-devolpment and maintenance of the existing assets Park Street Nordicom is following all applicable building regulations with the the goal of reducing energy consumptions. In 2019, the Group invested DKK 6.8 million in the maintenance and modernization of the existing properties. One of the redevelopment projects is currently following the standards required to obtain the green "Swam certification".
- 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 Nordicom 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 continously 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. For this reason, in the last year, we have increased the number of internships. No breach of these policies have been identified in 2019.
- Anti-corruption and bribery: The Group is working on stablishing 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 2019.

Legal requirements for corporate governance

Park Street Nordicom 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 Nordicom board composed at the time of publication of the annual report for 2019 by five 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, Nordicom has a sub-representation of the board (top Management body).

Park Street Nordicom has set a target for the underrepresented gender in the Board of Directors (top Management body). Park Street Nordicom 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 Nordicom 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 57% of the employees in the Group by the end of 2019. 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 Nordicom 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. 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 Nordicom 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.

Management composition and remuneration

The management of Park Street Nordicom 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	2020	54	0	0	0	Not Independent	M
Pradeep Pattem (**)(***)	2016	2020	43	0	0	6,722,484 1)	Not Independent	M
Per Høpfner	2019	2020	73	0	0	0	Independent	M
Ohene Kwapong	2016	2020	58	0	0	0	Independent	M
Lars-Andreas Nilsen(****)	2016	2020	44	0	0	0	Independent	M
Anita Nassar(****)	2016	2020	57	0	0	0	Independent	F

(*) Andrew Latrobe 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
(****)Lars-Andreas Nilsen and 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 Nordicom'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 fix monthly fee. The Chairman receives DKK 250,000 annually, the Vice Chairman of the Board 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 2019 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 Pattem (Indian Citizen), Director and CEO

Pradeep Pattem 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 Nordicom A/S, Denmark.
Phoam Studio 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 Nordicom 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

Per Høpfner (Danish citizen, vice-chairman)

Per Høpfner qualified as a Carpenter and Building Engineer at Copenhagen Teknikum in 1970. Per has with considerable experience in project development and construction management of the renovation, conversion and development of property. Per started his career as engineer at A. Jespersen & Søn A/S in 1971. In 1979 Per Høpfner became a shareholder and director responsible for Renovation at Islev & Co A/S, where he remained until 1984 when he was appointed as the CEO of JPC Enterprise A/S, a company with an annual turnover of DKK400-500 million.

Per Høpfner departed from JPC Enterprise A/S in 1991 and established his own group of property development companies (Høpfner & Co A/S, Høpfner A/S, Høpfner Partners ApS and Høpfner Projects ApS), and in the following years held the positions of CEO, Chairman and Director of such companies.

Management Positions
Høpfner Projects ApS, Denmark.
Kenya Property Holdings ApS, Denmark.
Kenya Investments DK ApS, Denmark.
Entreprenørselskabet af 3/2 2016 ApS, Denmark.

Director positions
Kaktus 1 Propco ApS, Denmark
Kenya Property Holdings ApS, Denmark.
Catella Kaktus Co-Investments ApS, Denmark.
Kaktus 1 TopCo ApS, Denmark
Kaktus 1 HoldCo ApS, Denmark

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.

Lars-Andreas Nilsen (Norwegian citizen)

Lars-Andreas Nilsen is educated in mathematics, physics and IT at Hartvig Nissen High School in Oslo. Lars-Andreas has previously held positions at Orkla Finans, Enskilda Securities SEB, Carnegie Investment Bank, Fortis Bank and Nordea Bank Denmark, as Head of Equity Finance. Lars-Andreas owns and runs a contracting company in Sweden and owns an investment company and has a joint venture with Sector Asset Management AS in Oslo.

Management Positions
Arka Glov & Måleri AB, Sweden, CEO.

Director positions
Arka Glov & Måleri AB, Sweden, Chairman of the Board.
Scandinavian Trust AB, Sweden

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' and has an exclusive agreement with Balyasny Asset Management, an USD 6 Billion Chicago Long Short Equity Manager; who she advises on business, transparency and client strategy. Anita serves as a Board Member and Trustee of the Northeastern University, Boston, U.S.A. Member of the Northeastern Endowment's Funds and Investment Committee. Actively manages the 1B$ Endowment by working and collaborating with the committee members and with Cambridge Associates on assessing existing managers and asset allocation on a quarterly basis.
Anita has been Managing Director and Partner in 'Citadel' the Chicago Multi-strategy Hedge Fund for Europe, the Middle East, Africa and Asia until November 2015. During her 7 years at Citadel, she helped develop and establish a diverse set of Government institutional relationships and grow the Assets under Management from USD 10 billion to USD 26 billion. Prior to joining Citadel in 2008, Anita served at Merrill Lynch in London as Managing Director, Co-Head of Government Institutions Sales for Asia, Europe and America. In the past, Anita had been appointed to HSBC London as Managing Director, Global Head of Government Sales for Asia, Europe and America. In 2010, Anita was named Rising Star in the Hedge Fund industry of institutional investors and Financial News appointed her to one of the 100 most influential women in the European economy in 2012 and 2013.

Management Positions
Founder and CEO at Alternative Consultant Group.

Director positions
Board of Trustees at Northeastern University, Boston, USA.

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 2019 1,077 pcs. (December 31, 2018: 1,146). The registered shareholders represent per 31 December 2019 98% of the share capital (31 December 2018: 98%).

All Park Street Nordicom A / S shares are listed on Nasdaq Copenhagen and are part of the Small Cap segment. The share price ended 31 December 2019 at price 6.65 (31 December 2018: 6.7), which is a decrease of 0.05 points in relation to the share price per share as of 31 December 2018. The market value of Park Street Nordicom A / S constitute as of 31 December 2018 79.99 million (31 December 2018: DKK 80.58 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 Nordicom 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 21 of the consolidated financial statements.

Dividends

The performance the Company during 2019 was in line with the long term expectations, which in normal course of business would have been suitable for The Board of Directors to propose a resumption of dividend payments. However, in view of the extreme disruption to our operations and the global economy, as stated in the subsequent events note; The Board of Directors deem it prudential to propose to the Annual General Meeting that no dividend will be paid for the financial year 2019.

Investor Relations

It is Park Street Nordicom'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 Nordicom's information policy to:

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

Stock exchange announcements in 2019 and 2020

Date	Title
29/01/2019	Park Street Nordicom A/S – Updated Financial Calendar 2019
30/01/2019	Park Street Nordicom A/S – Strategy 2019
28/03/2019	Park Street Nordicom A/S – Annual Report 2018
29/03/2019	Park Street Nordicom A/S – Annual Report 2018 & EBVAT expectations for the year 2019
03/04/2019	Park Street Nordicom A/S – Annual General Meeting 2019 call
25/04/2019	Park Street Nordicom A/S – Notification regarding the course of the ordinary general meeting
13/05/2019	Park Street Nordicom A/S – Acquisition of 2G Shopping center in Glostrup
29/08/2019	Park Street Nordicom A/S – Interim Financial Report, 1st half of 2019
01/11/2019	Park Street Nordicom A/S – Quarterly update Q3 2019
08/01/2020	Park Street Nordicom A/S – Financial calendar
31/01/2020	Park Street Nordicom A/S: Strategy 2020

Financial Calendar

31/01/2020	2020 Strategy Update
26/03/2020	Annual Report 2019
23/04/2020	Ordinary General Meeting
27/08/2020	Half year report 2020
25/03/2021	Annual Report 2020
22/04/2021	Ordinary General Meeting

More info

Further information on company and shareholder matters and the Group's activities can be found on Park Street Nordicom'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 Pattem
Tel.: + 45 33 33 93 03
E-mail: nordicom@nordicom.dk

Group structure at December 31, 2019

During 2019 the entity Pulse Glostrup P/S have been created as a subsidiary 100% owned by the parent company Park Street Nordicom A/S.

As a result the Group structure at December 31, 2019 consists of the company Park Street Nordicom A/S and the fully owned subsidiaries Phoam Studio ApS, Park Street Nordicom UK Ltd., Pulse Taastrup P/S, Pulse Glostrup P/S and PSN ApS.

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 Nordicom 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 2019 for Park Street Nordicom 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 give a true and fair view of the Group and the Parent's financial position as at 31 December 2019 and of the results ofthe Group's and the Parent Company's operations and cash flows for 2019.

It is also our opinion that the directors' report contains a true and fair account of the development of the Group'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.

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

Copenhagen 26 March 2020

Management

Pradeep Pattem
CEO

Board of Directors

Andrew John Essex La Trobe Chairman	Pradeep Pattem
Per Høpfner	Ohene Aku Kwapong
Lars-Andreas Nilsen	Anita Nassar

Independent Auditor's Report

To the shareholders of Park Street Nordicom A/S

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 2019 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 2019 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 Nordicom A/S for the financial year 1 January to 31 December 2019 comprise income statement and statement of comprehensive income, statement of financial position, statement of equity, statement of cash flows and notes 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' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark. We have also fulfilled our other ethical responsibilities in accordance with 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 Nordicom A/S on 19 April 2019 for the financial year 2019.

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 2019. 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 2019. Valuation of investment properties and domiciles at fair value contains significant estimates and assumptions, where even minor changes in the assumptions can have a significant effect on the fair value of the properties. Management has obtained a valuation from an external valuer to support the fair value determined by management; including the assumptions used,	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. We assessed the competencies, capacity and independence of external valuer. 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

with market rent and yield being the most significant assumptions. We focused on this area as valuation of investment properties at fair value is based on significant estimates made by management. Refer to note 1.2, 8, 15 and 16.	and comparable trades. We tested on a sample basis the calculation for the fair values.

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 achieves fair presentation.
- 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, related safeguards.

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.

Copenhagen, 26 March 2020

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR no 3377 1231

Jesper Wiinholt State Authorised Public Accountant mne13914	Morten Jørgensen State Authorised Public Accountant mne32806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2019

CONSOLIDATED FINANCIAL STATEMENTS

Income statement

Note	Amounts in DKK 1000s	2019	2018
3	Net sales	179,454	175,444
4	Operating expenses	-29,360	-29,291
	Gross profit	**150,093**	**146,154**
5	Employee benefit expenses	-20,346	-15,171
6	Other external expenses	-11,342	-9,944
7	Depreciation, amortisation and impairment	-6,077	-3,616
	Operating profit (EBIT)	**112,328**	**117,423**
8	Financial expenses	-29,105	-33,409
	Earnings before value adjustments (EBVAT)	**83,223**	**84,014**
9	Adjustment to fair value, net	62,387	54,660
10	Gains realised on the sale of investment properties	411	3,667
	Profit before tax	**146,021**	**142,341**
11	Tax on profit for the period	-30,968	-34,051
	Profit for the period	**115,053**	**108,289**
	Distributed as follows		
	Parent's shareholders	115,053	108,289
	Profit for the period	**115,053**	**108,289**
12	**Earnings per share, end of period**	**1.71**	**1.61**
12	**Diluted earnings per share, end of period**	**1.71**	**1.61**

Statement of comprehensive income

Note	Amounts in DKK 1000s	2019	2018
	Profit for the period	**115,053**	**108,289**
	Other comprehensive income:		
	Items that cannot be reclassified to the income statement:		
	Fair value adjustment of domicile properties	6,959	6,061
	Tax on fair value adjustment of domicile properties	-1,531	-1,333
	Other comprehensive income after tax	**5,428**	**4,728**
	Comprehensive income for the period	**120,481**	**113,017**
	Distributed as follows		
	Parent's shareholders	120,481	113,017
	Comprehensive income for the period	**120,481**	**113,017**

Statement of financial position

Note	Amounts in DKK 1000s	2019	2018
	ASSETS		
	Non-current assets		
	Intangible assets		
13	Software	1,784	0
		1,784	**0**
	Property, plant and equipment		
14	Domiciles	190,820	185,423
15	Investment properties	2,477,995	2,304,614
16	Machinery and equipment	6,838	2,078
		2,675,653	**2,492,115**
	Financial assets		
17	Investment in associates	2,029	0
24	Deferred tax assets	0	179
	Deposits	392	392
		2,421	**571**
	Total non-current assets	**2,679,858**	**2,492,685**
	Current assets		
18	Mortgages and instruments of debt	8,335	8,618
19	Project holdings	1,628	1,628
20	Receivables	17,513	20,997
	Income tax receivable	269	0
	Prepaid expenses and accrued income	3,634	2,460
21	Cash and short-term deposits	61,606	54,310
	Total current assets	**92,985**	**88,013**
	Total assets	**2,772,843**	**2,580,698**

Statement of financial position

Note	Amounts in DKK 1000s	2019	2018
	LIABILITIES		
	Equity		
	Share capital	67,513	67,513
	Revaluation reserve	51,177	47,312
	Share Premium	289,260	289,260
	Accumulated profit	523,182	406,567
22,23	**Total equity**	**931,133**	**810,652**
	Liabilities		
	Non-current liabilities		
24	Deferred tax	152,430	120,606
25	Credit institutions	1,478,691	1,540,073
	Deposits	21,435	7,891
	Total Non-current liabilities	**1,652,556**	**1,668,571**
	Current liabilities		
26	Provisions for liabilities	400	1,200
25	Credit institutions	154,673	50,843
	Trade and other payables	4,987	4,630
	Income tax payable	25	5,328
	Deposits	19,819	31,088
	Other liabilities	9,250	8,388
	Total current liabilities	**189,154**	**101,476**
	Total liabilities	**1,841,710**	**1,770,046**
	Total equity and liabilities	**2,772,843**	**2,580,698**

Statement of equity

Amounts in DKK 1000s	Share capital	Revaluation reserve	Accumulated profit	Share Premium	Proposed dividend	Equity Total
Statement of equity for 2019:						
Equity as at 1 January 2019	**67,513**	**47,312**	**406,567**	**289,260**	**0**	**810,652**
Comprehensive income for the period						
Profit for the period	0	0	115,053	0	0	115,053
Fair value adjustment of domicile	0	6,959	0	0	0	6,959
Tax on other comprehensive income	0	-1,531	0	0	0	-1,531
Other comprehensive income during the financial year	0	5,428	0	0	0	5,428
Comprehensive income for the period	**0**	**5,428**	**115,053**	**0**	**0**	**120,481**
Transactions with owners						
Cash injection by existing shareholders	0	0	0	0	0	0
Liabilities wih financial institutions converted into Equity	0	0	0	0	0	0
Total transactions with owners	**0**	**0**	**0**	**0**	**0**	**0**
Other adjustments						
Depreciation of revalued value of domiciles	0	-1,563	1,563	0	0	0
Total other adjustments	**0**	**-1,563**	**1,563**	**0**	**0**	**0**
Equity as at 31 December 2019	**67,513**	**51,177**	**523,182**	**289,260**	**0**	**931,133**
Statement of equity for 2018:						
Equity as at 1 January 2018	**42,853**	**44,147**	**296,715**	**171,232**	**0**	**554,947**
Comprehensive income for the period						
Profit for the period	0	0	108,289	0	0	108,289
Fair value adjustment of domicile	0	6,061	0	0	0	6,061
Tax on other comprehensive income	0	-1,333	0	0	0	-1,333
Other comprehensive income during the financial year	0	4,728	0	0	0	4,728
Comprehensive income for the period	**0**	**4,728**	**108,289**	**0**	**0**	**113,017**
Transactions with owners						
Cash injection by existing shareholders	8,641	0	0	41,359		50,000
Liabilities wih financial institutions converted into Equity	16,019	0	0	76,669	0	92,688
Total transactions with owners	**24,660**	**0**	**0**	**118,028**	**0**	**142,688**
Other adjustments						
Depreciation of revalued value of domiciles	0	-1,563	1,563	0	0	0
Total other adjustments	**0**	**-1,563**	**1,563**	**0**	**0**	**0**
Equity as at 31 December 2018	**67,513**	**47,312**	**406,567**	**289,260**	**0**	**810,652**

Statement of cash flows

Note	Amounts in DKK 1000s	2019	2018
	Operating profit (EBIT)	**112,328**	**117,423**
	Adjustment for illiquid operating items, etc.	5,677	3,176
	Change in project holdings, net	0	742
	Change in other operating capital	9,987	-10,730
	Cash flows concerning primary operations	**127,992**	**110,610**
	Financial income received	0	0
	Financial expenses paid	-29,105	-33,409
	Paid Corporate Tax	-6,031	0
	Total cash flow from operating activities	**92,856**	**77,201**
	Cash flow from investing activities		
	Improvements to investment properties	-19,257	-2,648
	Sales of investment properties	1,900	11,996
	Purchase of intangible assets	-2,172	0
	Purchases of other property, plant and equipment	-103,930	-5,325
	Share capital increase (cash injection)	0	50,000
	Sale of fixed assets	0	0
	Acquisition of subsidiaries	0	-2,199
	Acquisition of associates	-2,029	0
	Total cash flow from investing activities	**-125,488**	**51,825**
	Cash flow from financing activities		
	Proceeds from assumption of liabilities to credit institutions	95,000	100,000
	Repayment of liabilities to credit institutions	-55,073	-194,668
	Total cash flow from financing activities	**39,927**	**-94,668**
	Total cash flow for the period	**7,296**	**34,357**
	Liquid assets as at 1 January	54,310	19,953
	Liquid assets at the end of the period	**61,606**	**54,310**
	Liquid assets at the end of the period		
	Cash and short term deposit	**61,606**	**54,310**
	Liquid assets held for sale	0	0
	Liquid assets at the end of the period	**61,606**	**54,310**

Summary

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 31 for a full description of the accounting policies used.

b. Changes to accounting policies

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning on or after 1 January 2019 as stated on note 33.

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
3	= Net Operating Income (NOI)
4	- Cap rate (net initial yield)
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 Underrrented elements
11	+ Cash deposits
12	+ Other
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 stablised 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.

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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 Nordicom'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)	**2019**	**2018**
Retail	814	756
Office	815	821
Residential	1,132	1,032
Storage	299	296
Others	488	432
Total	**774**	**752**

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)	
	2019	2018
200	697	718
100	348	359
50	174	178
-50	-171	-174
-100	-339	-345
-200	-673	-683

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 174 million (31 December 2018: DKK 178 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 12 to 18 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)	
	2019	2018
10%	-2	-2
5%	-1	-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 -1 Million (31 December 2018: 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.

	2019		2018	
Percentage p.a.	Interval	Weighted Avg	Interval	Weighted Avg
Retail	5.25 – 8.75	7.21	5.50 – 8.75	7.36
Office	4.50 – 8.50	6.04	5.00 – 8.50	6.92
Storage	9.00 – 9.50	9.23	9.50 – 12.50	11.24
Residential	4.00 – 5.25	4.12	4.25 – 5.75	4.41
Others	6.25 – 6.75	6.37	5.50 – 9.50	7.00
Total	**4.00 – 9.50**	**6.38**	**4.25 – 12.50**	**6.88**

The table shows that the return requirements for completed investment properties at December 31, 2019 is in the range 4.00% - 9.50% per annum. The corresponding interval at December 31, 2018 amounted to 4.25% - 12.50% 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, 2019 6.38% per annum for the overall portfolio of finished investment properties at December 31, 2018, the corresponding weighted return requirements for the entire portfolio 6.88% 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 (DKK million)	
	2019	2018
1.00%	-400	-355
0.75%	-312	-276
0.50%	-216	-191
0.25%	-113	-99
-0.25%	123	108
-0.50%	258	225
-0.75%	408	353
-1.00%	575	495

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 -113 million (31 December 2018: DKK -99 million).

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

Amount in Million DKK	2019		2018	
Retail	1,041	42%	883	38%
Office	1,024	41%	1,014	44%
Residential	261	11%	255	11%
Storage	28	1%	27	1%
Others	125	5%	126	5%
Total	**2,478**		**2,305**	

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 31. Park Street Nordicom possesses at 31 December 2019 the following two domiciles:

- Svanevej 12, Copenhagen NV (Nordicom'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, 2019 resulted in a positive revaluation of the properties' book value by DKK 7.0 million (31 December 2018: DKK 6.1 million), which is included under "Fair value adjustment of domicile properties" in other comprehensive income.

i. Park Street Nordicom domicile in Copenhagen

Park Street Nordicom's headquarters at Svanevej 12 in Copenhagen Nordvest neighbourhood is an office building that is partially used as domicile for Park Street Nordicom 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 Nordicom). 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:

	2019	2018
Market rent per sqm. per year (DKK)	1,165	1,162
Vacancy (%)	0.0	0.0
Return requirement (% p.a.)	5.50	5.75

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 +3.6 million. (31 December 2018: DKK +3.4 million) and DKK -3.6 million (31 December 2018: DKK -3.4 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 -6.7 million (31 December 2018: DKK -6.1 million) and DKK +8.0 million (31 December 2018: DKK +6.1 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 Nordicom hotel on Marbækvej 6 in Ballerup is a property where Park Street Nordicom 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 2019 actual revenue and budgeted revenue for 2020.

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:

	2019	2018
Market rent (% of expected revenue from the hotel)	33.0	33.0
Return requirement (% p.a.)	5.50	5.50

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 rent of 1.0% of expected revenue from the hotel will result in a change of the property's fair value, respectively DKK +1.2 million. (31 December 2018: DKK +1.2 million) and DKK -1.2 million (31 December 2018: DKK -1.2 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 -10.9 million (31 December 2018: DKK -10.8 million) and DKK +10.9 million (31 December 2018: DKK +10.8 million).

Classification of properties

Park Street Nordicom classifies the properties in the following categories:

- Domicile (Owner-occupied properties)
- Investment Properties
- Project Holdings

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 Nordicom'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 Nordicom 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 Nordicom.

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, 2019 the Group has included unused tax losses of DKK 206 million (31 December 2018: DKK 218 million), which all of them (31 December 2018: DKK 218 million) is estimated to be realized within a three-year period or against deferred tax liabilities. The reduction in unutilized losses in 2019 and 2018 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 Nordicom'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	**2019**	**2018**
Rental income	147,518	149,729
Sales of other services	31,295	23,623
Total sales of services	178,814	173,352
Sales totals, project holdings	0	1,164
Interest income, mortgages and instruments of debt	640	928
	179,454	**175,444**

Note 4 - Operating expenses

Amounts in DKK 1000s	2019	2018
Operating expenses, investment properties	24,037	20,847
Cost and expenses for projects sold	0	703
Operating expenses, other services	5,323	7,742
	29,360	**29,291**

Note 5 – Employee benefits expenses

Amounts in DKK 1000s	2019	2018
Salary	18,772	13,601
Contribution-based pensions (*)	916	699
Other social security costs	43	27
Other staff costs	615	844
	20,346	**15,171**
Average number of employees	**32**	**27**

(*) 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 Pattem) comprises the following (**):		
Salary and salary	2,760	2,760
Contribution-based pensions	0	0
Bonus	0	0
	2,760	**2,760**

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

Board members		
Pradeep Pattem (CEO)	100	100
Andrew LaTrobe (Chairman of the Board)	250	250
Per Høpfner (Vice-chairman of the Board)	117	0
Ohene Kwapong (Chairman of the Audit Committee)	175	175
Lars-Andreas Nilsen (Member of the Audit Committee)	150	150
Anita Nassar	100	100
Hallur Thordarson	0	33
	892	**808**

(**) 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 2019 and 2018 is PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab. Their fees can be specified as follows:

Amounts in DKK 1000s	2019	2018
Statutory audit	465	513
Other assurance services	0	20
Tax and VAT advice	209	199
Other services	44	41
	718	**773**

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 and amortization

Amounts in DKK 1000s	2019	2018
Depreciation, software	388	0
Depreciation, domicile properties	1,563	1,563
Depreciation, inventory and fixed assets	4,127	2,054
	6,077	**3,616**

Note 8 – Financial Expenses

Amounts in DKK 1000s	2019	2018
Interest expenses, liabilities to credit institutions measured at amortized cost	29,022	33,213
Other interest costs and fees	4	150
Borrowing costs	80	46
	29,105	**33,409**

Note 9 – Adjustments to fair value, net

Amounts in DKK 1000s	2019	2018
Fair value adjustment, investment properties	62,387	54,660
	62,387	**54,660**

Note 10 – Realized gains on the sale of investment properties

Amounts in DKK 1000s	2019	2018
Sales, investment properties	2,310	15,663
The property's carrying amount on sale etc.	-1,899	-11,996
	411	**3,667**

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

Amounts in DKK 1000s	2019	2018
Annual tax can be divided as follows:		
Current tax on profit of the year	2,755	5,208
Current tax, previous years	-2,257	-2,258
Changes in deferred tax liabilities	27,984	26,211
Changes in deferred tax assets previous years	179	0
Changes in deferred tax liabilities previous years	2,307	4,890
	30,968	**34,051**
Tax on profit for the year can be explained as follows:		
Estimated tax at a tax rate of 22%	32,125	31,315
Non-deductible costs	255	244
Non-taxable income	-109	-35
Adjustment of deferred tax assets and liabilities	-29,515	-31,206
Adjustment of deferred tax assets and liabilities previous years	0	4,890
	2,755	**5,208**
Effective tax rate	**21.21%**	**23.92%**

Note 12 – Earnings per share

Amounts in DKK 1000s	2019	2018
Profit for the period	115,053	108,289
Parent company shareholders' share of profit for the year, used to calculate earnings per share	**115,053**	**108,289**
Average number of shares	67,513,732	63,594,991
Average number of own shares	-119,491	-119,491
Average number of shares in circulation	**67,394,241**	**63,475,500**
Convertible bond's average dilution effect	0	0
Diluted average number of shares in circulation	**67,394,241**	**63,475,500**
Number of shares, end period	67,513,732	67,513,732
Number of own shares, end period	-119,491	-119,491
Number of shares in circulation, end period	**67,394,241**	**67,394,241**
Convertible bond's dilution effect, end of period	0	0
Diluted average number of shares in circulation	**67,394,241**	**67,394,241**
Earnings per share (average number of shares) (DKK)	**1.71**	**1.71**
Diluted results per. share (average number of shares) (DKK)	**1.71**	**1.71**
Earnings per share (DKK), end period	**1.71**	**1.61**
Diluted results per share (DKK), end period	**1.71**	**1.61**

Note 13 – Intangible assets

Amounts in DKK 1000s	2019	2018
Cost at 1 of January	0	0
Additions during the year	2,172	0
Cost at 31 December	**2,172**	**0**
Amortization at 1 January	0	0
Amortization during the year	-388	0
Amortization at 31 December	**-388**	**0**
Balance at 31 December	**1,784**	**0**

Note 14 – Domicile

Amounts in DKK 1000s	2019	2018
Cost at 1 of January	194,689	188,626
Revaluation of value	6,959	6,061
Costs incurred for improvements	0	2
Cost / Revaluated Value at 31 December	**201,648**	**194,689**
Depreciation and amortization at 1 January	-9,266	-7,703
Revaluation of the domicile	0	0
Depreciation	-1,563	-1,563
Depreciation and amortization at 31 December	**-10,828**	**-9,266**
Balance at 31 December	**190,820**	**185,423**

Domicile properties consist of a hotel in Ballerup and Park Street Nordicom'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, 2019 and December 31, 2018.

Domicile properties are pledged as security for loans, mortgage loans and other credit institutions as stated in Note 28. Information on fair value hierarchy of Domicile is as follows:

Amounts in DKK 1000s	Level 1	Level 2	Level 3	Total
At 31 December 2019:				
Domicile property	0	0	190,820	190,820
	0	**0**	**190,820**	**190,820**
At 31 December 2018:				
Domicile property	0	0	185,423	185,423
	0	**0**	**185,423**	**185,423**

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 2019 and 2018 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 2019 and 2018.

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

Amounts in DKK 1000s	2019	2018
Domicile properties	119,191	120,753
	119,191	**120,753**

Note 15 – Investment properties

As of 31 December 2019 there are no ongoing sales processes regarding investment properties.

Amounts in DKK 1000s	2019	2018
Balance at 1 of January	2,304,614	2,255,395
Costs incurred for improvements	19,257	2,648
Adjustment to fair value, net	62,387	54,660
Acquisition of properties	96,478	5,325
Depreciation of fixed assets	-2,840	-1,417
Retirement on sale	-1,899	-11,996
Balance at 31 December	**2,477,995**	**2,304,614**

Fair value hierarchy for investment:

Amounts in DKK 1000s	Level 1	Level 2	Level 3	Total
At 31 December 2019:				
Investment properties	0	0	2,477,995	2,477,995
	0	**0**	**2,477,995**	**2,477,995**
At 31 December 2018:				
Investment properties	0	0	2,304,614	2,304,614
	0	**0**	**2,304,614**	**2,304,614**

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 2019 and 2018 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. A new shopping center has been acquired in 2019, additionally a land plot and a residential unit in already existing properties have been acquired in 2019 while two additional units in already existing properties were acquired in 2018.

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

Amounts in DKK 1000s	2019	2018
Investment properties	62,387	54,660
	62,387	**54,660**

Total fair value adjustments amounts to DKK 62.4 million (2018: DKK 54.7 million) for the properties owned by the Company as of December 31, 2019. 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 2019 or 2018.

The net income of the investment portfolio is as follows:

Amounts in DKK 1000s	2019	2018
Rental income from investment properties	146,984	149,123
Operating expenses, investment properties	-23,503	-20,241
Net income from investment properties	**123,481**	**128,883**

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	2019	2018
Remaining termination within 1 year from the balance sheet date	101,534	111,940
Remaining termination between 1 and 5 years from the balance sheet date	104,340	72,559
Remaining termination after 5 years from the balance sheet date	45,972	102,300
	251,846	**286,799**

Note 16 – Machinery and equipment

Amounts in DKK 1000s	Technical Installations	IT Equipment	Appliances	Total Machinery and Equipment
Cost at 1 of January 2019	266	4,120	6,532	10,918
Additions during the year	5,584	44	1,824	7,452
Disposals during the year	0	0	0	0
Cost at 31 December 2019	**5,850**	**4,164**	**8,356**	**18,370**
Amortization at 1 January 2019	-53	-4,092	-4,695	-8,840
Amortization during the year	-581	-7	-2,104	-2,692
Amortization at 31 December 2019	**-634**	**-4,099**	**-6,799**	**-11,532**
Balance at 31 December 2019	**5,216**	**65**	**1,557**	**6,838**
Cost at 1 of January 2018	43	4,111	6,920	11,074
Additions during the year	223	9	0	232
Disposals during the year	0	0	-388	-388
Cost at 31 December 2018	**266**	**4,120**	**6,532**	**10,918**
Amortization at 1 January 2018	-20	-4,053	-4,508	-8,581
Amortization during the year	-33	-39	-187	-259
Amortization at 31 December 2018	**-53**	**-4,092**	**-4,695**	**-8,840**
Balance at 31 December 2018	**213**	**28**	**1,837**	**2,078**

Note 17 – Investment in associates

The company acquired 150,000 units of common membership interest in the entity Enterra Solution, LLC 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	2019	2018
Cost price at January 1	0	0
Additions	2,029	0
Cost price at December 31	**2,029**	0
Carrying amount at December 31	**2,029**	**0**

Note 18 – Mortgages and Instruments of Debt

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

Amounts in DKK 1000s	2019	2018
Financial assets at amortized cost at 1 January	8,618	8,881
Repayment of the year	-283	-263
Financial assets at amortized cost at 31 December	**8,335**	**8,618**

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

		Effective interest rate p.a.		Balance in DKK 1000		Fair value in DKK 1000	
Value	Expire	2019	2018	2019	2018	2019	2018
DKK	2025	7.5%	7.5%	8,335	8,618	8,335	8,618
				8,335	**8,618**	**8,335**	**8,618**

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

Note 19 – Project Holdings

Amounts in DKK 1000s	2019	2018
Project holdings at 1 January	1,628	2,370
Additions and improvements	0	0
Sales of project holdings, valued at cost price	0	-742
Transferred to / from investment properties	0	0
	1,628	1,628
Project holdings at 31 December	**1,628**	**1,628**
Carrying forward of project holdings recognized at net realizable value	**1,628**	**1,628**

Project holdings are pledged as security for debt to credit institutions as stated in the comments in note 27.

Note 20 – Receivables

Amounts in DKK 1000s	2019	2018
Receivable Rental Income	9,828	8,694
Deposited funds in banks	5,999	7,839
Other Receivables	1,686	4,465
Receivables at 31 December	**17,513**	**20,997**

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	2,261	8,942
Net additional provisions	585	3,454
Recognized losses (Write off)	-907	-10,135
	1,939	**2,261**

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	1,053	46
Between 30 and 90 days	29	308
Over 90 days	3,207	1,906
	4,289	**2,260**

Trade receivables are predominantly non-interest bearing. Apart from rental income receivable, Park Street Nordicom 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	2019	2018
Petty cash	10	15
Deposits in banks for free disposal	61,596	54,295
	61,606	**54,310**

Note 22 – Share capital

Amounts in DKK 1000s	2019	2018
Share capital as on 1st of January	67,513	42,853
Share capital increase	0	24,660
Share capital at 31 December	**67,513**	**67,513**

The share capital consists of 67,513,372 shares of DKK 1 (31 December 2018: 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 – Own shares

	Number of shares		Nominal value (Amount in DKK 1000)		Share of share capital	
	2019	2018	2019	2018	2019	2018
1 January	119,491	119,491	119	119	0.2%	0.2%
31 December	**119,491**	**119,491**	**119**	**119**	**0.2%**	**0.2%**

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

Note 24 – Deferred Taxes

Amounts in DKK 1000s	2019	2018
Deferred tax asset at 1st of January	179	0
Additions from acquired companies	0	59
Recognized in the income statement	0	120
Correction from previous years	-179	0
Deferred tax assets at 31 December	**0**	**179**

Amounts in DKK 1000s	2019	2018
Deferred tax liabilities at 1st of January	120,606	88,187
Recognized in other comprehensive income	1,531	1,333
Correction from previous years	2,309	4,875
Recognized in the income statement	27,984	26,211
Deferred tax liabilities at 31 December	**152,430**	**120,606**
Deferred tax is recognized in the balance sheet as follows:		
Deferred tax (active)	0	179
Deferred tax (liability)	-152,430	-120,606
	-152,430	-120,427
Deferred tax at 31 December	**-152,430**	**-120,427**

Deferred tax recognized in the balance

The calculation of deferred taxes included DKK 206 million relating to tax losses carried forward from Group companies. Based on budget accounting and tax profits in the period 2020-2023 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 152.4 million (taxable value) per 31 December 2019.

Deferred tax assets (value calculated at a tax rate of 22%) recognized in the balance sheet relate to profit and loses from the subsidiaries Pulse Taastrup P/S, Pulse Glostrup P/S Phoam Studio ApS, PSN ApS and Park Street Nordicom UK.

Amounts in DKK 1000s	Balance 1/1	Recognized in the income statement	Recognized in another comprehensive income	Balance 31/12
2019				
Investment and residential properties	169,801	27,899	1,531	199,231
Fixtures and fittings	-593	-959	0	-1,552
Project Holdings	0	0	0	0
Receivables	-497	497	0	0
Provisions	-264	176	0	-88
Credit institutions	123	133	0	256
Tax losses carryforward	-48,143	2,726	0	-45,417
	120,427	**30,472**	**1,531**	**152,430**
2018				
Investment and residential properties	142,483	25,985	1,333	169,801
Fixtures and fittings	-1,058	465	0	-593
Project Holdings	358	-358	0	0
Receivables	104	-601	0	-497
Provisions	-1,055	791	0	-264
Credit institutions	11,556	-11,433	0	123
Tax losses carryforward	-64,201	16,058	0	-48,143
	88,187	**30,907**	**1,333**	**120,427**

Note 25 – Credit Institutions

Amounts in DKK 1000s	2019	2018
Credit institutions, nominal	1,641,151	1,598,703
Market value adjustments	-7,787	-7,787
	1,633,364	**1,590,916**

The liabilities are thus included in the balance sheet:		
Credit institutions, long-term	1,478,691	1,540,073
Credit institutions, short-term	154,673	50,843
	1,633,364	**1,590,916**

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

Liabilities recognized at fair value	Currency	Rate type	Expiry date	2019	2018
Zero-coupon bonds	DKK	Interest-free	6-10 years	11,335	0
Zero-coupon bonds	DKK	Interest-free	11-15 years	0	11,335
				11,335	**11,335**
Market value adjustments				-7,787	-7,787
Carrying amount				**3,548**	**3,548**

Liabilities recognized at amortized cost	Currency	Rate type	Expiry date	2019	2018
Banks Debt	DKK	Fixed	0-1 years	102,520	0
Banks Debt	DKK	Fixed	2-5 years	271,491	398,500
Mortgage Debt	DKK	Variable	6-10 years	166,666	185,843
Mortgage Debt	DKK	Variable	11-15 years	29,394	0
Mortgage Debt	DKK	Variable	16-20 years	1,059,744	1,003,026
Carrying amount				**1,629,815**	**1,587,369**

The nominal amounts stated in the tables represent the amount that Park Street Nordicom 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	2019	2018
Non-current financial liabilities	1,540,073	1,501,353
Current financial liabilities	50,843	281,918
Liabilities associated with assets held for sale	0	0
Financial liabilities with credit institutions at 1 January	**1,590,916**	**1,783,271**
Repayment of liabilities to credit institutions	-55,073	-194,668
Proceeds from assumption of liabilities to credit institutions	95,000	100,000
Mortgage and bank debt converted into equity	0	-92,688
Cancellation of debt from disposal of assets	0	-7,577
Accrued financial expenses	2,520	2,578
Financial liabilities with credit institutions at 31 December	**1,633,364**	**1,590,916**
Non-current financial liabilities	1,478,691	1,540,073
Current financial liabilities	154,673	50,843
Total financial liabilities with credit institutions at 31 December	**1,633,364**	**1,590,916**

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. 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 2019 and 2018

Zero-coupon bonds (former Convertible bonds)

As a result of a prior bank agreement, Park Street Nordicom 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 is subordinate to all other unsubordinated debt.The movement of the nominal value of these zero-coupon bonds is as follows:

Amounts in DKK 1000s	2019	2018
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 2019 corresponds to a rate of 31.30 (31 December 2018 – 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	2019	2018
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	**0**	**0**
Fair Value adjustment of convertible bonds converted in Equity	**0**	**0**
Balance at 31 December	**3,548**	**3,548**

As stated in note 27 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	2019	2018
Provisions at 1 January	1,200	2,000
Used in the year	0	0
Reversed during the year	-800	-800
Accrued in the year	0	0
Provisions 31 December	**400**	**1,200**

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, 2019 amount a total of DKK 2,126 million (31 December 2018: DKK 2,133 million), the nominal value of the loans amounts a total of DKK 1,630 million (December 31, 2018: DKK 1,577 million) in the group's investment properties and domiciles with a book value totalling DKK 2,669 million (31 December 2018: DKK 2,490 million).

The nominal pledge for the bank debt and mortgage debt given by credit institutions per December 31, 2019 amount a total of DKK 0 million (31 December 2018: DKK 37.8 million), the nominal value of the loans amounts a total of DKK 0 million (December 31, 2018: DKK 3.1 million) in the group's project holdings with a book value totalling DKK 1.6 million (31 December 2018: DKK 1.6 million).

The nominal pledge for the bank debt and mortgage debt given by credit institutions per December 31, 2019 amount a total of DKK 8.3 million (31 December 2018: DKK 8.3 million), in the group's deposited mortgage deeds with a book value totalling DKK 8.3 million (31 December 2018: DKK 8.6 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 Nordicom must reimburse the costs that may be needed to get property released for the buyer's purpose. Park Street Nordicom consider the agreement as a contingent liability as stated in Note 26.

In the process related to financial restructuring of Park Street Nordicom, an advisor claims an entitlement to certain performance linked fee. The Group has rejected the claim as it is not deemed likely that Park Street Nordicom has to pay the compensation and consider the claim as a contingent liability. The court has resolved in favour of Park Street Nordicom, however the advisor has filed an appeal on that resolution.

No additional significant litigations and disputes are acknowledged by the Group at December 31, 2019 other than the ones indicated in Note 26.

Conditional debt relief and contingencies

In connection with the sale of a property in 2014, Park Street Nordicom 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. Nordicom is not aware of any plans to change the local plan in question, for this reason Park Street Nordicom 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 Nordicom and the buyer have agreed that Park Street Nordicom is entitled to obtain an additional supplement of DKK 1 million if the buyer completer 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, 2019.

Lease commitments

There are operating leases for cars rental, office equipment, printers and a land plot.

	2019	2018
Within 1 year from the balance sheet date	16	10
Between 1 and 5 years from the balance sheet date	8	5
After 5 years from the balance sheet date	1	1
Operating lease obligations at 31 December	**25**	**16**
Amounts in DKK 1000s		
Minimum lease payments recognized in the profit and loss account for the year	**792**	**616**

Note 28 – Financial risks and use of derivative instruments

Amounts in DKK 1000s	2019	2018
Mortgages and debentures	8,335	8,618
Financial assets measured at fair value through profit or loss	**8,335**	**8,618**
Receivables	17,513	20,997
Cash and equivalents	61,606	54,310
Loan and receivables	**79,119**	**75,307**
Credit institutions	3,548	3,548
Financial liabilities measured at fair value through profit or loss	**3,548**	**3,548**
Credit institutions	1,629,815	1,587,368
Deposits	41,254	38,979
Accounts payable	4,987	4,630
Other Debts	9,250	8,388
Financial liabilities measured at amortized cost	**1,685,307**	**1,641,364**

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 Nordicom'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 Nordicom 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, 2019 DKK 61.6 million (31 December 2018: DKK 54.3 million). Park Street Nordicom forecasts that current and generated liquidity is sufficient to carry out the group's planned activities throughout 2020.

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
2019						
Non-derivative financial instruments						
Credit institutions	1,633,364	1,794,356	180,189	349,031	100,803	1,164,333
Trade payables	4,987	4,987	0	0	0	0
Deposits	41,254	41,254	19,819	6,443	8,793	6,200
Other debts	9,250	9,250	0	0	0	0
Total	**1,688,856**	**1,849,848**	**200,008**	**355,474**	**109,596**	**1,170,532**
2018						
Non-derivative financial instruments						
Credit institutions	1,590,916	1,867,484	81,391	263,294	324,670	1,198,129
Trade payables	4,630	4,630	4,630	0	0	0
Deposits	38,979	38,979	31,088	3,083	1,154	3,654
Other debts	8,388	8,388	8,388	0	0	0
Total	**1,642,913**	**1,919,480**	**125,496**	**266,377**	**325,824**	**1,201,783**

Interest rate risk

Park Street Nordicom 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, 2019 primarily relate to the following:

- Fluctuations in market interest rates on mortgages with variable rates (Cibor3, Cibor6, F2, F3).
- 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 Nordicom'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 Nordicom at December 31, 2019 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, 2019:			
Mortgage debt	Cibor3	39	0.96%
Mortgage debt	Cibor6	235	1.67%
Mortgage debt	F2	52	2.44%
Mortgage debt	F3	928	1.13%
Bank debt etc.	Fixed	374	3.28%
Others	Interest-free	4	0.00%
		1,633	**1.74%**
At December 31, 2018:			
Mortgage debt	Cibor6	258	1.84%
Mortgage debt	F1	525	1.49%
Mortgage debt	F2	85	1.95%
Mortgage debt	F3	281	1.22%
Banks and other payables.	Fixed	438	3.17%
Others	Interest-free	4	0.00%
		1,591	**1.99%**

(*) 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 are at 31 December 2019 1.74% per annum, and is based on the latest confirmed interest rates. The corresponding calculated weighted rate at 31 December, 2018 was 1.99% 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 million	2019	2018
Within six months	498	56
Between 6 and 12 months	0	68
Between 1 and 2 years	727	384
Between 2 and 5 years	405	1,079
After 5 years	4	4
	1,633	**1,591**

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 Nordicom'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 million	2019	2018
Variable Interest rate loans:		
Effect on income statement	-12.6	-11.5
Effect on equity	-12.6	-11.5

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 -12.6 million per annum (2018: DKK -11.5 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 Nordicom'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, 2019 is further described in note 20.

Group's cash and short-term deposits 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 1,629,815. 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 aomunt. 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, 2019).

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
2019				
Mortgages and debentures	8,335	0	8,335	0
Total financial assets	**8,335**	**0**	**8,335**	**0**

Credit institutions	3,548	0	0	3,548
Total financial liabilities	**3,548**	**0**	**0**	**3,548**
2018				
Mortgages and debentures	8,618	0	8,618	0
Total financial assets	**8,618**	**0**	**8,618**	**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	**2019**	**2018**
Carrying amount at 1st of January	3,548	3,548
Gains / losses in the income statement	0	0
Redemptions	0	0
Transfer to Level 3	0	0
Transfer from Level 3	0	0
Balance at 31st of December	**3,548**	**3,548**
Gain / loss in the income statement for liabilities held at 31st of December	**0**	**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. 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 29 – Non-current operating items, etc.

Amounts in DKK 1000s	**2019**	**2018**
Depreciation and amortization	6,077	3,616
Profit/loss on sale of operating assets	411	3,667
Other regulations	0	0
Total regulation	**6,488**	**7,283**

Note 30 – Changes in other working capital

Amounts in DKK 1000s	2019	2018
Change in receivables	3,484	-5,682
Change in project holdings	0	742
Change in provisons	-800	-800
Change in deposit	2,275	-1,666
Change in trade payables	1,220	-3,563
Change in total working capital	**6,179**	**-10,969**

Note 31 – Related parties

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

Amounts in DKK 1000s	2019	2018
Other related parties		
Interest expenses relating to loans with related parties (converted into Equity in 2018)	0	593
Loans with related parties (as at 31 December) (Converted into Equity in 2018)	0	0
Other external expenses	2,172	1,521

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

Note 32 – Subsequent Events

An additional residential unit in a existing property of the group has been acquired in January 2020 in Copenhagen, Østerbro and a residential unit has been sold in February 2020 in Ballerup.

In regards to the Covid-19 related Global Economic Disruption the Board of Directors states the following:

- Significant uncertainties have been unleashed with the spread of Covid-19 virus and the resultant social and economic restrictions imposed globally by various states.
- We are too early in the cycle to be able to quantify the impact on the operations. At the least, we expect challenges to the various tenants across sectors to lead to directly or indirectly impact the rent collections and delinquencies.
- Denmark has proposed several measures to mitigate the challenges, we are yet to see the specific impact but expect it to mitigate some of the severe risks.
- The valuations of the portfolio of assets performed at 31.12.19 could be severely impacted on the downside, depending on the overall economic performance of Denmark. In particular non-food retail tenants and related assets and hotels in the portfolio could face valuation declines.
- The Company is highly dependent on steady cashflows from its rental income to be able to service its debt obligations, manage fixed costs and make investments for portfolio development. The management has severely curtailed future investments and spend on strategic initiatives in view of current uncertainties, with the aim of conserving cash.

- Current measures from the Danish state, both in terms of social restrictions and economic support are focussed on a 3 month horizon. Park Street Nordicom's own internal planning is now centered on managing operations conservatively over this period. Any longer term disruption will require a far deeper state led economic support to the wider Danish economy, to which our performance and asset valuations are highly correlated.

Management considers the implications of Covid-19 a subsequent occurred after the balance sheet date (31 December 2019), which is therefore a non-adjusting event to the Company.

In view of the extremity of potential disruptions, and the uncertainties of the duration of such disruption, Park Street Nordicom has decided to not publish any EBVAT estimations for 2020 and withdraws any previous guidance provided to the market. Management finds itself unable to disclose reliably its outlook for the future in accordance with section 12 of the Danish Financial Statements Act. It is to be noted that the company is able to deliver on its operations and requisite support to the tenants via various ways of online and on site working during this period of deep disruption, which has been highly facilitated by its previous investments in developing an on-line property management platform.

Note 33 – Accounting policies

The annual report for the period January 1 to December 31, 2019 for Park Street Nordicom A / S comprises the consolidated financial statements of Park Street Nordicom A / S and its subsidiary companies and separate financial statements of the parent company. The annual report of Park Street Nordicom A / S for the year 2019 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 26, 2020. The annual report shall be submitted to Park Street Nordicom A / S shareholders for approval at the Annual General Meeting that will take place on April 23, 2020.

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

Park Street Nordicom A / S has implemented all new or revised accounting standards (IFRS) and interpretations (IFRIC), as adopted by the EU with effect for the financial year 1 January-31 December 2019. The implementation of new or amended standards and interpretations contributions have not had a material impact on Nordicom's consolidated accounts.

The Company has implemented the following amendments or new standards (IFRS) for financial year 2019:

IFRS 16, Leases

According to IFRS 16 the lessee is required to recognise all leases as a lease liability and a lease asset in the balance sheet with two exceptions: short-term leases (less than 12 months) and leases relating to low-value assets. It must furthermore be considered whether the agreement is a lease or a service arrangement.

The current rules remain largely unchanged for the lessor. Consequently, leases are still to be classified as finance leases and operating leases.

The amendment is effective for the financial year ended on 31 December 2019.

DESCRIPTION OF CONSOLIDATED ACCOUNTING POLICIES

Consolidated Financial Statements

The consolidated financial statements include Park Street Nordicom 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 live.

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 Nordicom 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 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.

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.

Mortgages and instruments of debt

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 liablities 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 signficiant 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 reocgnised 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.


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2019

PARK STREET NORDICOM A/S
FINANCIAL STATEMENTS

Income statement

Note	Amounts in DKK 1000s	2019	2018
2	Net sales	165,385	167,382
3	Operating expenses	-25,533	-24,979
	Gross profit	**139,852**	**142,402**
4	Employee benefit expenses	-16,104	-12,253
5	Other external expenses	-11,387	-8,196
6	Depreciation, amortisation and impairment	-3,179	-3,616
	Operating profit (EBIT)	**109,182**	**118,337**
7	Financial expenses	-23,544	-29,047
	Earnings before value adjustments (EBVAT)	**85,639**	**89,290**
8	Income / Loss from subsidiaries	27,049	-5,180
9	Adjustment to fair value, net	32,881	54,660
	Gains realised on the sale of investment properties	411	3,667
	Profit before tax	**145,980**	**142,437**
10	Tax on profit for the period	-30,927	-34,148
	Profit for the period	**115,053**	**108,289**
	Distributed as follows		
	Parent's shareholders	115,053	108,289
	Profit for the period	**115,053**	**108,289**
	Earnings per share, end of period	**1.71**	**1.61**
	Diluted earnings per share, end of period	**1.71**	**1.61**

Statement of comprehensive income

Note	Amounts in DKK 1000s	2019	2018
	Profit for the period	**115,053**	**108,289**
	Other comprehensive income:		
	Items that cannot be reclassified to the income statement:		
	Fair value adjustment of domicile properties	6,959	6,061
	Tax on fair value adjustment of domicile properties	-1,531	-1,333
	Other comprehensive income after tax	**5,428**	**4,728**
	Comprehensive income for the period	**120,481**	**113,017**
	Distributed as follows		
	Parent's shareholders	120,481	113,017
	Comprehensive income for the period	**120,481**	**113,017**

Statement of financial position

Note	Amounts in DKK 1000s	2019	2018
	ASSETS		
	Non-current assets		
	Intangible assets		
	Software	1,784	0
		1,784	**0**
	Property, plant and equipment		
	Domiciles	190,820	185,423
11	Investment properties	2,168,799	2,130,520
12	Machinery and equipment	1,837	2,039
		2,361,456	**2,317,982**
	Financial assets		
8	Investment in subsidiaries	113,920	81,968
	Investment in associates	2,029	0
	Deferred tax assets	0	0
	Deposits	186	186
		116,135	**82,154**
	Total non-current assets	**2,479,375**	**2,400,136**
	Current assets		
13	Mortgages and instruments of debt	24,245	9,644
	Project holdings	1,628	1,628
14	Receivables	13,523	17,987
	Income tax receivable	269	0
	Prepaid expenses and accrued income	0	1,066
	Cash and short-term deposits	53,066	53,805
	Total current assets	**92,732**	**84,131**
	Total assets	**2,572,106**	**2,484,267**

Statement of financial position

Note	Amounts in DKK 1000s	2019	2018
	LIABILITIES		
	Equity		
	Share capital	67,513	67,513
	Revaluation reserve	51,177	47,312
	Share Premium	289,260	289,260
	Accumulated profit	523,183	406,567
	Total equity	**931,133**	**810,652**
	Liabilities		
	Non-current liabilities		
15	Deferred tax	152,430	120,606
16	Credit institutions	1,383,922	1,432,269
	Deposits	21,103	7,615
	Total Non-current liabilities	**1,557,455**	**1,560,490**
	Current liabilities		
	Provisions for liabilities	400	1,200
16	Credit institutions	52,152	56,069
	Trade and other payables	4,326	3,566
	Income tax payable	0	5,305
	Deposits	18,558	30,301
	Other liabilities	8,081	16,683
	Total current liabilities	**83,518**	**113,124**
	Total liabilities	**1,640,974**	**1,673,615**
	Total equity and liabilities	**2,572,106**	**2,484,267**

Statement of equity

Amounts in DKK 1000s	Share capital	Revaluation reserve	Accumulated profit	Share Premium	Proposed dividend	Equity Total
Statement of equity for 2019:						
Equity as at 1 January 2019	**67,513**	**47,312**	**406,567**	**289,260**	**0**	**810,652**
Comprehensive income for the period						
Profit for the period	0	0	115,053	0	0	115,053
Fair value adjustment of domicile	0	6,959	0	0	0	6,959
Tax on other comprehensive income	0	-1,531	0	0	0	-1,531
Other comprehensive income during the financial year	0	5,428	0	0	0	5,428
Comprehensive income for the period	**0**	**5,428**	**115,053**	**0**	**0**	**120,481**
Transactions with owners						
Cash injection by existing shareholders	0	0	0	0	0	0
Liabilities wih financial institutions converted into Equity	0	0	0	0	0	0
Total transactions with owners	**0**	**0**	**0**	**0**	**0**	**0**
Other adjustments						
Depreciation of revalued value of domiciles	0	-1,563	1,563	0	0	0
Total other adjustments	**0**	**-1,563**	**1,563**	**0**	**0**	**0**
Equity as at 31 December 2019	**67,513**	**51,177**	**523,183**	**289,260**	**0**	**931,133**
Statement of equity for 2018:						
Equity as at 1 January 2018	**42,853**	**44,147**	**296,715**	**171,232**	**0**	**554,947**
Comprehensive income for the period						
Profit for the period	0	0	108,289	0	0	108,289
Fair value adjustment of domicile	0	6,061	0	0	0	6,061
Tax on other comprehensive income	0	-1,333	0	0	0	-1,333
Other comprehensive income during the financial year	0	4,728	0	0	0	4,728
Comprehensive income for the period	**0**	**4,728**	**108,289**	**0**	**0**	**113,017**
Transactions with owners						
Cash injection by existing shareholders	8,641	0	0	41,359		50,000
Liabilities wih financial institutions converted into Equity	16,019	0	0	76,669	0	92,688
Total transactions with owners	**24,660**	**0**	**0**	**118,028**	**0**	**142,688**
Other adjustments						
Depreciation of revalued value of domiciles	0	-1,563	1,563	0	0	0
Total other adjustments	**0**	**-1,563**	**1,563**	**0**	**0**	**0**
Equity as at 31 December 2018	**67,513**	**47,312**	**406,567**	**289,260**	**0**	**810,652**

Statement of cash flows

Note	Amounts in DKK 1000s	2019	2018
	Operating profit (EBIT)	**109,182**	**118,337**
	Adjustment for illiquid operating items, etc.	2,779	2,251
	Change in project holdings, net	0	742
	Change in other operating capital	-1,261	-9
	Cash flows concerning primary operations	**110,700**	**121,321**
	Financial expenses paid	-23,544	-29,047
	Paid Corporate Tax	-6,031	0
	Total cash flow from operating activities	**81,126**	**92,274**
	Cash flow from investing activities		
	Improvements to investment properties	-1,382	-2,648
	Sales of investment properties	1,900	11,996
	Purchase of intangible assets	-2,172	0
	Purchases of other property, plant and equipment	-8,348	-5,325
	Share capital increase (cash injection)	0	50,000
	Sale of fixed assets	0	0
	Intercompany Loans	-14,600	0
	Acquisition of subsidiaries	-5,000	-2,199
	Acquisition of associates	-2,029	0
	Total cash flow from investing activities	**-29,601**	**51,824**
	Cash flow from financing activities		
	Proceeds from assumption of liabilities to credit institutions	0	0
	Repayment of liabilities to credit institutions	-52,264	-110,246
	Total cash flow from financing activities	**-52,264**	**-110,246**
	Total cash flow for the period	**-739**	**33,852**
	Liquid assets as at 1 January	53,805	19,953
	Liquid assets at the end of the period	**53,066**	**53,805**
	Liquid assets at the end of the period		
	Cash and short term deposit	**53,066**	**53,805**
	Liquid assets held for sale	0	0
	Liquid assets at the end of the period	**53,066**	**53,805**

Summary

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	2019	2018
Rental income	136,767	143,832
Sales of other services	27,695	21,458
Total sales of services	164,462	165,290
Sales totals, project holdings	0	1,164
Interest income, mortgages and instruments of debt	923	928
	165,385	**167,382**

Note 3 - Operating expenses

Amounts in DKK 1000s	2019	2018
Operating expenses, investment properties	20,210	16,536
Cost and expenses for projects sold	0	703
Operating expenses, other services	5,323	7,741
	25,533	**24,979**

Note 4 – Employee benefits expenses

Amounts in DKK 1000s	2019	2018
Salary	14,959	10,974
Contribution-based pensions (*)	658	514
Other social security costs	32	21
Other staff costs	454	743
	16,104	**12,253**
Average number of employees	**27**	**18**

(*) Park Street Nordicom 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 2018 and 2017 is PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab. Their fees can be specified as follows:

Amounts in DKK 1000s	2019	2018
Statutory audit	405	473
Other assurance services	0	20
Tax and VAT advice	120	199
Other services	35	41
	560	**733**

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 6 – Depreciation and amortization

Amounts in DKK 1000s	2019	2018
Depreciation, software	388	0
Depreciation, domicile properties	1,563	1,563
Depreciation, inventory and fixed assets	1,228	2,054
	3,179	**3,616**

Note 7 – Financial Expenses

Amounts in DKK 1000s	2019	2018
Interest expenses, liabilities to credit institutions measured at amortized cost	23,513	28,860
Other interest costs and fees	3	127
Borrowing costs	27	60
	23,544	**29,047**

Note 8 – Investment in subsidiaries

During 2019 the entity Pulse Glostrup P/S have been created as subsidiary 100% owned by the parent company Park Street Nordicom A/S.

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	2019	2018
Cost price at January 1	87,227	0
Additions	5,000	87,227
Cost price at December 31	**92,227**	**87,227**
Value adjustments at 1 January	-5,180	0
Share of profit/loss for the year after tax	27,049	-5,180
Value adjustments at December 31	**21,869**	**-5,180**
Carrying amount at January 1	81,968	0
Investments with negative equity offset against trade receivables	-176	-79
Carrying amount at December 31	**113,920**	**81,968**

Note 9 – Adjustments to fair value, net

Amounts in DKK 1000s	2019	2018
Fair value adjustment, investment properties	32,881	54,660
	32,881	**54,660**

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

Amounts in DKK 1000s	2019	2018
Annual tax can be divided as follows:		
Current tax on profit of the year	2,714	5,305
Current tax, previous years	-2,257	-2,258
Changes in deferred taxes	27,984	26,211
Changes in deferred taxes previous years	2,486	4,890
	30,927	**34,148**

Tax on profit for the year can be explained as follows:

Estimated tax at a tax rate of 22%	32,116	31,336
Non-deductible costs	255	244
Non-taxable income	-141	-35
Adjustment of deferred tax assets and liabilities	-29,515	-31,130
Adjustment of deferred tax assets and liabilities previous years	0	4,890
	2,714	**5,305**
Effective tax rate	**21.19%**	**23.97%**

Amounts in DKK 1000s	2019	2018
Tax on other comprehensive income:		
Tax on fair value adjustment of domicile properties	-1,531	-1,333
	-1,531	**-1,333**

Note 11 – Investment properties

As of 31 December 2019 there are no ongoing sales processes regarding investment properties.

Amounts in DKK 1000s	2019	2018
Balance at 1 of January	2,130,520	2,255,395
Transfer to / from a subsidiary	0	-174,000
Costs incurred for improvements	1,382	2,648
Adjustment to fair value, net	32,881	54,660
Acquisition of properties	6,409	5,325
Depreciation of fixed assets	-494	-1,511
Retirement on sale	-1,900	-11,996
Balance at 31 December	**2,168,799**	**2,130,520**

Fair value hierarchy for investment:

Amounts in DKK 1000s	Level 1	Level 2	Level 3	Total
At 31 December 2019:				
Investment properties	0	0	2,168,799	2,168,799
	0	**0**	**2,168,799**	**2,168,799**
At 31 December 2018:				
Investment properties	0	0	2,130,520	2,130,520
	0	**0**	**2,130,520**	**2,130,520**

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 2019 and 2018 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	2019	2018
Rental income from investment properties	136,233	143,226
Operating expenses, investment properties	-19,676	-15,930
Net income from investment properties	**116,557**	**127,296**

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	2019	2018
Remaining termination within 1 year from the balance sheet date	98,109	109,626
Remaining termination between 1 and 5 years from the balance sheet date	94,144	63,045
Remaining termination after 5 years from the balance sheet date	45,972	102,300
	238,225	**274,971**

Note 12 – Machinery and equipment

Amounts in DKK 1000s	Technical Installations	IT Equipment	Appliances	Total Machinery and Equipment
Cost at 1 of January 2019	253	4,106	6,511	10,870
Additions during the year	81	34	1,824	1,939
Disposals during the year				
Cost at 31 December 2019	**334**	**4,140**	**8,335**	**12,809**
Amortization at 1 January 2019	-43	-4,092	-4,695	-8,830
Amortization during the year	-31	-7	-2,104	-2,142
Amortization at 31 December 2019	**-74**	**-4,099**	**-6,799**	**-10,972**
Balance at 31 December 2019	**260**	**41**	**1,536**	**1,837**
Cost at 1 of January 2018	43	4,106	6,899	11,048
Additions during the year	210	0	0	210
Disposals during the year			-388	-388
Cost at 31 December 2018	**253**	**4,106**	**6,511**	**10,870**
Amortization at 1 January 2018	-20	-4,053	-4,508	-8,581
Amortization during the year	-23	-39	-187	-249
Amortization at 31 December 2018	**-43**	**-4,092**	**-4,695**	**-8,830**
Balance at 31 December 2018	**210**	**14**	**1,816**	**2,040**

Note 13 – Mortgages and Instruments of Debt

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

Amounts in DKK 1000s	2019	2018
Financial assets at amortized cost at 1 January	9,644	8,881
Repayment of the year	-283	-263
Additions - Intercompany loans	14,884	1,026
Financial assets at amortized cost at 31 December	**24,245**	**9,644**

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

		Effective interest rate p.a.		Balance in DKK 1000		Fair value in DKK 1000	
Value	Expire	2019	2018	2019	2018	2019	2018
DKK	2025	7.5%	7.5%	8,335	8,618	8,335	8,618
DKK	2020	7.5%	7.5%	1,026	1,026	1,026	1,026
DKK	2020	7.5%	-	1,500	-	1,500	-
DKK	2020	7.5%	-	13,100	-	13,100	-
				23,961	**9,644**	**23,961**	**9,644**

Park Street Nordicom A/S has provided a credit line facility to the subsidiary Pulse Taastrup P/S with an aggregate principal amount of nominal DKK 50 million (13.1 million utilized at 31.12.19) with an annual interest rate of 7.5% payable at the maturity date of the loan. Additionally, Park Street Nordicom A/S has provided a credit line facility to the subsidiary Phoam Studio ApS with an aggregate principal amount of nominal DKK 2 million (1.5 million utilized at 31.12.19) 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 14 – Receivables

Amounts in DKK 1000s	2019	2018
Receivable Rental Income	5,877	5,395
Receivables from sale of properties	0	0
Deposited funds in banks	5,961	7,797
Other Receivables	1,686	4,415
Receivables from related parties	0	380
Receivables at 31 December	**13,523**	**17,987**

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	2,261	8,942
Additional provisions	-80	3,454
Recognized losses (Write off)	-693	-10,135
	1,488	**2,261**

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	354	46
Between 30 and 90 days	29	297
Over 90 days	3,172	1,908
	3,555	**2,251**

Trade receivables are predominantly non-interest bearing. Apart from rental income receivable, Park Street Nordicom 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 15 – Deferred Taxes

Amounts in DKK 1000s	2019	2018
Deferred tax at 1st of January	120,606	88,187
Recognized in other comprehensive income	1,531	1,333
Correction from previous years	2,309	4,875
Recognized in the income statement	27,984	26,211
Deferred tax at 31 December	**152,430**	**120,606**
Deferred tax is recognized in the balance sheet as follows:		
Deferred tax (liability)	152,430	120,606
	152,430	120,606
Deferred tax at 31 December	**152,430**	**120,606**

Deferred tax recognized in the balance

The calculation of deferred taxes included DKK 206 million relating to tax losses carried forward from Group companies. Based on budget accounting and tax profits in the period 2020-2023 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 152.4 million (taxable value) per 31 December 2019.

Amounts in DKK 1000s	Balance 1/1	Recognized in the income statement	Recognized in another comprehensive income	Balance 31/12
2019				
Investment and residential properties	169,802	27,899	1,531	199,231
Fixtures and fittings	-593	-959	0	-1,552
Project Holdings	0	0	0	0
Receivables	-497	497	0	0
Provisions	-264	176	0	-88
Credit institutions	123	133	0	256
Tax losses carryforward	-47,964	2,547	0	-45,417
	120,606	**30,293**	**1,531**	**152,430**

2018				
Investment and residential properties	142,483	25,985	1,333	169,802
Fixtures and fittings	-1,058	465	0	-593
project Inventories	358	-358	0	0
Receivables	104	-601	0	-497
Provisions	-1,055	791	0	-264
Credit institutions	11,556	-11,433	0	123
Tax losses carryforward	-64,201	16,237	0	-47,964
	88,187	**31,086**	**1,333**	**120,606**

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

Note 16 – Credit Institutions

Amounts in DKK 1000s	2019	2018
Credit institutions, nominal	1,443,861	1,496,125
Market value adjustments	-7,787	-7,787
	1,436,074	**1,488,338**
The liabilities are thus included in the balance sheet:		
Credit institutions, long-term	1,383,922	1,432,269
Credit institutions, short-term	52,152	56,069
	1,436,074	**1,488,338**

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

Liabilities recognized at fair value	Currency	Rate type	Expiry date	2019	2018
Convertible bonds	DKK	Interest-free	11-15 years	11,335	11,335
				11,335	**11,335**
Market value adjustments				-7,787	-7,787
Carrying amount				**3,548**	**3,548**

Liabilities recognized at amortized cost	Currency	Rate type	Expiry date	2019	2018
Banks Debt	DKK	Fixed	0-1 years	0	0
Banks Debt	DKK	Fixed	2-5 years	271,491	295,922
Mortgage Debt	DKK	Variable	6-10 years	166,666	185,842
Mortgage Debt	DKK	Variable	11-15 years	29,394	0
Mortgage Debt	DKK	Variable	16-20 years	964,975	1,003,026
Carrying amount				**1,432,526**	**1,484,790**

The nominal amounts stated in the tables represent the amount that Park Street Nordicom 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	2019	2018
Non-current financial liabilities	1,432,269	1,501,353
Current financial liabilities	56,069	281,918
Liabilities associated with assets held for sale	0	0
Financial liabilities with credit institutions at 1 January	**1,488,338**	**1,783,271**
Transfer of liabilities from credit institutions to a subsidiary	0	-87,000
Repayment of liabilities to credit institutions	-52,264	-110,246
Mortgage and bank debt converted into equity	0	-92,688
Cancellation of debt from disposal of assets	0	-7,577
Accrued financial expenses	0	2,578
Financial liabilities with credit institutions at 31 December	**1,436,074**	**1,488,338**
Non-current financial liabilities	1,383,922	1,432,269
Current financial liabilities	52,152	56,069
Total financial liabilities with credit institutions at 31 December	**1,436,074**	**1,488,338**

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 2019. No reversal of fair value adjustments in 2019 and 2018.

Zero-coupon bonds (former Convertible bonds)

See note 25 on the Consolidated Financial Statements.

Note 17 – Contingent assets and liabilities

Pledges and guarantees

The nominal pledge for the bank debt and mortgage debt given by credit institutions per December 31, 2019 amount a total of DKK 1,933 million (31 December 2018: DKK 2,034 million), the nominal value of the loans amounts a total of DKK 1,433 million (December 31, 2018: DKK 1,474 million) in the group's investment properties and domiciles with a book value totalling DKK 2,316 million (31 December 2018: DKK 2,316 million).

The nominal pledge for the bank debt and mortgage debt given by credit institutions per December 31, 2019 amount a total of DKK 0 million (31 December 2018: DKK 37.8 million), the nominal value of the loans amounts a total of DKK 0 million (December 31, 2018: DKK 3.1 million) in the group's project holdings with a book value totalling DKK 1.6 million (31 December 2018: DKK 1.6 million).

The nominal pledge for the bank debt and mortgage debt given by credit institutions per December 31, 2019 amount a total of DKK 8.3 million (31 December 2018: DKK 8.3 million), in the group's deposited mortgage deeds with a book value totalling DKK 8.3 million (31 December 2018: DKK 8.6 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 Nordicom must reimburse the costs that may be needed to get property released for the buyer's purpose. Park Street Nordicom consider the agreement as a contingent liability as stated in Note 26 of the consolidated financial statements.

In the process related to financial restructuring of Park Street Nordicom, an advisor claims an entitlement to certain performance linked fee. The Group has rejected the claim as it is not deemed likely that Park Street Nordicom has to pay the compensation and consider the claim as a contingent liability. The court has resolved in favour of Park Street Nordicom, however the advisor has filed an appeal on that resolution.

No additional significant litigations and disputes are acknowledged by the Group at December 31, 2019 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 Nordicom 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. Nordicom is not aware of any plans to change the local plan in question, for this reason Park Street Nordicom 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 Nordicom and the buyer have agreed that Park Street Nordicom is entitled to obtain an additional supplement of DKK 1 million if the buyer completer 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, 2019.

Lease commitments

There are leases for cars rental, office equipment, printers and a land plot.

	2019	2018
Within 1 year from the balance sheet date	1	0
Between 1 and 5 years from the balance sheet date	8	5
After 5 years from the balance sheet date	1	1
Lease obligations at 31 December	**10**	**6**

Amounts in DKK 1000s		
Minimum lease payments recognized in the profit and loss account for the year	**746**	**587**

Note 18 – Financial risks and use of derivative instruments

Amounts in DKK 1000s	2019	2018
Mortgages and debentures	8,335	8,618
Intercompany loan	15,910	1,026
Financial assets measured at amortized cost	**24,245**	**9,644**
Receivables	13,523	18,010
Cash and equivalents	53,066	53,805
Loan and receivables	**66,590**	**71,815**
Credit institutions	3,548	3,548
Financial liabilities measured at fair value through profit or loss	**3,548**	**3,548**

Credit institutions	1,432,526	1,484,790
Deposits	39,661	37,916
Accounts payable	4,326	3,566
Other Debts	8,081	16,683
Financial liabilities measured at amortized cost	**1,484,594**	**1,544,955**

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 Nordicom'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 Nordicom 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, 2019 DKK 53.1 million (31 December 2018: DKK 53.8 million). Park Street Nordicom forecasts that current and generated liquidity is sufficient to carry out the group's planned activities throughout 2020.

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
2019						
Non-derivative financial instruments						
Credit institutions	1,436,074	1,589,187	73,126	343,667	88,970	1,083,425
Trade payables	4,326	4,326	4,326	0	0	0
Deposits	39,661	39,661	18,558	6,443	8,773	5,888
Other debts	8,081	8,081	8,082	0	0	0
Total	**1,488,143**	**1,641,256**	**104,092**	**350,109**	**97,743**	**1,089,313**
2018						
Non-derivative financial instruments						
Credit institutions	1,488,338	1,751,742	81,391	152,778	324,670	1,192,903
Trade payables	3,566	3,566	3,566	0	0	0
Deposits	37,916	37,916	30,301	3,083	878	3,654
Other debts	16,683	16,683	16,683	0	0	0
Total	**1,546,503**	**1,809,907**	**131,941**	**155,861**	**325,548**	**1,196,557**

Interest rate risk

Park Street Nordicom 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, 2019 primarily relate to the following:

- Fluctuations in market interest rates on mortgages with variable rates (Cibor3, Cibor6, F2, F3).
- 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 Nordicom'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 Nordicom at December 31, 2019 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, 2019:			
Mortgage debt	Cibor3	39	0.96%
Mortgage debt	Cibor6	235	1.67%
Mortgage debt	F2	52	2.44%
Mortgage debt	F3	834	1.23%
Bank debt etc.	Fixed	270	2.65%
Others	Interest-free	4	0.00%
		1,436	**1.60%**
At December 31, 2018:			
Mortgage debt	Cibor6	258	1.84%
Mortgage debt	F1	525	1.49%
Mortgage debt	F2	85	1.95%
Mortgage debt	F3	281	1.22%
Banks and other payables.	Fixed	335	3.64%
Others	Interest-free	4	0.00%
		1,488	**2.43%**

(*) 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 Park Street Nordicom loans are at 31 December 2019 1.60% per annum, and is based on the latest confirmed interest rates. The corresponding calculated weighted rate at 31 December, 2018 was 2.43% 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 million	2019	2018
Within six months	395	56
Between 6 and 12 months	0	68
Between 1 and 2 years	727	282
Between 2 and 5 years	311	1,078
After 5 years	4	4
	1,436	**1,488**

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 Nordicom'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 million	2019	2018
Variable Interest rate loans:		
Effect on income statement	-11.6	-11.5
Effect on equity	-11.6	-11.5

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 -11.6 million per annum (2018: DKK -11.5 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 Nordicom'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, 2019 is further described in note 18 of the consolidated financial statements.

Group's cash and short-term deposits 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 1,432,526. 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 aomunt. 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, 2019).

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
2019				
Mortgages and debentures	8,335	0	8,335	0
Intercompany loan	15,910	0	0	15,910
Total financial assets	**24,245**	**0**	**8,335**	**15,910**
Credit institutions	3,548	0	0	3,548
Total financial liabilities	**3,548**	**0**	**0**	**3,548**
2018				
Mortgages and debentures	8,618	0	8,618	0
Intercompany loan	1,026	0	0	1,026
Total financial assets	**9,644**	**0**	**8,618**	**1,026**
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	2019	2018
Carrying amount per. 1st of January	3,548	3,548
Gains / losses in the income statement	0	0
Redemptions	0	0
Transfer to Level 3	0	0
Transfer from Level 3	0	0
Balance at 31st of December	**3,548**	**3,548**
Gain / loss in the income statement for liabilities held at 31st of December	**0**	**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 19 – Changes in other working capital

Amounts in DKK 1000s	2019	2018
Change in receivables	4,464	-2,104
Change in project holdings	0	742
Change in provisons	-800	-800
Change in deposit	1,745	-2,729
Change in trade payables	-7,841	3,669
Change in total working capital	**-2,432**	**-1,223**

Note 20 – Related parties

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

Amounts in DKK 1000s	2019	2018
Other related parties		
Interest expenses relating to loans with related parties (converted into Equity in 2018)	0	593
Loans with related parties (as at 31 December) (Converted into Equity in 2018)	0	0
Other external expenses	2,172	1,521

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

PROPERTY OVERVIEW

Park Street Nordicom Group owns at 31 December 2019, 59 properties with a total floor area of 268,592 square meters.

Property	ZIP code	City	Area (sqm.)	Type
Albuen 19	6000	Kolding	3,238	Retail
Algade 13	4000	Roskilde	5,843	Other
Allerød Vestcenter	3450	Allerød	1,636	Office
Ballerup Hotel	2750	Ballerup	3,400	Other
Ballerup Idrætsby Residentialer	2750	Ballerup	218	Residential
Banetorvet 3, ejl. nr. 2	3450	Allerød	1,404	Other
Birkemose Allé 23-35	6000	Kolding	6,708	Office
Birkemose Allé 21	6000	Kolding	5,007	Land
Birkemosevej 9	6000	Kolding	1,049	Office
Blegdammen 7-13	4700	Næstved	6,564	Storage
Dannebrogsgade 2	5000	Odense C	35,680	Office
Dyssegårdscentret	4700	Næstved	2,419	Retail
Dæmningen 34	7100	Vejle	3,869	Office
Engdahlsvej 2 A-B, ejl. 1+2	7400	Herning	1,917	Retail
Femøvej 3	4700	Næstved	5,572	Office
Havnegade 50	4700	Næstved	2,583	Storage
Halfdans Vænge	4700	Næstved	-	Land
Hejrevej 26-28, Ørnevej 33-35	2400	København NV	8,250	Office
Hejrevej 30	2400	København NV	4,369	Office
Hejrevej 8-10	2400	København NV	10,760	Office
Helligkorsgade 1, Naverstræde 3	6000	Kolding	1,362	Retail
Hersegade 23, Jernbanegade 6 A + B	4000	Roskilde	1,054	Retail
Jernbanegade 33-35	6000	Kolding	2,740	Residential
J.C. Christensens Gade 5B	2300	København S	-	Parking
L.C. Worsøesvej 2	4300	Holbæk	3,063	Retail
Langebrogade 5	1411	København K	4,990	Office
Loftbrovej 17	9400	Nørresundby	13,098	Retail
Mosede Centret	2670	Greve	1,705	Retail
Møllergade 1	5700	Svendborg	1,051	Retail

Property	ZIP code	City	Area (sqm.)	Type
Nørregade 21	4100	Ringsted	522	Retail
Nørregade 27 A + B	4100	Ringsted	778	Retail
Nørregade 31-33	4100	Ringsted	410	Retail
Omøvej 9	4700	Næstved	896	Office
Prøvestensvej 20	3000	Helsingør	830	Retail
Rebæk Søpark Retailscenter	2650	Hvidovre	12,639	Retail
Ringsted Centret	4100	Ringsted	10,528	Retail
Ro´s Have 11	4000	Roskilde	1,250	Retail
Ro´s Have 13	4000	Roskilde	1,100	Retail
Ro´s Have 8, 10, 12	4000	Roskilde	2,298	Retail
Schweizerpladsen 5	4200	Slagelse	540	Retail
Silkeborgvej 102	7400	Herning	4,837	Retail
Sjællandsgade 12,16,18	7100	Vejle	10,817	Retail
Skolesvinget 2	2860	Søborg	650	Retail
Skråningshusene	3070	Snekkersten	-	Land
Stagehøjvej 22	8600	Silkeborg	4,430	Office
Stenbukken 1 (Center Syd)	9200	Aalborg SV	2,879	Retail
Svendborgvej 275	5260	Odense S	2,000	Retail
Toldbuen 6	4700	Næstved	1,950	Office
Tåsingegade 29	2100	København Ø	10,835	Residential
Tåstrup Stationscenter	2630	Taastrup	26,778	Retail
Vilhelmskildevej 1 C	5700	Svendborg	2,694	Office
Vordingborgvej 78	4700	Næstved	2,326	Storage
Vordingborgvej 80-82	4700	Næstved	4,785	Storage
Zahrtmannsvej 78	3700	Rønne	928	Retail
Ørnevej 18, Svanevej 12	2400	København NV	3,937	Office
Østergade 30 / Søndergade 2B	7600	Struer	978	Office
Aakirkebyvej 58-60	3700	Rønne	5,000	Retail
Århusvej 119-121, Ulrikkasvej 1	8900	Randers	907	Retail
2G Shopping Center	2600	Glostrup	10,521	Retail
59 properties			**268,592**	
Tåsingegade 29, 1.10.	2100	København Ø	93	Residential (*Acquired in 2020)

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