ANNUAL REPORT

2018

Company: Park Street Nordicom A/S
CVR: 12932502

Svanvej 12, 4
2400 København NV

Accounting period: 1 January - 31 December 2018

Chairman: Kåre Stolt

Approved - Kåre Stolt

Company:

Park Street Nordicom A/S
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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
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 25th, 2019 at 10:00 on Svanevej 12, 2400 Copenhagen K

Contents

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 2018

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

In 2018, Park Street Nordicom achieved EBVAT of DKK 84.0 million (2017: DKK 25.9 million), which is in line with management expectations for the period.

The EBVAT achieved is DKK 58.1 million higher than the one in 2017. The improvement is primarily driven by the reduction of financial expenses because of overall debt reduction with lower margins from the refinancing activities. These changes were a consequence of restructuring concluded on 27th February 2018 with a share capital increase and debt conversion into equity.

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

- Gross profit in 2018 is DKK 146.1 million (2017: DKK 132.1 million), equivalent to an increase of DKK 14.0 million. The increase in gross profit is primarily due to the rent increase in 2018 across several lease contracts. The gross profit is also positively affected by the acquisition of Phoam Studio ApS and a reduction of the operating expenses as the maintenance costs have been lower with more efficient property management.

- The Group's overheads were DKK 28.7 million in 2018 against DKK 32.8 million in 2017. The positive effect of the decrease in salary expenses (DKK 6.7 million) has been partially compensated by the increase in lawyer and consultancy costs (DKK 1.5 million).

- Net financial items amounts to DKK -33.4 million in 2018 against DKK -73.3 million in 2017, representing a positive change of DKK 39.9 million driven by the debt reduction and agreement of new debt margins with credit institutions in the third quarter of 2017..

Net Profit of the period has decreased from DKK 360.1 million in 2017 to DKK 108.3 Million in 2018 due to the following effects:

- Fair value adjustment in 2018 with a net of DKK 42.6 million while the fair value adjustment in 2017 had an effect of DKK 259.5 million. In both periods an evaluation of the domicile and investmenet 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.

- No fair value adjustments in the debt and special items have been performed in 2018.

- In 2018, the sale of a non-core property generated a profit of 3.7 million DKK (2017: DKK 0 million).

The Group's equity as at 31st December 2018 was positive at DKK 810.6 million, compared to DKK 554.9 million as at 31 December 2017. The improvement in the Group's equity is due to the profit for the period, revaluation of the domicile with a net increase of DKK 4.7 million and the share capital and share premium increase of DKK 142.69 million. This increase consisted in a cash injection of DKK 50 million and a debt conversion into equity of DKK 92.69 million performed by the largest shareholder, Park Street NordAc Sarl.

The operation of the Group's properties in 2018 was generally as expected with the vacancy rate (calculated by rental value) for the Group's investment properties at 9.8% in 2018, against 11.4% for all of 2017. The material portion of this vacancy is concentrated in potential redevelopment projects in Taastrup, Odense, 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 2018, Park Street Nordicom sold the following properties and plots:

- Halfdans Vænge, Næstved (3 plots)
- Commercial property sold in Hillerod

Park Street Nordicom acquired the following properties:

- Commercial property acquired in Ringsted
- Residential unit in Østerbro, Copenhagen.

In addition to the above purchase, Park Street Nordicom has made the following buying contracts with handover date in February 2019:

- Residential unit in Østerbro, Copenhagen.

Organisation

Since April 19th April of 2018 when the Annual general of the Company took place the Board of Directors of Park Street Nordicom consists of Andrew La Trobe, Pradeep Pattem, Ohene Aku Kwapong, Lars-Andreas Nilsen and Anita Nassar.

The number of employees of Park Street Nordicom were 41 by the end of 2018 and 40 as of March 2019, against 24 at the start of the year.

Subsequent events after December 31, 2018

As stated above an additional residential unit in a existing property of the group has been acquired in February 2019 in Copenhagen, Østerbro.

Outlook and strategy for 2019

Park Street Nordicom owns and manages 58 properties with 250,000 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 approximately 90% of occupancy level.

In 2018, the company has significantly strengthened its balance sheet with an equity ratio of over 30%, laying the foundation for future growth.

In 2019, Park Street Nordicom seeks to take significant steps towards the following objectives of:

- Building a Real Estate Platform with core pillars:
  - Technology
  - Design
  - Value Enhancement
- Responsible Ownership
- Focusing on developing scalable strategies and effective management of assets
- Increasing assets under management working with long term capital partners

For the year 2019

We seek to measure our performance against the following financial targets:

EBITDA increase to DKK 95-105 Million
Vacancy reduction across Core assets by 50% (20.000 SQM)
Generate Asset level Return on Equity of over 15%, with Company level Return of Equity of over 12%
Maintain leverage ratio below 70% / Equity Ratio of over 30%

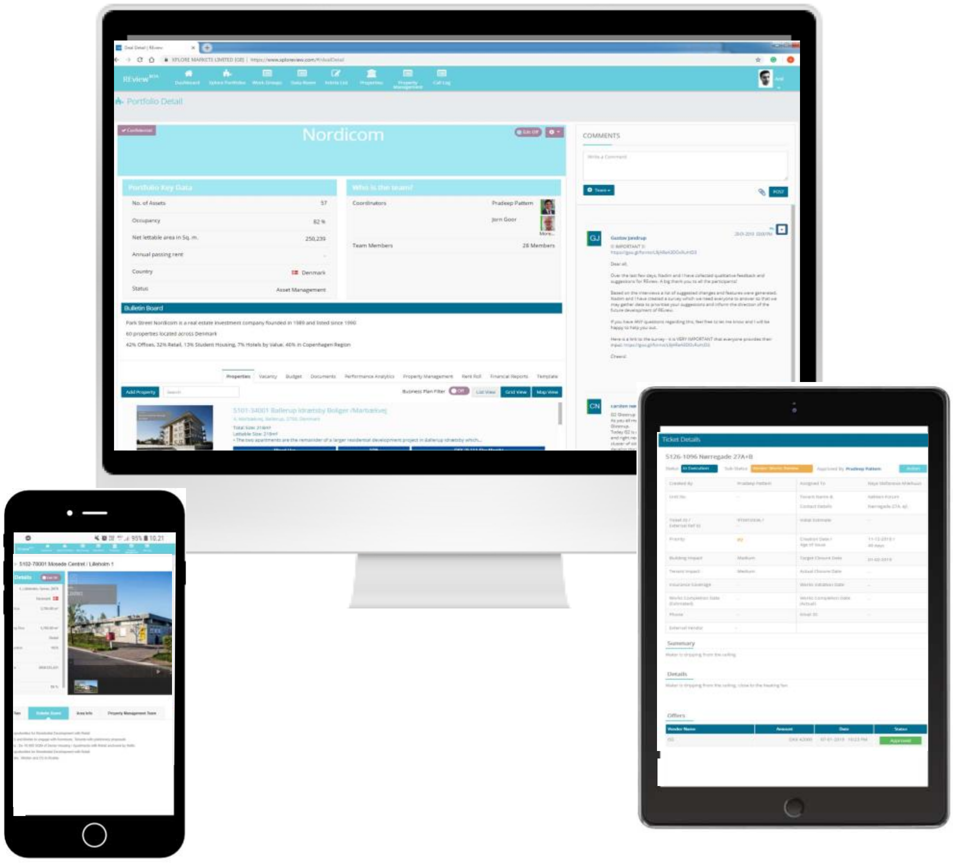
TECHNOLOGY AND DESIGN

We believe the Real Estate Industry across Construction, Architecture and Building Design, Asset Management and Building Maintenance is poised for a technology driven revolution leading to efficiencies across every stream and potentially simplifying the processes. We think this is in the immense interest of owners, tenants and society at large. However, these changes require a significant investment of time and resources in reshaping the existing systems and working closely with the wider ecosystem to incorporate required changes of systems, skills and mindset.

Review:
Our real estate management platform

Functions and services:

- Property Management
- Budgetting
- Portfolio management and overview
- Analysis of data
- Call log for tenant communication



AT PARK STREET NORDICOM, WE STRIVE TO SHAPE THE TEAM WHICH SEEKS TO CONTRIBUTE TOWARDS DEVELOPING THE REAL ESTATE PLATFORM OF THE FUTURE

The steps taken towards this …

1

Working with Xplore Markets, a sister technology concern, we are shaping back to front Real Estate Management systems, centered around:

- Digitalization of data, documents & design
- Transparency of operational and financial performance
- Collaborative team approach.

This system is already yielding significant improvements in the bottom line performance. As we scale the assets under management, we expect the operational and central cost efficiencies should improve the operating bottom line by 5% to 10%.
Even though the design and implementation of this system is not without challenges, we expect this to be a core pillar of a scalable real estate management platform.

2

Park Street acquired Phoam Studio ApS, which is a 10 year old entrepreneurial architectural firm, with a focus on early stage development of assets.
This acquisition seeds the core of our future Design team, with an aim to leverage the developments across:

- BIM (Building Information Modelling)
- Scalable Modular Construction design
- Smart & Sustainable Building designs
- Newer technology platforms, international team and partnerships with external parties with cutting-edge skills

Next Stage Steps:

- We seek to hire further talent across Engineering, Architecture and Technology skills in year 2019
- Investment in skills development of the team and collaboration with wider industry for developing effective new processes

With close to 25 assets in our portfolio with significant development potential, Park Street Nordicom should benefit from investments across technology and design teams. There is a close collaborative work with several municipalities in shaping the local and municipal plans which should positively impact our asset portfolio.

Value enhancement: Key drivers

PROJECT DEVELOPMENT INITIATIVES

We have now initiated early stage development discussions with municipalities across several locations such as Odense, Greve, Copenhagen NV, Ballerup, Aalborg, Ringsted, Næstved and Vejle. The pipeline has a potential for creating close to 100,000 Sqm further built up area over the next 2 to 5 years. We are in advanced stages of planning for a 400 room student housing, which could potentially increase the built up area and rental potential for the building by over 100%.

CAPITAL MANAGEMENT INITIATIVES

While the balance sheet has been significantly strengthened over the year 2018, in year 2019, we are seeking to further enhance it with several initiative across:

- Refinancing of low LTV mortgages
- Reduction of bank financing with mortgage financing
- External capital partnerships with long term institutional capital partners

This should assist in further reducing our cost of financing while increasing liquidity for future investments. We will also seek to buy back shares in accordance to the Articles of Association of Park Street Nordicom, which corresponds to a maximum of 10% of the Company's class A share capital. We will further explore opportunities to increase the pool of listed shares of Park Street Nordicom.

IMPROVE THE EFFICIENCIES OF OPERATING PERFORMANCE

- By digitising all contracts with clear identification of Landlord and Tenant responsibilities,
- Working closely with professional platforms like ISS for building maintenance and services
- Developing disciplined internal processes for effective property management

While these changes are being implemented, there remain some challenges as this approach varies from the legacy systems and processes, we sincerely believe such a professional and transparent approach will be in the best interest of all stakeholders.

VACANCY REDUCTION AND LEASE ENHANCEMENTS

With inhouse design expertise, we are now able to have a fresh approach to enhancing the vacant spaces leading to improved rents and rental prospects. We are also working closely with large tenants in our current portfolio, external brokers towards reducing vacancies and improving the lease standards. We expect this to impact in an improvement through close to 50% reduction of vacant space across our core portfolios and few specific improvements in leases via extensions and increased rents.

Acquisitions

We buy assets which possess some of the following key attributes:

- With a significant potential for improvements in operational efficiencies
- With long-term potential for increasing the value by design and architecture
- With value of real estate trapped in financial challenges

Park Street Nordicom is currently in negotiations for acquisitions of some assets. The Company has recently acquired small assets adjacent or co-located to our existing portfolio.

Disposals

We seek to sell assets with attributes:

- Stabilised and redeveloped assets to long term capital partners, with an opportunity to continue to manage assets where possible
- Where we are limited in our capacity to create value, due to sub-scale, geographic limitations etc
- Where assets see limited prospect of further value enhancement via our asset management or design capacities

Park Street Nordicom has identified around 10 assets in our portfolio which will be marketed for sale during year 2019.

CAPITAL STRATEGY

OPTIMAL CAPITAL MANAGEMENT

- Current Mortgage Debt: DKK 1,291 million
- Current Bank Debt : DKK 299 million (Average Term : 4 years)
- Significant scope for further optimisation:
- 13 assets with of DKK 200 million value have No Mortgage debt
- 24 assets with DKK 1,345 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
- Buy back of shares in accordance to provisions in articles of association
- Increase pool of listed shares of Park Street Nordicom

Types of property business plans

Sell

Assets which are deemed to be suitable for sale, in view of their long term stabilisation or lack of fit with Park Street Nordicom strategy

ReDev

Assets categorised for redevelopment, with clear potential for improving value through increased built up area or change of use. The focus here is optimally implement the architecture and design plan working with external development partners

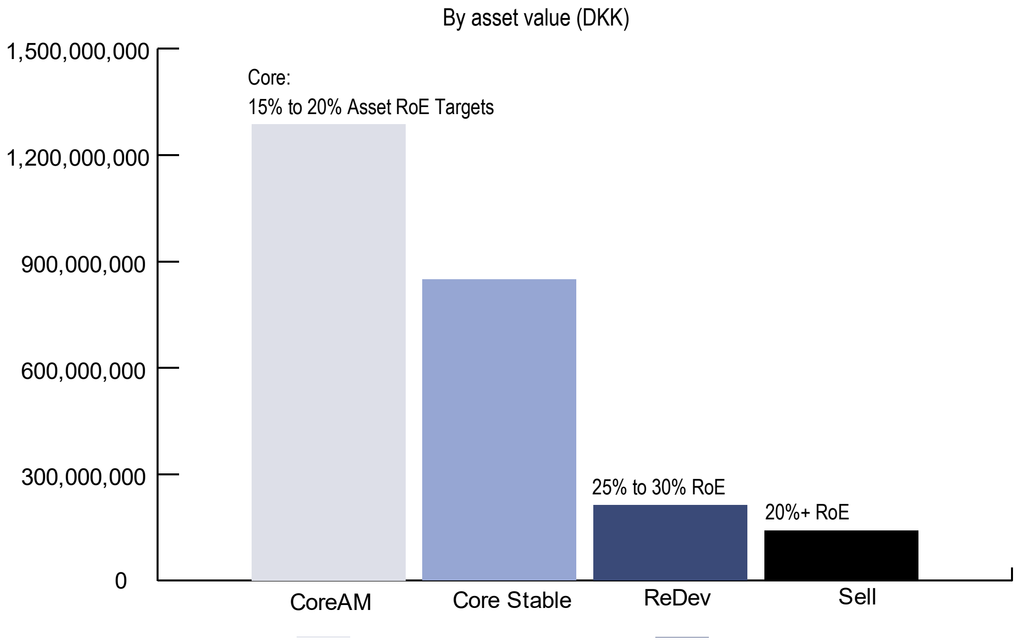
CoreAM

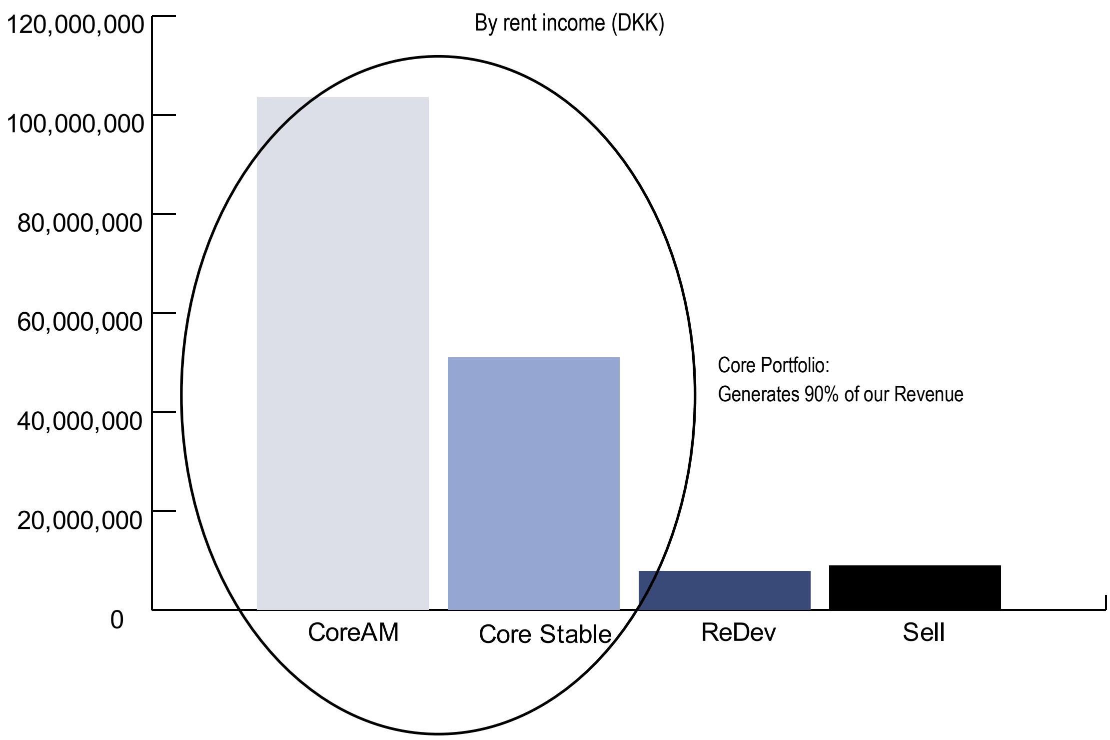
Assets which are fully rentable for stable income with a potential for increasing further value through asset management initiative – the initiatives include design improvements, refurbishments, space expansion and vacancy reduction.

Core Stable

Assets which are fully stabilised with minimal vacancy. The focus on these assets for operation improvements which positively impact the NOI

Portfolio strategy





Financial Highlights

Amounts in DKK 1000s	2018	2017	2016	2015	2014
Income statement					
Rental income	149,729	140,678	145,535	151,332	158,463
Total net sales	175,444	167,657	175,098	177,218	384,149
Gross profit	146,154	132,106	131,727	139,713	145,736
Profit from primary operations	142,341	392,800	24,471	124,349	110,740
Financial items	-33,409	-73,397	-74,926	-81,093	-79,155
Earnings before value adjustments and tax (EBVAT)	84,014	25,902	24,858	24,407	40,528
Profit for the period	108,289	360,137	43,496	39,541	20,344
Profit / loss for the year of discontinued activities	0	0	0	0	0
The result of the year	108,289	360,137	43,496	39,541	20,344
Statement of financial position					
Investment properties	2,304,614	2,255,395	1,918,052	2,040,654	2,158,228
Investments in property, plant and equipment	2,650	11,702	12,287	33,535	20,687
Balance sheet total	2,580,698	2,488,782	2,225,316	2,322,188	2,395,780
Interest-bearing debt	1,590,916	1,783,271	2,196,434	2,336,074	2,466,374
Total equity	810,652	554,947	-33,062	-84,145	-136,182
Statement of cash flows					
Cash flows from operations	77,201	32,377	45,901	36,701	81,791
Cash flows from investment	51,825	24,893	144,433	89,342	54,820
Cash flows from financing	-94,668	-116,556	-152,493	-129,380	-132,844
Other disclosures					
Non-current liabilities as a proportion of total liabilities (%)	94.1	82.7	58.4	60.3	59.6
Share capital	67,513	42,853	12,028	12,028	12,028
Share price, end of period (DKK)	6.7	5.8	1.3	1.9	2.1
Share price change in points	0.9	4.5	-0.6	-0.2	-0.2
Dividend per share	0.0	0.0	0.0	0.0	0.0
Number of employees in the Group (average)	27	23	26	20	25

Financial ratios

	2018	2017	2016	2015	2014
Return on property portfolio (% p.a.)	5.9	5.5	5.7	5.7	5.2
Average loan rate (% p.a.)	2.0	3.7	3.3	3.4	3.2
Return margin on property portfolio (% p.a.)	3.9	1.8	2.4	2.3	2.0
Return on equity (%)	13.4%	64.9%	N/A	N/A	N/A
Equity ratio (%)	31.4%	22.3%	Neg.	Neg.	Neg.
Net asset value per share, end of period (DKK)	12.0	13.0	-2.8	-7.1	-11.4
Earnings per share (avg. Number of shares) (DKK)	1.7	21.3	3.7	3.3	1.7
Earnings per share, end of period (DKK)	1.6	8.4	3.7	3.3	1.7
Result of continuing activities per. share (kr.)	1.6	8.4	3.7	3.3	1.7
Dividend yield (%)	0.0	0.0	0.0	0.0	0.0
Price/net asset value, end of period	0.6	0.4	Neg.	Neg.	Neg.
Cash flow per share (DKK)	1.2	1.9	3.9	3.1	6.9

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 32 to the consolidated financial statements in the Annual report for 2018.

Financial Results

Yearly result compared to expected development

The Group achieved in 2018 an EBVAT (profit excluding value adjustments and tax) of DKK 84.0 million, which is in line with the most recent guidance as mentioned in the interim report for the first half of 2018.

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

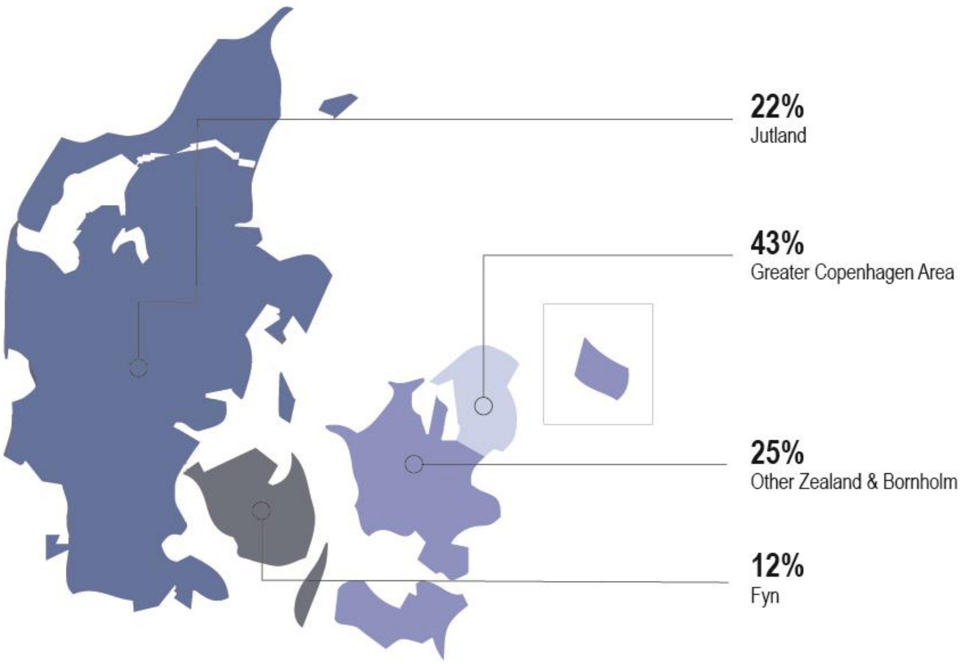
Operation from Investment Properties

The Group's investment properties at December 31, 2018 is composed of all the Group's 55 properties, excluding

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

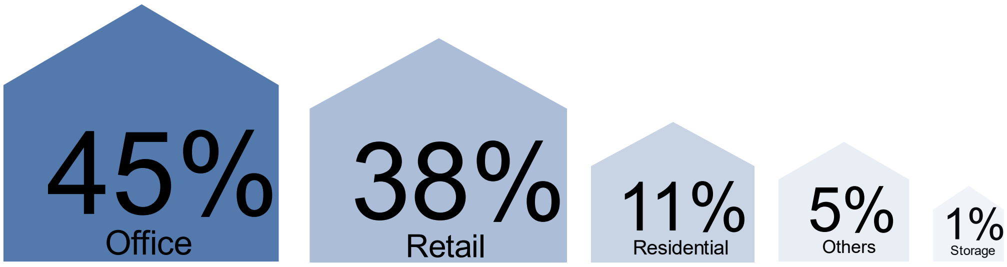
The Group's investment properties are geographically concentrated in Greater Copenhagen and major provincial cities. Based on investment property values, the portfolio allocates as follows:

Amount in Million DKK	2018		2017	
Greater Copenhagen Area	985	43%	930	41%
Other Zealand and Bornholm	548	25%	562	24%
Fyn	260	12%	264	12%
Jutland	512	22%	499	23%
Total	**2,305**		**2,255**	



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

Amount in Million DKK	2018		2017	
Retail	883	38%	924	41%
Office	1,014	45%	822	36%
Residential	255	11%	283	13%
Storage	27	1%	22	1%
Others	126	5%	204	9%
Total	**2,305**		**2,255**	



The investment properties' rental income in 2018 amounts to DKK 149.1 million and increased by 9.1 million compared to 2017, primarily due to new leases renegotiated in the second half of 2017 and 2018.

As mentioned in the Director's report the gross profit is also positively affected by the acquisition of Phoam Studio ApS and a reduction of the operating expenses as the maintenance costs have been lower with more efficient property management.

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

Average vacancy in %	2018	2017
Retail	4.0%	6.0%
Office (*)	16.0%	14.7%
Residential	3.7%	6.5%
Storage	27.2%	36.3%
Others	11.0%	10.3%
Total	**9.8%**	**11.4%**

(*) 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 2018:

Avg. gross rent per sqm p.a. (DKK)	2018	2017
Retail	756	794
Office	821	781
Residential	1,032	1,047
Storage	296	333
Others	432	307

Total	**752**	**745**

Consolidated Financial Review

PROFIT AND LOSS

Park Street Nordicom's Net Profit is DKK 108.3 million for 2018 (2017: DKK 360.1 million), equivalent to a change of DKK 251.8 million in relation to the 2017.

As mentioned above the EBVAT in 2018 is DKK 84.0 million (2017: DKK 25.9 million), which is DKK 58.1 million higher than the one achieved in 2017. The improvement is primarily driven by the reduction of financial expenses (DKK 39.9 million) because of overall debt reduction and lower margins from the refinancing activities. These changes were a consequence of restructuring concluded on the 27 of February 2018 with a share capital increase and debt conversion into equity. As stated in the Director's report there has been an additional improvement of DKK 14.0 million in the Gross Profit and a reduction of the overhead costs of DKK 4.1 million compared to 2017.

Net Profit of the period has decreased from DKK 360.1 Million in 2017 to DKK 108.3 Million in 2018 due to the a smaller revaluation of the investment properties amounting to DKK 54.7 Million (2017: DKK 332.7 Million). Additionally no fair value adjustment on the debt have been made in 2018 (2017: 34.1 Million) and no positive one off adjustments have been related to the restructuring process finalized in February 2018 (2017: DKK 55.6 Million). These effects have been compensated by the EBVAT improvement by 58.1 million DKK and the sale of a non-core property that generated a profit of 3.7 million DKK (2017: DKK 0 million).

Additionally the effect of the Tax on profit is lower in 2018, being DKK 34.1 Million in 2018 (2017: DKK 88.3 Million). The main effect on the comparative decrease in the corporate tax has been the deferred tax liability generated on the investment and domicile properties of DKK 27.3 million (2017: DKK 80.5 Million).

BALANCE SHEET

Park Street Nordicom's balance sheet total as at 31 December 2018 was DKK 2,580.7 million, an increase of DKK 91.9 million on the balance sheet total at 31 December 2017. The increase is mainly due to the share capital increase and debt converstion performed in February 2018 and revaluation of investment and domicile properties of DKK 60.7 million. Non-current assets were DKK 2,492.7 million at 31 December 2018 (31 December 2017: DKK 2,439.4 million). Current assets have increased from DKK 49.3 million at 31 December 2017 to DKK 88.0 million at 31 December 2018, an increase of DKK 38.7 million mainly caused by the increase of the amount in cash which is a consequence of the improvement in the EBVAT and a reduction of the repayments and amortisations related to the liabilities to financial institutions.
The Group's equity as at 31st December 2018 was positive at DKK 810.7 million, compared to DKK 554.9 million as at 31 December 2017. The improvement in the Group's equity is due to the profit for the period, revaluation of the domicile with a net increase of DKK 4.7 million and the share capital and share premium increase of DKK 142.69 million. This increase consisted in a cash injection of DKK 50 million and a debt conversion into equity of DKK 92.69 million performed by the largest shareholder, Park Street NordAc Sarl.

Liabilities to credit institutions were DKK 1,590.9 million at 31 December 2018 (31 December 2017: DKK 1,783.3 million), consisting of DKK 1,540.1 million (97%) for non-current liabilities and DKK 50.8 million (3%) for current liabilities. In 2017, financial liabilities were reduced by DKK 192.4 million as a consequence of restructuring of the financial debt and repayments.

CASH FLOWS FOR 2018

Cash flows from operating activities for 2018 were DKK 77.2 Million (2017: DKK 32.4 million), equivalent to an increase of DKK 44.8 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 Operating profit.

Cash flows from investing activities for 2018 were DKK 51.8 million (2017: DKK 24.9 million). Cash flows from investing activities were positively affected by the cash injection in the share capital of DKK 50.0 million performed in 2018. Effect coming from the sale of investment properties has been DKK 12.0 million while in 2017 the cash flow obtained from this activity was DKK 36.6 million.

Cash flows from financing activities for 2018 were DKK -94.7 million (2017: DKK -116.6 million) and were due to repayments of loans in connection with the financial restructuring as well as ordinary and full repayment of loans and obtention of an additional loan.

The Group's liquid assets amounted to DKK 54.3 million at 31 December 2018 against DKK 19.9 million at 31 December 2017.

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 142.4 million in 2018 (2017: DKK 448.4 million).

The parent company's profit and loss before tax is affected by a loss DKK 5.2 million (2017: DKK -1.6) from subsidiaries.

Parent company equity per 31 December 2018 amounts to DKK 810.7 Million (31 December 2017: DKK 554.9 million).

Risk factors

Financial Risk

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

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

Park Street 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 risks for 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 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 2018, the Group invested DKK 2.6 million in the maintenance and modernization of the existing properties.
- 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. 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.
- 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 2018.

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 2018 by four men and one woman. In accordance with the Danish Commerce and Industry Agency's (Erhvervsstyrelsens) "Guidelines on targets and Policies for Gender Composition of Management and Reporting on this issue" issued in March 2016, 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.

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 51% of the employees in the Group by the end of 2018.

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	2019	53	0	0	0	Not Independent	M
Pradeep Pattem (**)(***)	2016	2019	42	0	0	6,722,484[1)]	Not Independent	M
Ohene Kwapong	2016	2019	57	0	0	0	Independent	M
Lars-Andreas Nilsen(****)	2016	2019	43	0	0	0	Independent	M
Anita Nassar(****)	2016	2019	56	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 (vacant position) 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 2018 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.

Director positions
CEO of Park Street Nordicom A/S, Denmark.

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.

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

Ohene Aku Kwapong (US citizen, Ghanaian citizen)

Ohene Aku Kwapong is a graduate of Massachusetts Institute of Technology's (MIT) Sloan School of Management, Cambridge, Massachusetts, with MBA in Financial Engineering and also studied Chemical / Nuclear Engineering at MIT. He holds a PHD in Non-linear Systems Dynamics from Columbia University, New York. Ohene Aku has previously held senior positions at Exxon Mobil, Deutsche Bank London, Senior Manager at Microsoft Corporation, VP at GE Capital, Senior Vice President at the New York City Economic Development Corporation, Senior VP at Deutsche Bank in New York, and COO EMEA Credit at Royal Bank of Scotland in London. Since 2014, Ohene Aku has been engaged in consultancy in restructuring and launched The Songhai Group, a corporate development company.

Management Positions
Managing Partner, The Songhai Group, US.

Director positions
Ecobank Ghana, Risk and Governance Committees.
The Practice School, an executive management skills company.

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.

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. She is a founder and trustee of Teach for All's affiliated company 'Teach for Lebanon UK'. 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 2018 1,146 pcs. (December 31, 2017: 1,234). The registered shareholders represent per 31 December 2018 98% of the share capital (31 December 2017: 97%).

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 2018 at price 6.7 (31 December 2017: 5.8), which is an increase of 0.9 basis points in relation to the share price per share as of 31 December 2017. The market value of Park Street Nordicom A / S constitute as of 31 December 2018 80.58 million (31 December 2017: DKK 69.76 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 22 of the consolidated financial statements.

Dividends

The Board of Directors will propose to the Annual General Meeting that no dividend will be paid for the financial year 2018.

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 2018 and 2019

Date	Title
27/02/2018	Park Street Nordicom A/S: Updates on capitalisation
02/03/2018	Park Street Nordicom A/S – Large Shareholder Announcement
14/03/2018	Park Street Nordicom A/S – Revised Financial Calendar
28/03/2018	Park Street Nordicom A/S – Annual Report 2017
28/03/2018	Annual general meeting of Park Street Nordicom A/S
19/04/2018	Park Street Nordicom A/S – Notification regarding the course of the ordinary general meeting
12/06/2018	Park Street Nordicom A/S – Updates on Financing
09/07/2018	Park Street Nordicom ISS Press Release
06/08/2018	Park Street Nordicom A/S - Pushing the Digitisation of the Real Estate Industry
29/08/2018	Park Street Nordicom A/S – Interim Financial Report, 1st half 2018
20/12/2018	Park Street Nordicom A/S – Financial Calendar
29/01/2019	Park Street Nordicom A/S – Updated Financial Calendar 2019
30/01/2019	Park Street Nordicom A/S – Strategy 2019

Financial Calendar

30/01/2019	2019 Strategy Update
28/03/2019	Annual Report 2018
25/04/2019	Ordinary General Meeting
29/08/2019	Half year report 2019
26/03/2020	Annual Report 2019
23/04/2020	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, 2018

During 2018 the entities Pulse Taastrup P/S and PSN ApS have been created as subsidiaries 100% owned by the parent company Park Street Nordicom A/S. Additionally with effective date as of September 1st Park Street Nordicom A/S acquired 100% of the shares of the architect company Phoam Studio ApS.

As a result the Group structure at December 31, 2018 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 and PSN ApS.

Information on investment is disclosed in note 7 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 2018 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 2018 and of the results ofthe Group's and the Parent Company's operations and cash flows for 2018.

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 28 March 2019

Management

Pradeep Pattem
CEO

Board of Directors

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

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 2018 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 2018 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 2018 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 2018 for the financial year 2018.

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 2018. 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 2018. 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	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

by management; including the assumptions used, with market rent and yield being the most significant assumptions. We focused on this area as valuation of investment properties 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, 28 March 2019

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR no 3377 1231

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

2018

CONSOLIDATED FINANCIAL STATEMENTS

Income statement

Note	Amounts in DKK 1000s	2018	2017
3	Net sales	175,444	167,657
4	Operating expenses	-29,291	-35,551
	Gross profit	**146,154**	**132,106**
5	Employee benefit expenses	-15,171	-21,847
6	Other external expenses	-9,944	-8,465
7	Depreciation, amortisation and impairment	-3,616	-2,495
	Operating profit (EBIT)	**117,423**	**99,299**
8	Financial income	0	1,486
9	Financial expenses	-33,409	-74,883
	Earnings before value adjustments (EBVAT)	**84,014**	**25,902**
10	Adjustment to fair value, net	54,660	366,898
11	Gains realised on the sale of investment properties	3,667	0
	Earnings before special items	**142,341**	**392,800**
12	Special items	0	55,629
	Profit before tax	**142,341**	**448,429**
13	Tax on profit for the period	-34,051	-88,292
	Profit for the period	**108,289**	**360,137**
	Distributed as follows		
	Parent's shareholders	108,289	360,137
	Profit for the period	**108,289**	**360,137**
14	**Earnings per share, end of period**	**1.61**	**8.43**
14	**Diluted earnings per share, end of period**	**1.61**	**8.43**

Statement of comprehensive income

Note	Amounts in DKK 1000s	2018	2017
	Profit for the period	**108,289**	**360,137**
	Other comprehensive income:		
	Items that cannot be reclassified to the income statement:		
	Fair value adjustment of domicile properties	6,061	33,096
	Tax on fair value adjustment of domicile properties	-1,333	-7,281
	Other comprehensive income after tax	**4,728**	**25,815**
	Comprehensive income for the period	**113,017**	**385,952**
	Distributed as follows		
	Parent's shareholders	113,017	385,952
	Comprehensive income for the period	**113,017**	**385,952**

Statement of financial position

Note	Amounts in DKK 1000s	2018	2017
	ASSETS		
	Non-current assets		
	Property, plant and equipment		
15	Domiciles	185,423	180,923
16	Investment properties	2,304,614	2,255,395
	Machinery and equipment	2,078	2,912
		2,492,115	**2,439,230**
	Financial assets		
23	Deferred tax assets	179	0
	Deposits	392	227
		571	**227**
	Total non-current assets	**2,492,685**	**2,439,457**
	Current assets		
17	Mortgages and instruments of debt	8,618	8,881
18	Project holdings	1,628	2,370
19	Receivables	20,997	15,315
	Prepaid expenses and accrued income	2,460	2,806
20	Cash and short-term deposits	54,310	19,953
	Total current assets	**88,013**	**49,325**
	Total assets	**2,580,698**	**2,488,782**

Statement of financial position

Note	Amounts in DKK 1000s	2018	2017
	LIABILITIES		
	Equity		
	Share capital	67,513	42,853
	Revaluation reserve	47,312	44,147
	Share Premium	289,260	171,232
	Accumulated profit	406,567	296,715
21,22	**Total equity**	**810,652**	**554,947**
	Liabilities		
	Non-current liabilities		
23	Deferred tax	120,606	88,187
24	Credit institutions	1,540,073	1,501,353
	Deposits	7,891	10,646
		1,668,571	**1,600,186**
	Current liabilities		
25	Provisions for liabilities	1,200	2,000
24	Credit institutions	50,843	281,918
	Trade and other payables	4,630	4,375
	Income tax payable	5,328	3,152
	Deposits	31,088	29,999
	Other liabilities	8,388	12,205
		101,476	**333,649**
	Total liabilities	**1,770,046**	**1,933,835**
	Total equity and liabilities	**2,580,698**	**2,488,782**

Statement of equity

Amounts in DKK 1000s	Share capital	Foreign currency reserve	Revaluation reserve	Accumulated profit	Share Premium	Proposed dividend	Equity Total
Statement of equity for 2018:							
Equity as at 1 January 2018	**42,853**	**0**	**44,147**	**296,715**	**171,232**	**0**	**554,947**
Comprehensive income for the period							
Profit for the period	0	0	0	108,289	0	0	108,289
Fair value adjustment of domicile	0	0	6,061	0	0	0	6,061
Tax on other comprehensive income	0	0	-1,333	0	0	0	-1,333
Other comprehensive income during the financial year	0	0	4,728	0	0	0	4,728
Comprehensive income for the period	**0**	**0**	**4,728**	**108,289**	**0**	**0**	**113,017**
Transactions with owners							
Cash injection by existing shareholders	8,641	0	0	0	41,359	0	50,000
Liabilities wih financial institutions converted into Equity	16,019	0	0	0	76,669	0	92,688
Total transactions with owners	**24,660**	**0**	**0**	**0**	**118,028**	**0**	**142,688**
Other adjustments							
Depreciation of revalued value of domiciles	0	0	-1,563	1,563	0	0	0
Total other adjustments	**0**	**0**	**-1,563**	**1,563**	**0**	**0**	**0**
Equity as at 31 December 2018	**67,513**	**0**	**47,312**	**406,567**	**289,260**	**0**	**810,652**
Statement of equity for 2017:							
Equity as at 1 January 2017	**12,028**	**146**	**19,894**	**-65,130**	**0**	**0**	**-33,062**
Total Income in 2017							
The result of the year	0	0	0	360,137	0	0	360,137
Transfer of foreign currency reserve	0	-146	0	146	0	0	0
Fair value adjustment of domicile	0	0	33,096	0	0	0	33,096
Tax on other comprehensive income	0	0	-7,281	0	0	0	-7,281
Other comprehensive income during the financial year	0	-146	25,815	146	0	0	25,815
Total income for the financial year	**0**	**-146**	**25,815**	**360,283**	**0**	**0**	**385,952**
Transactions with owners							
Liabilities with financial institutions converted into Equity	30,825	0	0	0	171,232		202,057
Depreciation of revalued value of domiciles	0	0	-1,562	1,562	0	0	0
Other regulations in total	30,825	0	-1,562	1,562	171,232	0	202,057
Equity as at 31 December 2017	**42,853**	**0**	**44,147**	**296,715**	**171,232**	**0**	**554,947**

Statement of cash flows

Note	Amounts in DKK 1000s	2018	2017
	Operating profit (EBIT)	**117,423**	**99,299**
	Adjustment for illiquid operating items, etc.	3,176	2,920
	Change in project holdings, net	742	1,446
	Change in other operating capital	-10,730	-1,304
	Cash flows concerning primary operations	**110,610**	**102,361**
	Financial income received	0	196
	Financial expenses paid	-33,409	-70,180
	Paid Corporate Tax	0	0
	Total cash flow from operating activities	**77,201**	**32,377**
	Cash flow from investing activities		
	Improvements to investment properties	-2,648	-11,171
	Sales of investment properties	11,996	36,587
	Purchases of other property, plant and equipment	-5,325	-531
	Share capital increase (cash injection)	50,000	0
	Sale of fixed assets	0	8
	Acquisition of subsidiaries	-2,199	0
	Total cash flow from investing activities	**51,825**	**24,893**
	Cash flow from financing activities		
	Proceeds from assumption of liabilities to credit institutions	100,000	1,743
	Repayment of liabilities to credit institutions	-194,668	-118,299
	Total cash flow from financing activities	**-94,668**	**-116,556**
	Total cash flow for the period	**34,357**	**-59,286**
	Liquid assets as at 1 January	19,953	79,239
	Liquid assets at the end of the period	**54,310**	**19,953**
	Liquid assets at the end of the period		
	Cash and short term deposit	**54,310**	**19,953**
	Liquid assets at the end of the period	**54,310**	**19,953**

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 32 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 2018 as stated on note 32.

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.
.
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)	2018	2017
Retail	756	794
Office	821	781
Residential	1,032	1,047
Storage	296	333
Others	432	307
Total	**752**	**745**

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)	
	2018	2017
200	718	596
100	359	298
50	178	149
25	89	73
-25	-88	-73
-50	-174	-149
-100	-345	-298
-200	-683	-596

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 178 million (31 December 2017: DKK 149 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)	
	2018	2017
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 2017: 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.

	2018		2017	
Percentage p.a.	Interval	Weighted Avg	Interval	Weighted Avg
Retail	5.50 – 8.75	7.36	4.50 – 9.50	7.31
Office	5.00 – 8.50	6.92	5.00 – 9.50	6.51
Storage	9.50 – 12.50	11.24	6.50 – 9.50	7.76
Residential	4.25 – 5.75	4.41	4.25 – 8.00	4.5
Others	5.50 – 9.50	7.00	5.50 – 9.50	7.05
Total	**4.25 – 12.50**	**6.88**	**4.25 – 9.50**	**6.85**

The table shows that the return requirements for completed investment properties at December 31, 2018 is in the range 4.25% - 12.50% per annum. The corresponding interval at December 31, 2017 amounted to 4.25% - 9.50% per annum.

The weighted yield requirement in the table are calculated as each property yield requirements weighted by the property's fair value in relation to property type's / portfolio's fair value and amounts at December 31, 2018 6.88% per annum for the overall portfolio of finished investment properties at December 31, 2017, the corresponding weighted return requirements for the entire portfolio 6.85% 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)	
	2018	2017
1.00%	-355	-274
0.75%	-276	-213
0.50%	-191	-147
0.25%	-99	-76
-0.25%	108	83
-0.50%	225	174
-0.75%	353	274
-1.00%	495	383

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 -99 million (31 December 2017: DKK -76 million).

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

Amount in Million DKK	2018		2017	
Retail	883	38%	924	41%
Office	1,014	44%	822	36%
Residential	255	11%	283	13%
Storage	27	1%	22	1%
Others	126	5%	204	9%
Total	**2,305**		**2,255**	

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 32. Park Street Nordicom possesses at 31 December 2018 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, 2018 resulted in a positive revaluation of the properties' book value by DKK 6.1 million (31 December 2017: DKK 33.1 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:

	2018	2017
Market rent per sqm. per year (DKK)	1,162	1,110
Vacancy (%)	0.0	0.0
Return requirement (% p.a.)	5.75	6.0

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 +3.4 million. (31 December 2017: DKK +3.2 million) and DKK -3.4 million (31 December 2017: DKK -3.2 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 -6.1 million (31 December 2017: DKK -5.4 million) and DKK +6.1 million (31 December 2017: DKK +5.4 million).

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

ii. Hotel in Ballerup

Park Street 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 2018 actual revenue and budgeted revenue for 2019.

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:

	2018	2017
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 2017: DKK +3.5 million) and DKK -1.2 million (31 December 2017: DKK -3.5 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 -10.8 million (31 December 2017: DKK -9.2 million) and DKK +10.8 million (31 December 2017: DKK +11.0 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 32 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, 2018 the Group has included unused tax losses of DKK 218 million (31 December 2017: DKK 255 million), which all of them (31 December 2017: DKK 255 million) is estimated to be realized within a three-year period or against deferred tax liabilities. The reduction in unutilized losses in 2018 and 2017 is due to positive tax income.

Determining the fair value of debt to credit institutions

As stated on Note 27 the value of the Group’s mortgage debt and bank debt is classified as amortized cost.

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 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	2018	2017
Rental income	149,729	140,678
Sales of other services	23,623	22,645
Total sales of services	173,352	163,323
Sales totals, project holdings	1,164	3,816
Interest income, mortgages and instruments of debt	928	518
	175,444	**167,657**

Note 4 - Operating expenses

Amounts in DKK 1000s	2018	2017
Operating expenses, investment properties	20,847	20,752
Cost and expenses for projects sold	703	3,687
Operating expenses, other services	7,742	11,112
	29,291	**35,551**

Note 5 – Employee benefits expenses

Amounts in DKK 1000s	2018	2017
Salary	13,601	19,603
Contribution-based pensions (*)	699	1,102
Other social security costs	27	132
Other staff costs	844	1,010
	15,171	**21,847**
Average number of employees	**27**	**24**

(*) 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	2,070
Contribution-based pensions	0	0
Bonus	0	0
	2,760	**2,070**

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

Board members		
Pradeep Pattem (CEO)	100	137
Andrew LaTrobe (Chairman of the Board)	250	167
Hallur Thordarson	33	133
Ohene Kwapong (Chairman of the Audit Committee)	175	169
Lars-Andreas Nilsen (Member of the Audit Committee)	150	146
Anita Nassar	100	100
	808	**852**

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

Amounts in DKK 1000s	2018	2017
Statutory audit	513	350
Other assurance services	20	36
Tax and VAT advice	199	0
Other services	41	239
	773	**625**

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	2018	2017
Depreciation, domicile properties	1,563	1,562
Depreciation, inventory and fixed assets	2,053	933
	3,616	**2,495**

Note 8 – Financial Income

Amounts in DKK 1000s	2018	2017
Interest on deposits in banks	0	0
Interest on other receivables measured at amortized cost	0	1,486
	0	**1,486**

Note 9 – Financial Expenses

Amounts in DKK 1000s	2018	2017
Interest expenses, liabilities to credit institutions measured at fair value	0	60,140
Interest expenses, liabilities to credit institutions measured at amortized cost	33,213	8,577
Amortization of convertible bond	0	881
Other interest costs and fees	196	5,285
	33,409	**74,883**

Note 10 – Adjustments to fair value, net

Amounts in DKK 1000s	2018	2017
Fair value adjustment, investment properties	54,660	332,764
Fair value adjustment, mortgage debt and bank debt	0	34,134
	54,660	**366,898**

Note 11 – Realized gains on the sale of investment properties

Amounts in DKK 1000s	2018	2017
Sales, investment properties	15,663	6,585
The property's carrying amount on sale etc.	-11,996	-6,585
	3,667	**0**

Note 12 – Special items

Amounts in DKK 1000s	2018	2017
Disposal of associated subsidiary	0	27,172
Debt cancellation	0	33,642
Cost for restructuring	0	-5,185
	0	**55,629**

No special items related to the restructuring of the Group took place in 2018.

Note 13 – Tax on profit for the year and other comprehensive income

Amounts in DKK 1000s	2018	2017
Annual tax can be divided as follows:		
Current tax on profit of the year	5,208	2,244
Current tax, previous years	-2,258	-672
Changes in deferred tax liabilities	26,211	86,720
Changes in deferred tax liabilities previous years	4,890	0
	34,051	**88,292**
Tax on profit for the year can be explained as follows:		
Estimated tax at a tax rate of 22%	31,315	98,654
Non-deductible costs	244	4,640
Non-taxable income	-35	-77,727
Adjustment of deferred tax assets and liabilities	-31,206	-23,323
Adjustment of deferred tax assets and liabilities previous years	4,890	0
	5,208	**2,244**
Effective tax rate	**23.92%**	**22.48%**

Amounts in DKK 1000s	2018	2017
Tax on other comprehensive income:		
Tax on fair value adjustment of domicile properties	-1,333	-7,281
	-1,333	**-7,281**

Note 14 – Earnings per share

Amounts in DKK 1000s	2018	2017
Profit for the period	108,289	360,137
Parent company shareholders' share of profit for the year, used to calculate earnings per share	**108,289**	**360,137**
Average number of shares	63,594,991	17,010,502
Average number of own shares	-119,491	-119,491
Average number of shares in circulation	**63,475,500**	**16,891,011**
Convertible bond's average dilution effect	0	0
Diluted average number of shares in circulation	**63,475,500**	**16,891,011**
Number of shares, end period	67,513,732	42,852,689
Number of own shares, end period	-119,491	-119,491
Number of shares in circulation, end period	**67,394,241**	**42,733,198**
Convertible bond's dilution effect, end of period	0	0
Diluted average number of shares in circulation	**67,394,241**	**42,733,198**
Earnings per share (average number of shares) (DKK)	**1.71**	**21.32**
Diluted results per share (average number of shares) (DKK)	**1.71**	**21.32**
Earnings per share (DKK), end period	**1.61**	**8.43**
Diluted results per share (DKK), end period	**1.61**	**8.43**

Note 15 – Domicile

Amounts in DKK 1000s	2018	2017
Cost per 1st of January	188,626	155,523
Revaluation of value	6,061	33,096
Costs incurred for improvements	2	7
Cost / Revaluated Value at 31 December	**194,689**	**188,626**
Depreciation and amortization per. 1st of January	-7,703	-6,141
Revaluation of the domicile	0	0
Depreciation	-1,563	-1,562
Depreciation and amortization at 31 December	**-9,266**	**-7,703**
Balance at 31 December	**185,423**	**180,923**

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, 2018 and December 31, 2017.

Domicile properties are pledged as security for loans, mortgage loans and other credit institutions as stated in Note 27. Information on fair value hierarchy of Domicile is as follows:

Amounts in DKK 1000s	Level 1	Level 2	Level 3	Total
At 31 December 2018:				
Domicile property	0	0	185,423	185,423
	0	**0**	**185,423**	**185,423**
At 31 December 2017:				
Domicile property	0	0	180,923	180,923
	0	**0**	**180,923**	**180,923**

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 2018 and 2017 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 2018 and 2017.

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	2018	2017
Domicile properties	120,753	122,316
	120,753	**122,316**

Note 16 – Investment properties

As of 31 December 2018 there are no ongoing sales processes regarding investment properties.

Amounts in DKK 1000s	2018	2017
Balance at 1 of January	2,255,395	1,911,467
Costs incurred for improvements	2,648	12,097
Adjustment to fair value, net	54,660	332,764
Acquisition of properties	5,325	0
Depreciation of fixed assets	-1,417	-933
Retirement on sale	-11,996	0
Balance at 31 December	**2,304,614**	**2,255,395**

Fair value hierarchy for investment:

Amounts in DKK 1000s	Level 1	Level 2	Level 3	Total
At 31 December 2018:				
Investment properties	0	0	2,304,614	2,304,614
	0	**0**	**2,304,614**	**2,304,614**
At 31 December 2017:				
Investment properties	0	0	2,255,395	2,255,395
	0	**0**	**2,255,395**	**2,255,395**

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 2018 and 2017 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. Two additional units in already existing properties have been acquired in 2018 while no investment properties were acquired in 2017.

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

Amounts in DKK 1000s	2018	2017
Investment properties	54,660	332,764
	54,660	**332,764**

Total fair value adjustments amounts to DKK 54.7 million (2017: DKK 332.8 million) for the properties owned by the Company as of December 31, 2018. 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 26.

The Group does not have any agreement which required the Group to build or redevelop any properties neither in 2018 or 2017. Park Street Nordicom has no properties operating through operating leases.

The net income of the investment portfolio is as follows:

Amounts in DKK 1000s	2018	2017
Rental income from investment properties	149,123	139,902
Operating expenses, investment properties	-20,240	-19,976
Net income from investment properties	**128,883**	**119,926**

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	2018	2017
Remaining termination within 1 year from the balance sheet date	111,940	111,423
Remaining termination between 1 and 5 years from the balance sheet date	72,559	91,701
Remaining termination after 5 years from the balance sheet date	102,300	97,705
	286,799	**270,167**

Note 17 – 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	2018	2017
Financial assets at amortized cost at 1 January	8,881	9,067
Repayment of the year	-263	-186
Financial assets at amortized cost at 31 December	**8,618**	**8,881**

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	2018	2017	2018	2017	2018	2017
DKK	2025	7.5%	7.5%	8,618	8,881	8,618	8,881
				8,618	**8,881**	**8,618**	**8,881**

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

Note 18 – Project Holdings

Amounts in DKK 1000s	2018	2017
Project holdings at 1 January	2,370	3,816
Additions and improvements	0	39
Sales of project holdings, valued at cost price	-742	-1,485
Transferred to / from investment properties	0	0
	1,628	2,370
Project holdings at 31 December	**1,628**	**2,370**
Carrying forward of project holdings recognized at net realizable value	**1,628**	**2,370**

Project holdings are pledged as security for debt to credit institutions as stated in the comments in note 26.

Note 19 – Receivables

Amounts in DKK 1000s	2018	2017
Receivable Rental Income	8,694	5,892
Receivables from sale of properties	0	27
Deposited funds in banks	7,839	6,524
Other Receivables	4,465	2,872
Receivables at 31 December	**20,997**	**15,315**

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	8,942	6,385
Additional provisions	3,454	2,950
Recognized losses (Write off)	-10,135	-393
Reversal	0	0
	2,261	**8,942**

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	46	333
Between 30 and 90 days	308	1,132
Over 90 days	1,906	4,025
	2,260	**5,490**

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 20 – Cash and cash equivalents

Amounts in DKK 1000s	2018	2017
Petty cash	15	15
Deposits in banks for free disposal	54,295	19,938
	54,310	**19,953**

Note 21 – Share capital

Amounts in DKK 1000s	2018	2017
Share capital as on 1st of January	42,853	12,028
Share capital increase	24,660	30,825
Share capital as on 31. December	**67,513**	**42,853**

The share capital consists of 67,513,372 shares of DKK 1 (31 December 2017: 42,852,689 shares of DKK 1). No shares have special rights. The shares are fully paid.

As stated in the Nasdaq announcement of 27th of February 2018, the board of directors of Park Street Nordicom A/S decided to exercise its authorisation granted at the annual general meeting held on 27 April 2017 to complete a direct capital increase by cash injection at market price against issuance of class B share capital as well as direct capital increase at market price through debt conversion against the issuance of class B share capital.

The total cash injection is DKK 50 Million while the nominal amount of debt is DKK 92.69 Million. The new class B shares subscription has been made at a market price of 5.786. Thus, the total capital increase has total amount of DKK 142.69 Million class B shares.

Park Street NordAc Sarl, a controlled group of Park Street Asset Management Ltd. subscribed to all the new class B shares in connection with the capital increase.

After the subscription of the new class B shares Park Street Asset Management Ltd. and Park Street NordAc Sarl will 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 22 – Own shares

	Number of shares		Nominal value (Amount in DKK 1000)		Share of share capital	
	2018	2017	2018	2017	2018	2017
1 January	119,491	119,491	119	119	0.2%	0.3%
31 December	**119,491**	**119,491**	**119**	**119**	**0.2%**	**0.3%**

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

Note 23 – Deferred Taxes

Amounts in DKK 1000s	2018	2017
Deferred tax asset at 1st of January	0	0
Additions from acquired companies	59	0
Recognized in the income statement	120	0
Deferred tax assets at 31 December	**179**	**0**

Amounts in DKK 1000s	2018	2017
Deferred tax liabilities at 1st of January	88,187	-10,807
Transfer of assets held for sale	0	5,681
Recognized in other comprehensive income	1,333	7,281
Correction from previous years	4,875	-673
Recognized in the income statement	26,211	86,705
Deferred tax liabilities at 31 December	**120,606**	**88,187**
Deferred tax is recognized in the balance sheet as follows:		
Deferred tax (assets)	179	0
Deferred tax (liability)	-120,606	88,187
	-120,427	88,187
Deferred tax at 31 December (net)	**-120,427**	**88,187**

Deferred tax recognized in the balance

The calculation of deferred taxes included DKK 218 million relating to tax losses carried forward from Group companies. Based on budget accounting and tax profits in the period 2019-2022 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 120.6 million (taxable value) per 31 December 2018.

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

Amounts in DKK 1000s	Balance 1/1	Recognized in the income statement	Transfer of assets held for sale	Recognized in another comprehensive income	Balance 31/12
2018					
Investment and residential properties	142,483	25,985	0	1,333	169,802
Fixtures and fittings	-1,058	465	0	0	-593
Project Holdings	358	-358	0	0	0
Receivables	104	-601	0	0	-497
Provisions	-1,055	791	0	0	-264
Credit institutions	11,556	-11,433	0	0	123
Executable tax losses	-64,201	16,058	0	0	-48,143
	88,187	**30,907**	**0**	**1,333**	**120,427**
2017					
Investment and residential properties	61,994	73,208	0	7,281	142,483
Fixtures and fittings	-851	-207	0	0	-1,058
Project Holdings	358	0	0	0	358
Receivables	-459	563	0	0	104
Provisions	-1,405	350	0	0	-1,055
Credit institutions	-9,958	15,833	5,681	0	11,556
Executable tax losses	-60,486	-3,715	0	0	-64,201
	-10,807	**86,032**	**5,681**	**7,281**	**88,187**

Note 24 – Credit Institutions

Amounts in DKK 1000s	2018	2017
Credit institutions, nominal	1,598,703	1,791,058
Market value adjustments	-7,787	-7,787
	1,590,916	**1,783,271**
The liabilities are thus included in the balance sheet:		
Credit institutions, long-term	1,540,073	1,501,353
Credit institutions, short-term	50,843	281,918
	1,590,916	**1,783,271**

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

Liabilities recognized at fair value	Currency	Rate type	Expiry date	2018	2017
Zero-coupon 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	2018	2017
Banks Debt	DKK	Fixed	0-1 years	0	194,801
Banks Debt	DKK	Fixed	2-5 years	398,500	371,177
Banks Debt	DKK	Interest-free	2-5 years	0	0
Mortgage Debt	DKK	Variable	6-10 years	185,843	194,115
Mortgage Debt	DKK	Variable	11-15 years	0	0
Mortgage Debt	DKK	Variable	16-20 years	1,003,026	891,972
Mortgage Debt	DKK	Variable	21-25 years	0	127,658
Carrying amount				**1,587,369**	**1,779,723**

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	2018	2017
Non-current financial liabilities	1,501,353	1,299,651
Current financial liabilities	281,918	851,846
Liabilities associated with assets held for sale	0	44,937
Financial liabilities with credit institutions at 1 January	**1,783,271**	**2,196,434**
Repayment of liabilities to credit institutions	-194,668	-118,299
Proceeds from assumption of liabilities to credit institutions	100,000	0
Mortgage and bank debt converted into equity	-92,688	-183,993
Zero coupon debt converted into equity	0	-18,064
Bond amortization	0	881
Market value adjustments, note 8	0	-34,134
Cancellation of debt, note 13	0	-33,642
Cancellation of debt from disposal of associated subsidiaries, note 13	0	-27,172
Cancellation of debt from disposal of assets	-7,577	0
Loan refinancing	0	-1,289
Accrued financial expenses	2,578	2,549
Financial liabilities with credit institutions at 31 December	**1,590,916**	**1,783,271**
Non-current financial liabilities	1,540,073	1,501,353
Current financial liabilities	50,843	281,918
Total financial liabilities with credit institutions at 31 December	**1,590,916**	**1,783,271**

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 26. 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 2018. No reversal of fair value adjustments in 2018 (2017: DKK 3.3 Million).

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	2018	2017
Zero-coupon bonds at 1 January (Nominal value)	11,335	69,051
Bonds converted into class B shares (Nominal value)	0	-57,716
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 2018 corresponds to a rate of 31.30 (31 December 2017 – 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	2018	2017
Fair value of financial liability at the date of issue	**3,548**	**44,385**
Amortization of convertible bonds at 1st of January	0	7,121
Amortization for the year	0	881
Amortization of convertible bonds at 31 December	**0**	**8,002**
Fair Value adjustment recognized in the Profit and Loss	**0**	**-30,774**
Fair Value adjustment of convertible bonds converted in Equity	**0**	**-18,065**
Balance at 31 December	**3,548**	**3,548**

As stated in note 26 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 25 – Provisions

Amounts in DKK 1000s	2018	2017
Provisions at 1 January	2,000	2,085
Used in the year	0	0
Reversed during the year	-800	-85
Accrued in the year	0	0
Provisions 31 December	**1,200**	**2,000**

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

Note 26 – Contingent assets and liabilities

Pledges and guarantees

The nominal pledge for the bank debt and mortgage debt given by credit institutions per December 31, 2018 amount a total of DKK 2,133 million (31 December 2017: DKK 2,155 million), the nominal value of the loans amounts a total of DKK 1,577 million (December 31, 2017: DKK 1,750 million) in the group's investment properties and domiciles with a book value totalling DKK 2,490 million (31 December 2017: DKK 2,436 million).

The nominal pledge for the bank debt and mortgage debt given by credit institutions per December 31, 2018 amount a total of DKK 37.8 million (31 December 2017: DKK 37.8 million), the nominal value of the loans amounts a total of DKK 3.1 million (December 31, 2017: DKK 29.5 million) in the group's project holdings with a book value totalling DKK 1.6 million (31 December 2017: DKK 2.3 million).

The nominal pledge for the bank debt and mortgage debt given by credit institutions per December 31, 2018 amount a total of DKK 8.3 million (31 December 2017: DKK 8.3 million), in the group's deposited mortgage deeds with a book value totalling DKK 8.6 million (31 December 2017: DKK 8.9 million).

Litigations and disputes

The buyer of a property in 2014 directed claims against Nordicom regarding hidden defects in the property. The requirement is provisionally stated to be around DKK 3 million. Park Street Nordicom has rejected the claim as it is not deemed likely that Nordicom has to pay compensation, and therefore considers the claim as a contingent liability.

Buyers of a property in a prior period have directed claims against Park Street Nordicom and Park Street Nordicom's subcontractor recognizing and remedying faults and shortcomings of those occasions. Buyer's consultant has estimated that repairing the defects amounts to DKK 1.5-1.8 million; Park Street Nordicom has rejected the claim as it is not deemed likely that Park Street Nordicom has to pay compensation, and by considering the obligation as a contingent liability.

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 25.

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, 2018 other than the ones indicated in Note 25.

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, 2018.

Operational lease commitments

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

	2018	2017
Within 1 year from the balance sheet date	10	8
Between 1 and 5 years from the balance sheet date	5	0
After 5 years from the balance sheet date	1	0
Operating lease obligations at 31 December	**16**	**8**

Amounts in DKK 1000s		
Minimum lease payments recognized in the profit and loss account for the year	**616**	**332**

Note 27 – Financial risks and use of derivative instruments

Amounts in DKK 1000s	2018	2017
Mortgages and debentures	8,618	8,881
Financial assets measured at amortized cost	**8,618**	**8,881**
Receivables	20,997	15,315
Liquid assets	54,310	19,953
Other financial assets measured at amortized cost	**75,307**	**35,268**
Credit institutions	3,548	3,548
Financial liabilities measured at fair value through profit or loss	**3,548**	**3,548**
Credit institutions	1,587,368	1,779,723
Deposits	38,979	40,645
Accounts payable	4,630	4,375
Other Debts	8,388	12,205
Financial liabilities measured at amortized cost	**1,641,364**	**1,836,948**

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, 2018 DKK 54.3 million (31 December 2017: DKK 19.9 million). Park Street Nordicom forecasts that current and generated liquidity is sufficient to carry out the group's planned activities throughout 2018.

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
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	8,338	8,338	8,338	0	0	0
Total	**1,642,912**	**1,919,480**	**125,496**	**266,377**	**325,824**	**1,201,783**
2017						
Non-derivative financial instruments						
Credit institutions	1,783,271	2,211,751	311,439	159,083	155,431	1,585,798
Trade payables	4,375	4,375	3,885	0	0	0
Deposits	40,645	40,645	29,999	6,410	1,394	2,842
Other debts	11,786	11,786	11,786	0	0	0
Total	**1,840,077**	**2,268,557**	**357,109**	**165,493**	**156,825**	**1,588,640**

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, 2018 primarily relate to the following:

- Fluctuations in market interest rates on mortgages with variable rates (Cibor6, F1, 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, 2018 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, 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%
Bank debt etc.	Fixed	438	3.17%
Others	Interest-free	4	0.00%
		1,591	**1.99%**

At December 31, 2017:			
Mortgage debt	Cibor6	681	2.31%
Mortgage debt	F1	525	1.35%
Mortgage debt	F2	89	1.88%
Mortgage debt	F3	290	1.39%
Banks and other payables.	Fixed	194	3.84%
Others	Interest-free	4	0.00%
		1,783	**2.02%**

(*) 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 2018 1.99% per annum, and is based on the latest confirmed interest rates. The corresponding calculated weighted rate at 31 December, 2017 was 2.02% 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	2018	2017
Within six months	56	594
Between 6 and 12 months	68	0
Between 1 and 2 years	384	59
Between 2 and 5 years	1,079	1,127
After 5 years	4	4
	1,591	**1,783**

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	2018	2017
Variable Interest rate loans:		
Effect on income statement	-11.5	-12.4
Effect on equity	-11.5	-12.4
Fix and variable interest loans:		
Effect on income statement	-15.9	-13.9
Effect on equity	-15.9	-13.9

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 -11.5 million per annum (2017: DKK -12.4 million). If all bank loans experience an interest / margin increase of 1 percentage point, the effect on net income and equity amount to DKK -15.9 million per annum (2017: DKK -13.8 million). The given sensitivities are calculated after tax and based on the recognized financial assets and liabilities at 31 of December.

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, 2018 is further described in note 19.

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 1,587,368. 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, 2018).

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
2018				
Mortgages and debentures	8,618	0	8,618	0
Total financial assets	**8,611**	**0**	**8,618**	**0**
Credit institutions	3,548	0	0	3,548
Total financial liabilities	**3,548**	**0**	**0**	**3,548**
2017				
Mortgages and debentures	8,881	0	8,881	0
Total financial assets	**8,881**	**0**	**8,881**	**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	2018	2017
Carrying amount at 1st of January	3,548	228,887
Gains / losses in the income statement	0	-47,438
Redemptions	0	-33,642
Transfer to Level 3	0	0
Transfer from Level 3	0	-144,259
Balance at 31st of December	**3,548**	**3,548**
Gain / loss in the income statement for liabilities held at 31st of December	**0**	**-81,080**

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 28 – Non-current operating items, etc.

Amounts in DKK 1000s	2018	2017
Depreciation and amortization	3,616	2,495
Profit/loss on sale of operating assets	3,667	-6
Other regulations	0	431
Total regulation	**7,283**	**2,920**

Note 29 – Changes in other working capital

Amounts in DKK 1000s	2018	2017
Change in receivables	-5,682	7,447
Change in project holdings	742	186
Change in provisons	-800	-85
Change in deposit	-1,666	-387
Change in trade payables	-3,564	-8,465
Change in total working capital	**-10,969**	**-1,304**

Note 30 – 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	2018	2017
Other related parties		
Interest expenses relating to loans with related parties (converted into Equity in 2018)	593	2,095
Loans with related parties (as at 31 December) (Converted into Equity in 2018)	0	90,000
Other external expenses	1,521	803

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

Note 31 – Subsequent Events

On February 1, 2019 an additional residential unit has been acquired in an existing property partially owned by Park Street Nordicom in Østerbro, Copenhagen.

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

Note 32 – Accounting policies

The annual report for the period January 1 to December 31, 2018 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 2018 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 28, 2019. 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 25, 2019.

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 2018. 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 2018:

IFRS 9

IFRS 9 addresses the classification, measurement and derecognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets. It has the following effect for Park Street Nordicom A/S:

- Park Street Nordicom measures certain financial liabilities at fair value (fair value option) with recognition of the total fair value adjustment in the income statement. Under IFRS 9, Park Street Nordicom present the part of the period's change in fair value attributable to changes in the group's own credit rating, in other comprehensive income.
- IFRS 9 includes revised provision for impairment of financial assets.

IFRS 15, Revenue from contracts with customers

A new standard on revenue recognition that replaces IAS 11 and IAS 18 among others. The standard has a limited extend on the transactions performed by the Group as it is only affecting the revenue recognition on the hotel services performed by the domicile located in Ballerup (See note 3 on the Consolidated Financial Statements).

IAS 40, Investment property

The amendments clarify that transfers may only take place between investment properties and inventories or owner-occupied properties when an actual change in the use of the property has occurred.

The change in use must be documented, and management's intentions alone are not adequate documentation of a change in the use of a property.

The amendment is effective for the financial year ended on 31 December 2018.

NEW AND AMENDED STANDARDS ADOPTED BY THE GROUP BUT NOT YET EFFECTIVE

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2018 reporting periods and have not been early adopted by the group. The group's assessment of the impact of these new standards and interpretations is set out below:

IFRS 16, Leases

Going forward, 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 standard will be effective for financial years beginning on or after 1 January 2019. Park Street Nordicom is currently assessing the impact of the standard. Based on the current level of operational leases as of 31 December 2018, IFRS 16 is not expected to have a material impact on future consolidated financial statements.

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 delivered, 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

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 current 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).

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.

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.

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.

Convertible bonds

Convertible bonds are considered as compound instruments consisting of a financial liability measured at amortized cost and an equity instrument in the form of the integrated conversion right. On the date of issuance, the fair value of the financial liability is determined using a market interest rate for a corresponding non-convertible debt instrument. The difference between the proceeds of the issue of the convertible debt and the fair value of the financial liability, corresponding to the inherent option to convert the liability to equity, is recognized in equity. The fair value of the financial liability is recognized as long-term debt and subsequently measured at fair value.

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.

2018

PARK STREET NORDICOM A/S
FINANCIAL STATEMENTS

Income statement

Note	Amounts in DKK 1000s	2018	2017
2	Net sales	167,382	167,657
3	Operating expenses	-24,979	-35,551
	Gross profit	**142,402**	**132,106**
4	Employee benefit expenses	-12,253	-20,614
5	Other external expenses	-8,196	-8,102
	Depreciation, amortisation and impairment	-3,616	-2,495
	Operating profit (EBIT)	**118,337**	**100,895**
	Financial income	0	1,486
6	Financial expenses	-29,047	-74,883
	Earnings before value adjustments (EBVAT)	**89,290**	**27,498**
7	Income / Loss from subsidiaries	-5,180	-1,596
	Adjustment to fair value, net	54,660	366,898
	Gains realised on the sale of investment properties	3,667	0
	Earnings before special items	**142,437**	**392,800**
	Special items	0	55,629
	Profit before tax	**142,437**	**448,429**
8	Tax on profit for the period	-34,148	-88,292
	Profit for the period	**108,289**	**360,137**
	Distributed as follows		
	Parent's shareholders	108,289	360,137
	Profit for the period	**108,289**	**360,137**
	Earnings per share, end of period	**1.61**	**8.43**
	Diluted earnings per share, end of period	**1.61**	**8.43**

Statement of comprehensive income

Note	Amounts in DKK 1000s	2018	2017
	Profit for the period	**108,289**	**360,137**
	Other comprehensive income: *Items that cannot be reclassified to the income statement:*		
	Fair value adjustment of domicile properties	6,061	33,096
	Tax on fair value adjustment of domicile properties	-1,333	-7,281
	Other comprehensive income after tax	**4,728**	**25,815**
	Comprehensive income for the period	**113,017**	**385,952**
	Distributed as follows		
	Parent's shareholders	113,017	385,952
	Comprehensive income for the period	**113,017**	**385,952**

Statement of financial position

Note	Amounts in DKK 1000s	2018	2017
	ASSETS		
	Non-current assets		
	Property, plant and equipment		
	Domiciles	185,423	180,923
9	Investment properties	2,130,520	2,255,395
	Machinery and equipment	2,039	2,891
		2,317,982	**2,439,209**
	Financial assets		
7	Investment in subsidiaries	81,968	0
	Deferred tax assets	0	0
	Deposits	186	101
		82,154	**101**
	Total non-current assets	**2,400,136**	**2,439,310**
	Current assets		
10	Mortgages and instruments of debt	9,644	8,881
	Project holdings	1,628	2,370
11	Receivables	17,987	15,883
	Prepaid expenses and accrued income	1,066	2,386
	Cash and short-term deposits	53,805	19,953
	Total current assets	**84,131**	**49,473**
	Total assets	**2,484,267**	**2,488,782**

Statement of financial position

Note	Amounts in DKK 1000s	2018	2017
	LIABILITIES		
	Equity		
	Share capital	67,513	42,853
	Revaluation reserve	47,312	44,147
	Share Premium	289,260	171,232
	Accumulated profit	406,567	296,715
	Total equity	**810,652**	**554,947**
	Liabilities		
	Non-current liabilities		
12	Deferred tax	120,606	88,187
13	Credit institutions	1,432,269	1,501,353
	Deposits	7,615	10,646
		1,560,490	**1,600,186**
	Current liabilities		
	Provisions for liabilities	1,200	2,000
13	Credit institutions	56,069	281,918
	Trade and other payables	3,566	4,375
	Income tax payable	5,305	3,152
	Deposits	30,301	29,999
	Other liabilities	16,683	12,205
		113,124	**333,649**
	Total liabilities	**1,673,615**	**1,933,834**
	Total equity and liabilities	**2,484,267**	**2,488,782**

Statement of equity

Amounts in DKK 1000s	Share capi-tal	Foreign currency reserve	Revaluation reserve	Accumulated profit	Share Premium	Equity Total
Statement of equity for 2018:						
Equity as at 1 January 2018	**42,853**	**0**	**44,147**	**296,715**	**171,232**	**554,947**
Comprehensive income for the period						
Profit for the period	0	0	0	108,289	0	108,289
Fair value adjustment of domicile	0	0	6,061	0	0	6,061
Tax on other comprehensive income	0	0	-1,333	0	0	-1,333
Other comprehensive income during the financial year	0	0	4,728	0	0	4,728
Comprehensive income for the period	**0**	**0**	**4,728**	**108,289**	**0**	**113,017**
Transactions with owners						
Cash injection by existing shareholders	8,641	0	0	0	41,359	50,000
Liabilities wih financial institutions converted into Equity	16,019	0	0	0	76,669	92,688
Total transactions with owners	**24,660**	**0**	**0**	**0**	**118,028**	**142,688**
Other adjustments						
Depreciation of revalued value of domiciles	0	0	-1,563	1,563	0	0
Total other adjustments	**0**	**0**	**-1,563**	**1,563**	**0**	**0**
Equity as at 31 December 2018	**67,513**	**0**	**47,312**	**406,567**	**289,260**	**810,652**
Statement of equity for 2017:						
Equity as at 1 January 2017	**12,028**	**146**	**19,894**	**-65,130**	**0**	**-33,062**
Total Income in 2017						
The result of the year	0	0	0	360,137	0	360,137
Transfer of foreign currency reserve	0	-146	0	146	0	0
Fair value adjustment of domicile	0	0	33,096	0	0	33,096
Tax on other comprehensive income	0	0	-7,281	0	0	-7,281
Other comprehensive income during the financial year	0	-146	25,815	146	0	25,815
Total income for the financial year	**0**	**-146**	**25,815**	**360,283**	**0**	**385,952**
Transactions with owners						
Liabilities with financial institutions converted into Equity	30,825	0	0	0	171,232	202,057
Depreciation of revalued value of domiciles	0	0	-1,562	1,562	0	0
Other regulations in total	30,825	0	-1,562	1,562	171,232	202,057
Equity as at 31 December 2017	**42,853**	**0**	**44,147**	**296,715**	**171,232**	**554,947**

Statement of cash flows

Note	Amounts in DKK 1000s	2018	2017
	Operating profit (EBIT)	**118,337**	**100,895**
	Adjustment for illiquid operating items, etc.	2,251	1,324
	Change in project holdings, net	742	1,446
	Change in other operating capital	-9	-1,304
	Cash flows concerning primary operations	**121,320**	**102,361**
	Financial income received	0	196
	Financial expenses paid	-29,047	-70,180
	Total cash flow from operating activities	**92,273**	**32,377**
	Cash flow from investing activities		
	Improvements to investment properties	-2,648	-11,171
	Sales of investment properties	11,996	36,587
	Purchases of other property, plant and equipment	-5,325	-531
	Share capital increase (cash injection)	50,000	0
	Sale of fixed assets	0	8
	Acquisition of subsidiaries	-2,199	0
	Total cash flow from investing activities	**51,825**	**24,893**
	Cash flow from financing activities		
	Proceeds from assumption of liabilities to credit institutions	0	1,743
	Repayment of liabilities to credit institutions	-110,246	-118,299
	Total cash flow from financing activities	**-110,246**	**-116,556**
	Total cash flow for the period	**33,852**	**-59,286**
	Liquid assets as at 1 January	19,953	79,239
	Liquid assets at the end of the period	**53,805**	**19,953**
	Liquid assets at the end of the period		
	Cash and short term deposit	**53,805**	**19,953**
	Liquid assets at the end of the period	**53,805**	**19,953**

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 7 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	2018	2017
Rental income	143,832	140,678
Sales of other services	21,458	22,645
Total sales of services	165,290	163,323
Sales totals, project holdings	1,164	3,816
Interest income, mortgages and instruments of debt	928	518
	167,382	**167,657**

Note 3 - Operating expenses

Amounts in DKK 1000s	2018	2017
Operating expenses, investment properties	16,536	20,752
Cost and expenses for projects sold	703	3,687
Operating expenses, other services	7,741	11,112
	24,979	**35,551**

Note 4 – Employee benefits expenses

Amounts in DKK 1000s	2018	2017
Salary	10,974	18,591
Contribution-based pensions (*)	514	965
Other social security costs	21	89
Other staff costs	743	969
	12,253	**20,614**
Average number of employees	**18**	**23**

(*) 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	2018	2017
Statutory audit	473	350
Other assurance services	20	36
Tax and VAT advice	199	0
Other services	41	239
	733	**625**

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 – Financial Expenses

Amounts in DKK 1000s	2018	2017
Interest expenses, liabilities to credit institutions measured at fair value	0	60,140
Interest expenses, liabilities to credit institutions measured at amortized cost	28,860	8,577
Amortization of convertible bond	0	881
Other interest costs and fees	127	1,706
Borrowing costs	60	3,579
	29,047	**74,883**

Note 7 – Investment in subsidiaries

During 2018 the entities Pulse Taastrup P/S and PSN ApS have been created as subsidiaries 100% owned by the parent company Park Street Nordicom A/S. Additionally with effective date as of September 1st Park Street Nordicom A/S acquired 100% of the shares of the architect company Phoam Studio ApS.

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.

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	2018	2017
Cost price at January 1	0	0
Additions	87,227	0 (*)
Cost price at December 31	**87,227**	0
Value adjustments at 1 January	0	0
Share of profit/loss for the year after tax	-5,180	-1,596
Value adjustments at December 31	**-5,180**	**-1,596**
Carrying amount at January 1	0	0
Investments with negative equity offset against trade receivables	-79	1,596
Carrying amount at December 31	**81,968**	**0**

(*) Addition of Park Street Nordicom UK Ltd. With a share capital of 1 GBP (DKK 0 Thousand)

Note 8 – Tax on profit for the year and other comprehensive income

Amounts in DKK 1000s	2018	2017
Annual tax can be divided as follows:		
Current tax on profit of the year	5,305	2,244
Current tax, previous years	-2,258	-672
Changes in deferred taxes	26,211	86,720
Changes in deferred taxes previous years	4,890	0
	34,148	**88,292**
Tax on profit for the year can be explained as follows:		
Estimated tax at a tax rate of 22%	31,336	98,654
Non-deductible costs	244	4,640
Non-taxable income	-35	-77,727
Adjustment of deferred tax assets and liabilities	-31,130	-23,323
Adjustment of deferred tax assets and liabilities previous years	4,890	0
	5,305	**2,244**
Effective tax rate	**23.97%**	**22.48%**

Amounts in DKK 1000s	2018	2017
Tax on other comprehensive income:		
Tax on fair value adjustment of domicile properties	-1,333	-7,281
	-1,333	**-7,281**

Note 9 – Investment properties

As of 31 December 2018 there are no ongoing sales processes regarding investment properties.

Amounts in DKK 1000s	2018	2017
Balance at 1 of January	2,255,395	1,911,467
Transfer to / from a subsidiary	-174,000	0
Costs incurred for improvements	2,648	12,097
Adjustment to fair value, net	54,660	332,764
Acquisition of properties	5,325	0
Depreciation of fixed assets	-1,511	-933
Retirement on sale	-11,996	0
Balance at 31 December	**2,130,520**	**2,255,395**

Fair value hierarchy for investment:

Amounts in DKK 1000s	Level 1	Level 2	Level 3	Total
At 31 December 2018:				
Investment properties	0	0	2,130,520	2,130,520
	0	**0**	**2,130,520**	**2,130,520**
At 31 December 2017:				
Investment properties	0	0	2,255,395	2,255,395
	0	**0**	**2,255,395**	**2,255,395**

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 2018 and 2017 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 16 in the consolidated financial statements for additional details.

The net income of the investment portfolio is as follows:

Amounts in DKK 1000s	2018	2017
Rental income from investment properties	143,226	138,299
Operating expenses, investment properties	-15,930	-19,399
Net income from investment properties	**127,296**	**118,900**

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	2018	2017
Remaining termination within 1 year from the balance sheet date	109,626	111,423
Remaining termination between 1 and 5 years from the balance sheet date	63,045	91,701
Remaining termination after 5 years from the balance sheet date	102,300	97,705
	274,971	**300,829**

Note 10 – 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	2018	2017
Financial assets at amortized cost at 1 January	8,881	9,067
Repayment of the year	-263	-186
Additions – Intercompany loan	1,026	0
Financial assets at amortized cost at 31 December	**9,644**	**8,881**

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	2018	2017	2018	2017	2018	2017
DKK	2025	7.5%	7.5%	8,618	8,881	8,618	8,881
DKK	2020	7.5%	7.5%	1,026	-	1,026	-
				9,644	**8,881**	**8,618**	**8,881**

Park Street Nordicom A/S has provided a loan facility to the subsidiary Phoam Studio ApS with a nominal amount of DKK 1 million 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 2 in fair value hierarchy).

Note 11 – Receivables

Amounts in DKK 1000s	2018	2017
Receivable Rental Income	5,395	5,892
Receivables from sale of properties	0	27
Deposited funds in banks	7,797	6,524
Other Receivables	4,415	2,872
Receivables from related parties	380	567
Receivables at 31 December	**17,987**	**15,883**

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	8,942	6,385
Additional provisions	3,454	2,950
Recognized losses (Write off)	-10,135	-393
Reversal	0	0
	2,261	**8,942**

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	46	333
Between 30 and 90 days	297	1,132
Over 90 days	1,908	4,025
	2,251	**5,490**

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 12 – Deferred Taxes

Amounts in DKK 1000s	**2018**	**2017**
Deferred tax at 1st of January	88,187	-10,807
Transfer of assets held for sale	0	5,681
Recognized in other comprehensive income	1,333	7,281
Correction from previous years	4,875	-673
Recognized in the income statement	26,211	86,705
Deferred tax at 31 December	**120,606**	**88,187**
Deferred tax is recognized in the balance sheet as follows:		
Deferred tax (liability)	120,606	88,187
	120,606	88,187
Deferred tax at 31 December	**120,606**	**88,187**

Deferred tax recognized in the balance

The calculation of deferred taxes included DKK 218 million relating to tax losses carried forward from Group companies. Based on budget accounting and tax profits in the period 2019-2022 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 120.6 million (taxable value) per 31 December 2018.

Amounts in DKK 1000s	Balance 1/1	Recognized in the income statement	Transfer of assets held for sale	Recognized in another comprehensive income	Balance 31/12
2018					
Investment and residential properties	142,483	25,985	0	1,333	169,802
Fixtures and fittings	-1,058	465	0	0	-593
Project Holdings	358	-358	0	0	0
Receivables	104	-601	0	0	-497
Provisions	-1,055	791	0	0	-264
Credit institutions	11,556	-11,433	0	0	123
Executable tax losses	-64,201	16,237	0	0	-47,964
	88,187	**31,086**	**0**	**1,333**	**120,606**
2017					
Investment and residential properties	61,994	73,208	0	7,281	142,483
Fixtures and fittings	-851	-207	0	0	-1,058
project Inventories	358	0	0	0	358
Receivables	-459	563	0	0	104
Provisions	-1,405	350	0	0	-1,055
Credit institutions	-9,958	15,833	5,681	0	11,556
Executable tax losses	-60,486	-3,715	0	0	-64,201
	-10,807	**86,032**	**5,681**	**7,281**	**88,187**

There are no deferred tax assets no recognized in the balance.

Note 13 – Credit Institutions

Amounts in DKK 1000s	2018	2017
Credit institutions, nominal	1,496,125	1,791,058
Market value adjustments	-7,787	-7,787
	1,488,338	**1,783,271**
The liabilities are thus included in the balance sheet:		
Credit institutions, long-term	1,432,269	1,501,353
Credit institutions, short-term	56,069	281,918
	1,488,338	**1,783,271**

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

Liabilities recognized at fair value	Currency	Rate type	Expiry date	2018	2017
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	2018	2017
Banks Debt	DKK	Fixed	0-1 years	0	194,801
Banks Debt	DKK	Fixed	2-5 years	295,922	371,177
Mortgage Debt	DKK	Variable	6-10 years	185,842	194,115
Mortgage Debt	DKK	Variable	11-15 years	0	0
Mortgage Debt	DKK	Variable	16-20 years	1,003,026	891,972
Mortgage Debt	DKK	Variable	21-25 years	0	127,658
Carrying amount				**1,484,790**	**1,779,723**

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	2018	2017
Non-current financial liabilities	1,501,353	1,299,651
Current financial liabilities	281,918	851,846
Liabilities associated with assets held for sale	0	44,937
Financial liabilities with credit institutions at 1 January	**1,783,271**	**2,196,434**
Transfer of liabilities from credit institutions to a subsidiary	-87,000	0
Repayment of liabilities to credit institutions	-110,246	-118,299
Mortgage and bank debt converted into equity	-92,688	-183,993
Zero coupon debt converted into equity	0	-18,064
Bond amortization	0	881
Market value adjustments, note 8	0	-34,134
Cancellation of debt, note 13	0	-33,642
Cancellation of debt from disposal of associated subsidiaries, note 13	0	-27,172
Cancellation of debt from disposal of assets	-7,577	0
Loan refinancing	0	-1,289
Accrued financial expenses	2,578	2,549
Financial liabilities with credit institutions at 31 December	**1,488,338**	**1,783,271**
Non-current financial liabilities	1,432,269	1,501,353
Current financial liabilities	56,069	281,918
Total financial liabilities with credit institutions at 31 December	**1,488,338**	**1,783,271**

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 26 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 2018. No reversal of fair value adjustments in 2018 (2017: DKK 3.3 Million).

Zero-coupon bonds (former Convertible bonds)

See note 24 on the Consolidated Financial Statements.

Note 14 – Contingent assets and liabilities

Pledges and guarantees

The nominal pledge for the bank debt and mortgage debt given by credit institutions per December 31, 2018 amount a total of DKK 2,034 million (31 December 2017: DKK 2,155 million), the nominal value of the loans amounts a total of DKK 1,474 million (December 31, 2017: DKK 1,750 million) in the group's investment properties and domiciles with a book value totalling DKK 2,316 million (31 December 2017: DKK 2,436 million).

The nominal pledge for the bank debt and mortgage debt given by credit institutions per December 31, 2018 amount a total of DKK 37.8 million (31 December 2017: DKK 37.8 million), the nominal value of the loans amounts a total of DKK 3.1 million (December 31, 2017: DKK 29.5 million) in the group's project holdings with a book value totalling DKK 1.6 million (31 December 2017: DKK 2.3 million).

The nominal pledge for the bank debt and mortgage debt given by credit institutions per December 31, 2018 amount a total of DKK 8.3 million (31 December 2017: DKK 8.3 million), in the group's deposited mortgage deeds with a book value totalling DKK 8.6 million (31 December 2017: DKK 8.9 million).

Litigations and disputes

The buyer of a property in 2014 directed claims against Nordicom regarding hidden defects in the property. The requirement is provisionally stated to be around DKK 3 million. Park Street Nordicom has rejected the claim as it is not deemed likely that Nordicom has to pay compensation, and therefore considers the claim as a contingent liability.

Buyers of a property in a prior period have directed claims against Park Street Nordicom and Park Street Nordicom's subcontractor recognizing and remedying faults and shortcomings of those occasions. Buyer's consultant has estimated that repairing the defects amounts to DKK 1.5-1.8 million; Park Street Nordicom has rejected the claim as it is not deemed likely that Park Street Nordicom has to pay compensation, and by considering the obligation as a contingent liability.

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 25 of the consolidated financial statements.

No additional significant litigations and disputes are acknowledged by the Group at December 31, 2018 other than the ones indicated in Note 25 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 with 5 years from the date of acquisition; the Company has decided not to recognize the contingent asset in the balance as at December 31, 2018.

Operational lease commitments

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

	2018	2017
Within 1 year from the balance sheet date	0	8
Between 1 and 5 years from the balance sheet date	5	0
After 5 years from the balance sheet date	1	0
Operating lease obligations at 31 December	**16**	**8**

Amounts in DKK 1000s		
Minimum lease payments recognized in the profit and loss account for the year	**587**	**332**

Note 15 – Financial risks and use of derivative instruments

Amounts in DKK 1000s	2018	2017
Mortgages and debentures	8,618	8,881
Intercomapny loan	1,026	0
Financial assets measured at amortized cost	**9,644**	**8,881**
Receivables	18,010	15,315
Liquid assets	53,805	19,953
Other financial assets measured at amortized cost	**71,815**	**35,268**
Credit institutions	3,548	3,548
Financial liabilities measured at fair value through profit or loss	**3,548**	**3,548**
Credit institutions	1,484,790	1,779,723
Deposits	37,916	40,645
Accounts payable	3,566	4,375
Other Debts	16,683	12,205
Financial liabilities measured at amortized cost	**1,544,955**	**1,836,948**

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, 2018 DKK 53.8 million (31 December 2017: DKK 19.9 million). Park Street Nordicom forecasts that current and generated liquidity is sufficient to carry out the group's planned activities throughout 2018.

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
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**
2017						
Non-derivative financial instruments						
Credit institutions	1,783,271	2,211,751	311,439	159,083	155,431	1,585,798
Trade payables	4,375	4,375	3,885	0	0	0
Deposits	40,645	40,645	29,999	6,410	1,394	2,842
Other debts	11,786	11,786	11,786	0	0	0
Total	**1,840,077**	**2,268,557**	**357,109**	**165,493**	**156,825**	**1,588,640**

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, 2018 primarily relate to the following:

- Fluctuations in market interest rates on mortgages with variable rates (Cibor6, F1, 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, 2018 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, 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%
Bank debt etc.	Fixed	335	3.64%
Others	Interest-free	4	0.00%
		1,488	**2.43%**
At December 31, 2017:			
Mortgage debt	Cibor6	681	2.31%
Mortgage debt	F1	525	1.35%
Mortgage debt	F2	89	1.88%
Mortgage debt	F3	290	1.39%
Banks and other payables.	Fixed	194	3.84%
Others	Interest-free	4	0.00%
		1,783	**2.02%**

(*) 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 2018 2.43% per annum, and is based on the latest confirmed interest rates. The corresponding calculated weighted rate at 31 December, 2017 was 2.02% 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	2018	2017
Within six months	56	594
Between 6 and 12 months	68	0
Between 1 and 2 years	282	59
Between 2 and 5 years	1,078	1,127
After 5 years	4	4
	1,488	**1,783**

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	2018	2017
Variable Interest rate loans:		
Effect on income statement	-11.5	-12.4
Effect on equity	-11.5	-12.4
Fix and variable interest loans:		
Effect on income statement	-14.5	-13.9
Effect on equity	-14.5	-13.9

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 -11.5 million per annum (2017: DKK -12.4 million). If all bank loans experience an interest / margin increase of 1 percentage point, the effect on net income and equity amount to DKK -14.5 million per annum (2017: DKK -13.8 million). The given sensitivities are calculated after tax and based on the recognized financial assets and liabilities at 31 of December.

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, 2018 is further described in note 19 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 1,484,790. 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, 2018).

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
2018				
Mortgages and debentures	8,618	0	8,618	0
Intercompany loan	1,026		1,026	
Total financial assets	**9,644**	**0**	**9,644**	**0**
Credit institutions	3,548	0	0	3,548
Total financial liabilities	**3,548**	**0**	**0**	**3,548**
2017				
Mortgages and debentures	8,881	0	8,881	0
Total financial assets	**8,881**	**0**	**8,881**	**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	2018	2017
Carrying amount at 1st of January	3,548	228,887
Gains / losses in the income statement	0	-47,438
Redemptions	0	-33,642
Transfer to Level 3	0	0
Transfer from Level 3	0	-144,259
Balance at 31st of December	**3,548**	**3,548**
Gain / loss in the income statement for liabilities held at 31st of December	**0**	**-81,080**

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 16 – Changes in other working capital

Amounts in DKK 1000s	2018	2017
Change in receivables	-2,104	7,447
Change in project holdings	742	186
Change in provisons	-800	-85
Change in deposit	-2,729	-387
Change in trade payables	3,669	-8,465
Change in total working capital	**-1,223**	**-1,304**

Note 17 – 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 of the consolidated financial statements, 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	2018	2017
Other related parties		
Interest expenses relating to loans with related parties (converted into Equity in 2018)	593	2,095
Loans with related parties (as at 31 December) (Converted into Equity in 2018)	0	90,000
Other external expenses	3,378	803

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

PROPERTY OVERVIEW

Park Street Nordicom Group owns at 31 December 2018, 58 properties with a total floor area of 253,070 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
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
Møllehusene 1-3	4000	Roskilde	72	Residential

Property	ZIP code	City	Area (sqm.)	Type
Møllergade 1	5700	Svendborg	1,051	Retail
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	10,609	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	10,688	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
58 properties			**253,070**	
Tåsingegade 29, 1.2.	2100	København Ø	110	Residential (*acquired in 2019)

“Simplify

to create value”

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