

# Park Street Nordicom A/S – Annual Report 2019

Copenhagen, 26 March 2020

In 2019 Park Street Nordicom achieved EBVAT (earnings before value adjustments and tax) of DKK 83.2 million (2018: DKK 84.0 million). Profit after tax for 2019 is DKK 115.1 million against DKK 108.3 million in 2018. The improvement is mainly due to revaluation on investment properties and reduction of financial expenses. The Group Equity at 31st December 2019 is DKK 931.1 million compared to DKK 810.7 million as at 31 December 2018; the increase is caused by the profit of the period. The Group has acquired assets in 2019 at an acquisition price of DKK 103.9 million,

The Board of Directors of Park Street Nordicom A/S today discussed and approved the Annual Report 2019, which contained the following:

## The period in outline

- Yearly result was a profit of DKK 115.1 million (2018: DKK 108.3 million).
- For 2019 Park Street Nordicom achieved EBVAT (earnings before value adjustments and tax) of DKK 83.2 million (2018: DKK 84.0 million). Net Operating Income results are in line in line in line with management expectations for the period. The slight reduction is primarily due to the increase in overhead costs (DKK 9.0 million, primarily 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, driven by newly acquired assets) and a reduction of financial expenses (DKK 4.3 million).
- During the period, Park Street Nordicom acquired the following assets:
  - Shopping Center in Glostrup
  - Residential unit in Copenhagen
  - Land plot in Kolding
- During the period, Park Street Nordicom sold:
  - Residential property in Roskilde
- A total net adjustment of DKK 48.7 million in the value of investment properties was included in the income statement (2018: DKK 42.6 million). A new evaluation has been made for 2019 adjusting the yield and the estimated profit and loss for the entire portfolio of Park Street Nordicom A/S and subsidiaries.
- The sale of a non-core property generated a profit of DKK 0.4 million.
- The Group's equity was positive at DKK 931.1 million at 31 December 2019 (31 December 2018: DKK 810.7 million).
- Park Street Nordicom's net cash flow in 2019 was DKK 7.3 million (2018: DKK 34.4 million). Positive cash flow from operating activities has been DKK 92.9 million (2018: DKK 77.2 million), while cash flow from investing activities has been negative by DKK 125.5 million (2018: DKK 51.8 million) mainly due to the acquisition of assets. On the other hand, cash flow from financing activities is positive by DKK 39.9 million (2018: DKK -94.7 million) impacted mainly by new long term mortgage financing for one of the newly acquired assets.

## Subsequent events after December 31, 2019

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 regard 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.

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.

#### **Management comments on the Annual report**

In connection with Annual Report 2019, CEO Pradeep Pattem states the following:

"Year 2019 has been a year of steady operations with a particular focus on simplifying several operational and administrative processes. This had positive impact not only in costs optimisation but also the turnaround times on property management. We also made significant progress on the design side with several projects getting ramped up for execution. As I write this, the events across the world with social and economic disruptions have overtaken any short and medium term plans for us and our tenants. Our focus is now shifted to running core operations conservatively and maintain value of our assets, support the tenants to the best of our capacity during this period, working in close partnership with our service providers and financial partners. We will not be giving any guidance for this year's performance at this stage given the significant uncertainties. We wish a safe and peaceful year ahead to all."

#### **Attached files**

The Annual Report 2019 and the Statement of the mandatory review of Corporate Governance, cf. section 107b of the Danish Financial Statement Act, is attached to this announcement.

Copenhagen,

Andrew La Trobe  
Chairman

Pradeep Pattem  
CEO

#### **Further information**

For further information please contact Pradeep Pattem, CEO at [nordicom@nordicom.dk](mailto:nordicom@nordicom.dk)

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#### **Attachments**

- | [Annual Report Park Street Nordicom AS and subsidiaries \(2019\)](#)
- | [Corporate governance statement - Annual Report 2019](#)