

Park Street Nordicom

Strategy Day April 2018



Park Street Nordicom

An Overview

- Park Street Nordicom owns 60 assets with 250,000 SqM across Denmark valued at DKK 2.5 billion.
- The Portfolio generates around DKK 150 million annual rent, with a split of 40% each of Retail and Office and 10% each Residential and Other (Hotel mainly) sectors.
- The Company over its initial 2 decades had laid deep roots as development company, which is reflected in the development potential across our portfolio.
- Financial challenges over the last decade shifted the strategy towards a conservative management of portfolio for cash flows to support reducing the leverage
- Park Street over the last 18 months have been able to solidify the financial backbone of the company with a significant reduction of debt, enhancement of equity and refinancing of loans to term.
- Our ambition now is to be the best in class for [Managing & Developing Properties, Capital and Team](#)
- We have taken significant steps to strengthen our core with significant additions to the team leadership, cutting edge systems supporting a dynamic approach to property and portfolio management.

A black and white photograph of a three-story brick building with a central gabled entrance. The ground floor features large display windows for 'Cafe & Spillehal' and 'Skøyen'. The second floor has smaller windows, some with 'Cafe Sila' and 'Spille Hal' signage. A central vertical pole stands in front of the entrance.

Park Street Nordicom – Current Financials

Amounts in DKK 1000s	31 March 2018	2017	2016	2015	2014	2013
Income statement						
Rental income	44,312	139,075	145,535	151,332	158,463	165,953
Total net sales	50,837	167,657	175,098	177,218	384,149	196,471
Gross profit	33,846	132,106	131,727	139,713	145,736	141,396
Operating profit (EBIT)	27,470	99,299	99,784	105,500	119,683	103,897
Profit from primary operations	27,470	392,800	24,471	124,349	110,740	-122,420
Financial items	-9,123	-73,397	-74,926	-81,093	-79,155	-86,021
Earnings before value adjustments and tax (EBVAT)	18,052	25,902	24,858	24,407	40,528	17,876
Profit for the period	18,052	360,137	43,496	39,541	20,344	-191,870
Statement of financial position						
Balance sheet total	2,488,782	2,488,782	2,225,316	2,322,188	2,395,780	2,725,331
Interest-bearing debt	1,616,978	1,783,271	2,196,434	2,336,074	2,466,374	2,742,630
Total equity	715,689	554,947	-33,062	-84,145	-136,182	-156,526
Share capital	67,513	42,853	12,028	12,028	12,028	12,028
PSAM & PSNordAc Ownership (%)	92.1%	87.6%	55.9%	0%	0%	0%
Financial ratios						
	31 March 2018	2017	2016	2015	2014	2013
Equity ratio (%)	28.7%	22.3%	Neg.	Neg.	Neg.	Neg.
Net asset value per share, end of period (DKK)	10.6	13.0	-2.8	-7.1	-11.4	-13.1
Earnings per share, end of period (DKK)	1.1	8.4	3.7	3.3	1.7	-16.3
Price/net asset value, end of period	0.7	0.4	Neg.	Neg.	Neg.	Neg.

Balance Sheet Profile - Estimates

Amounts in DKK 1000s	31 March 2018	2018	2019	2020	2021	2022
Balance sheet						
Mortgage Debt	1,209,092	1,196,267	1,192,086	1,191,566	1,191,048	1,190,531
Bank Debt	404,338	388,027	366,615	343,406	320,273	298,95
Other Debt	3,548	3,548	3,548	3,548	3,548	3,548
Total Equity	715,689	775,452	834,451	892,229	950,786	1,009,272
Other Liabilities	157,115	157,115	153,931	153,931	153,931	153,931
Total Liabilities	1,774,093	1,744,957	1,716,179	1,692,451	1,668,800	1,646,960
Total Equity+Liabilities	2,489,782	2,520,409	2,550,631	2,584,680	2,619,586	2,656,232
Property Valuation	2,437,318	2,452,318	2,461,318	2,471,318	2,481,318	2,491,318
Cash and other assets	52,464	68,091	89,313	113,362	138,268	164,914
Total Assets	2,489,782	2,520,409	2,550,631	2,584,680	2,619,586	2,656,232
Total LTV	71%	69%	67%	65%	64%	62%
Equity Ratio	29%	31%	33%	35%	36%	38%

Assumptions

Assuming next Interest and Margin fixing same as the actual

No Changes in Portfolio are taking place (no properties are acquired or sold)

Mortgage Loans will be refinanced after June 2019

50% of the residual cash flows end of 2019 will be distributed as dividends

Projected Steady State Profit and Loss - Estimates

Amounts in DKK 1000s	31 March 2018	2018	2019	2020	2021	2022
Total Gross Operating Income	50,837	204,529	208,620	212,792	217,048	221,389
Property Non Recoverables	-16,991	-64,825	-66,122	-67,444	-68,793	-70,169
Central Costs	-6,376	-25,739	-26,254	-26,779	-27,314	-27,861
Total Cost	-23,367	-90,564	-92,375	-94,223	-96,107	-98,029
Mortgage Interest	-5,071	-18,338	-16,285	-15,752	-15,747	-15,743
Bank Interest	-4,347	-13,536	-10,824	-9,967	-9,400	-8,854
Total Interest	-9,418	-31,874	-27,109	-25,720	-25,147	-24,597
Profit and Loss pre TAX	18,052	82,091	89,136	92,850	95,793	98,763



Capital Strategy

Optimal Asset Liability Matching

- Current Mortgage Debt: DKK 1,200 million. DKK 1,000 million has 30 yr term, DKK 200 million has 9 yr term
- Current Bank Debt : DKK 400 million (Average Term : 5 years)
- Significant scope for further optimisation:
- 11 assets with of DKK 200 million value have No Mortgage debt
- 23 assets with DKK 1,175 million value have low LTV Mortgage debt
- Developing long term relationships with few core banks
- Replace all Bank Debt with Term Mortgage Debt and setup bank lines for select investment opportunities

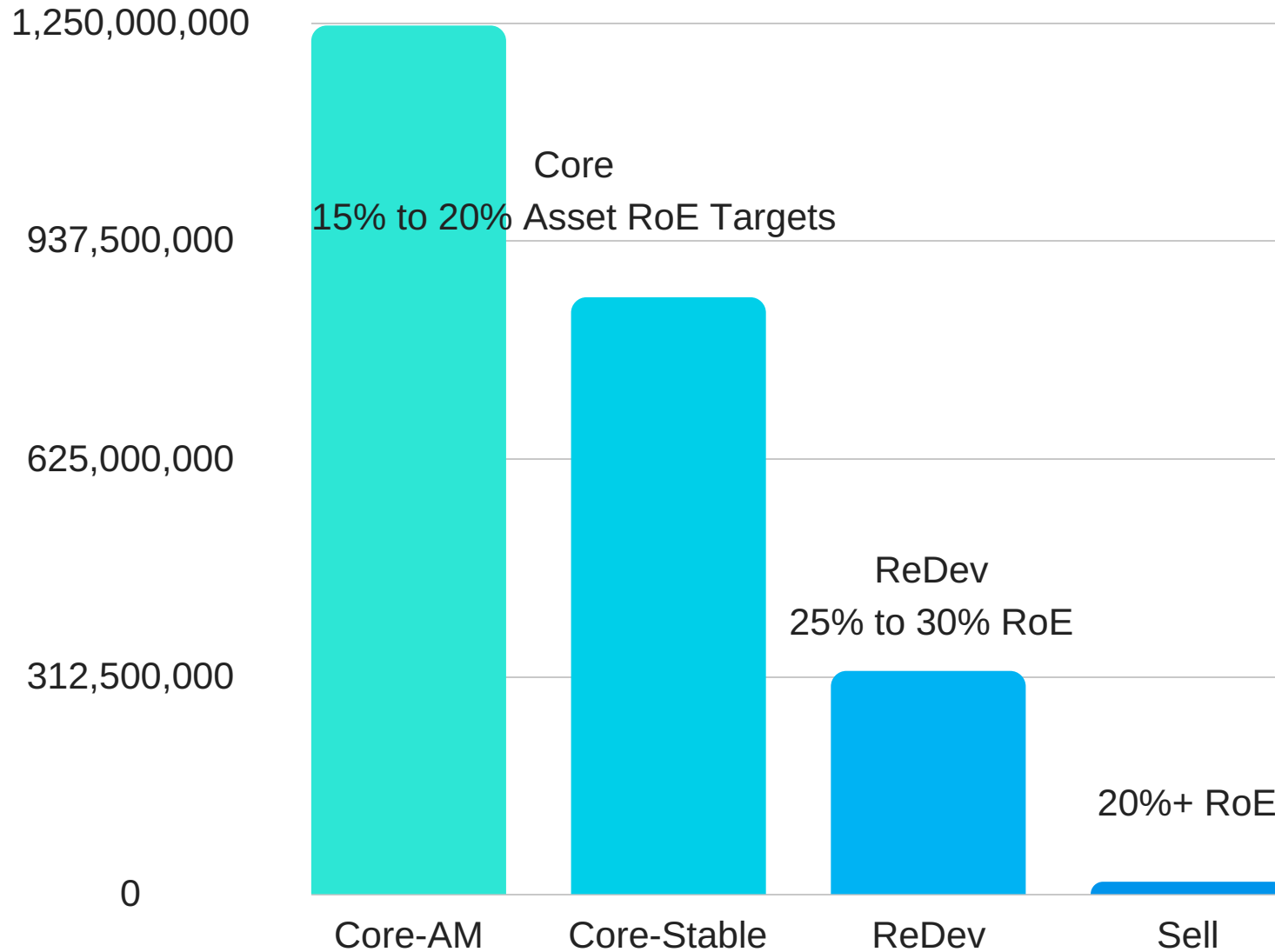


Portfolio Management

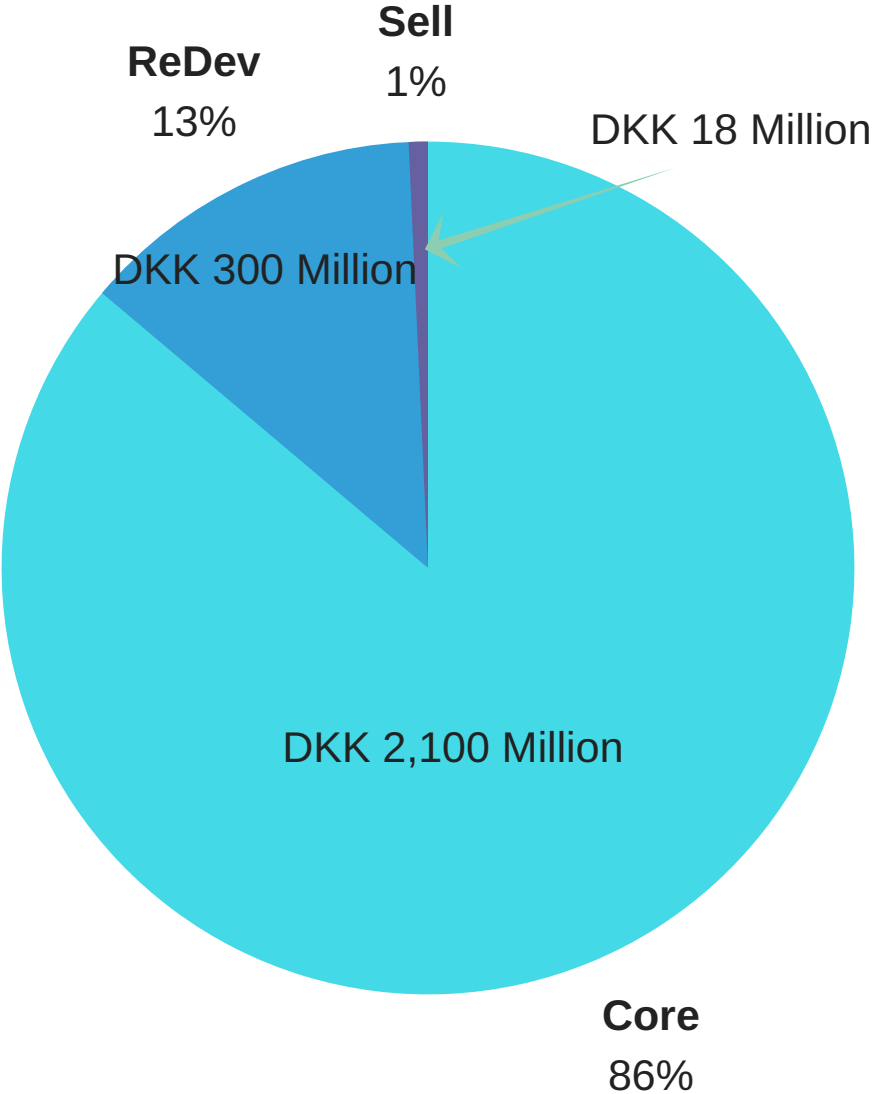
Anchored by Stable Cash-flows, Select high impact re-developments

- Asset level business plans drive strategy categorisation as Core-AM, Core-Stable and ReDev
- 80:20 approach between Core and ReDev, with Core as the driver of base bottom line
- 15 to 20% Asset level RoE target for Core Portfolio
- Selective high impact ReDev opportunities, 25% to 30% RoE target
- Active asset management approach for Core driven by dynamic asset level performance analytics
- Develop institution partnerships for Re-Development opportunities

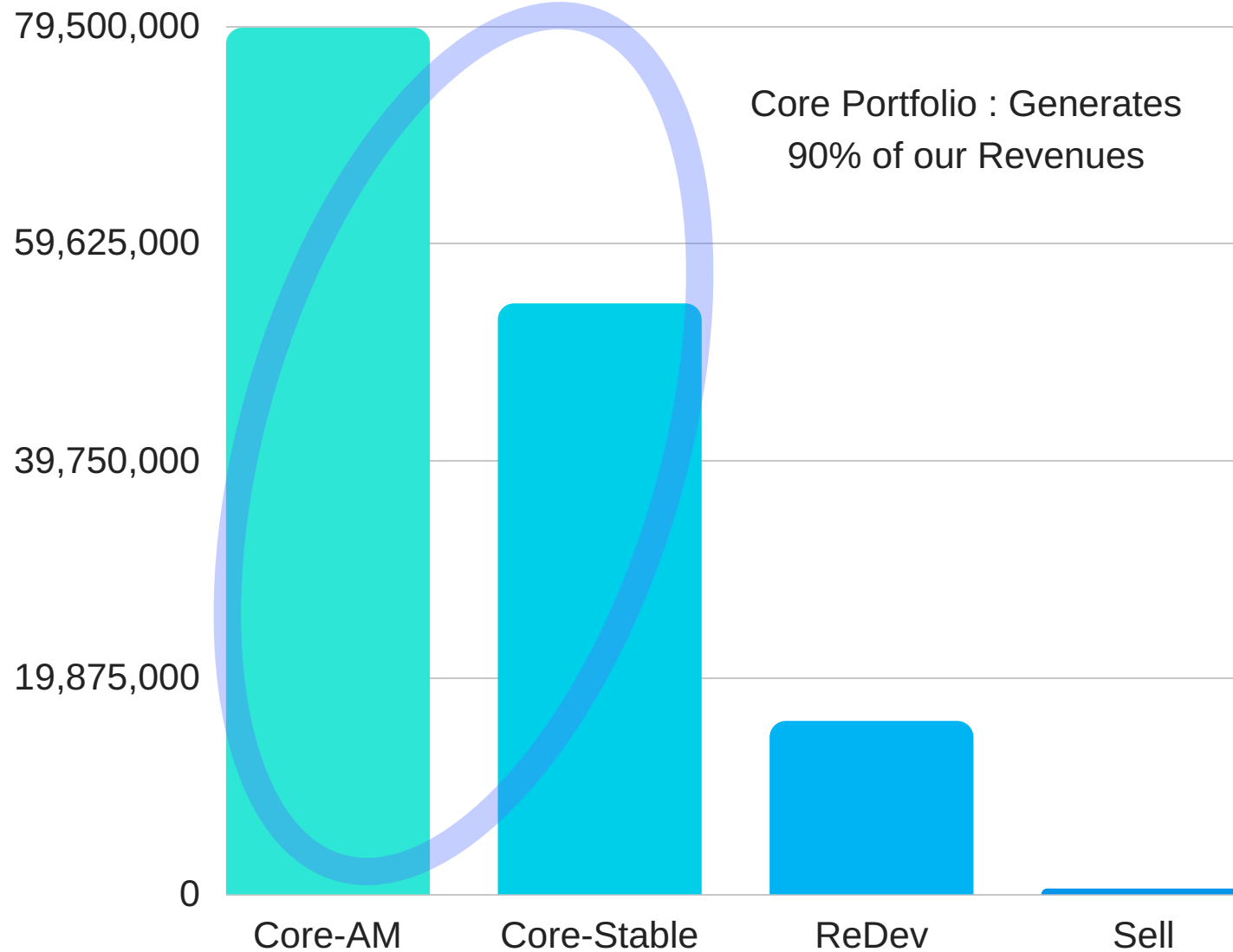
Portfolio Strategy- By Asset Value



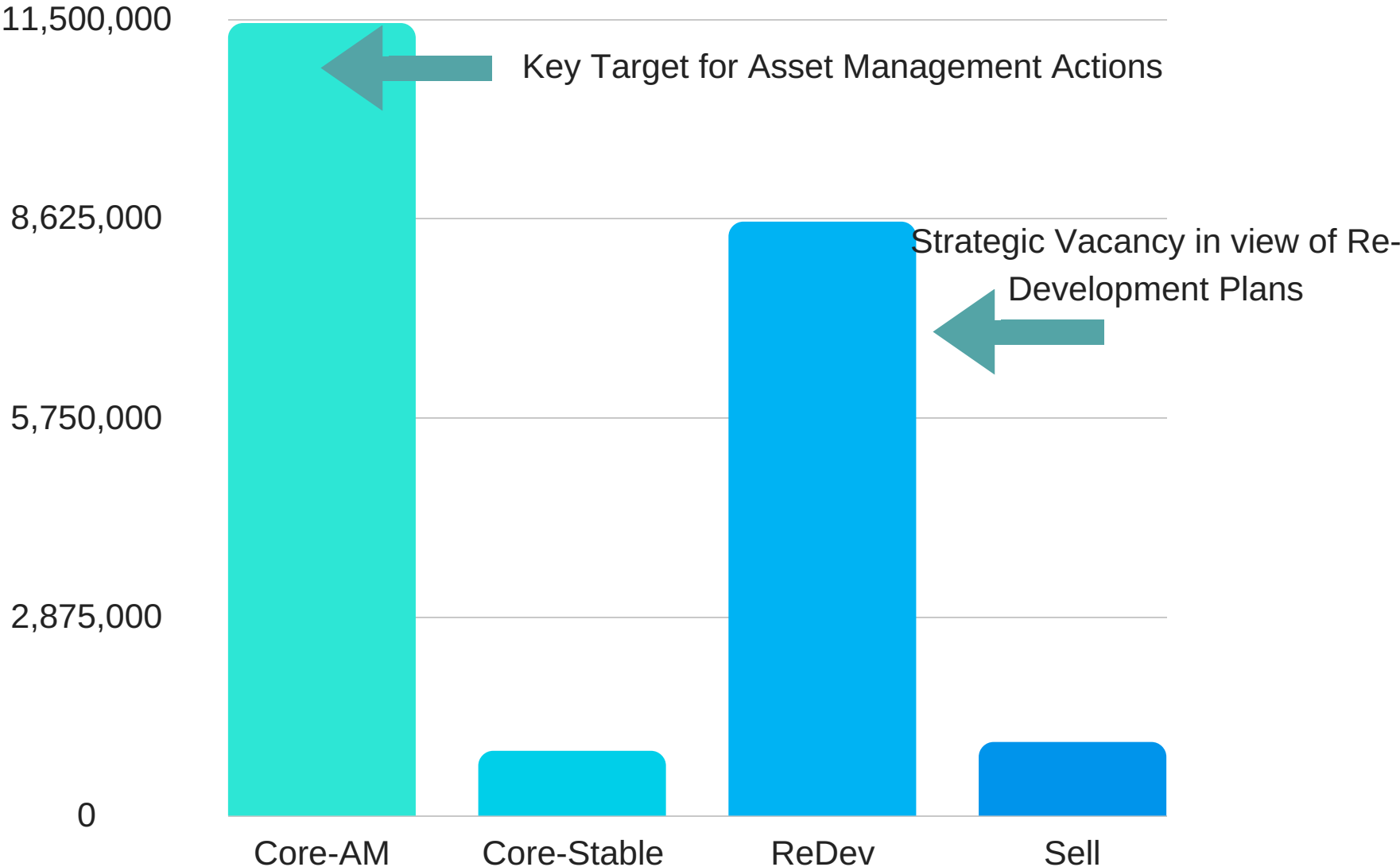
Portfolio Strategy- By Asset Value



Portfolio Strategy- Core Key Driver



Core : Asset Management Focus





Asset Management: Core Assets

- Asset specific business plans focused on:
- Tenant management - Lease and Rent Reviews
- Vacancy management - long term view
- Asset Activation and
- Repositioning



Tenant Management: Core Assets

- Maintain and prolong leases through partnerships with existing tenants
- Accommodate tenant requirement for mutual benefit
- Access strategic needs around 4 year review option
- Case 1- Roskilde: Three similar units with two tenants paying over 1000 psm and one national tenant at sub 700 psm. Revision increases asset value by 10%
- Case 2 - Copenhagen: Revision of Student Housing tenant to market level increased rent by over 30%
- Case 3 - Actively exited struggling restaurant to shift space to local collage



Vacancy Management: Core Assets

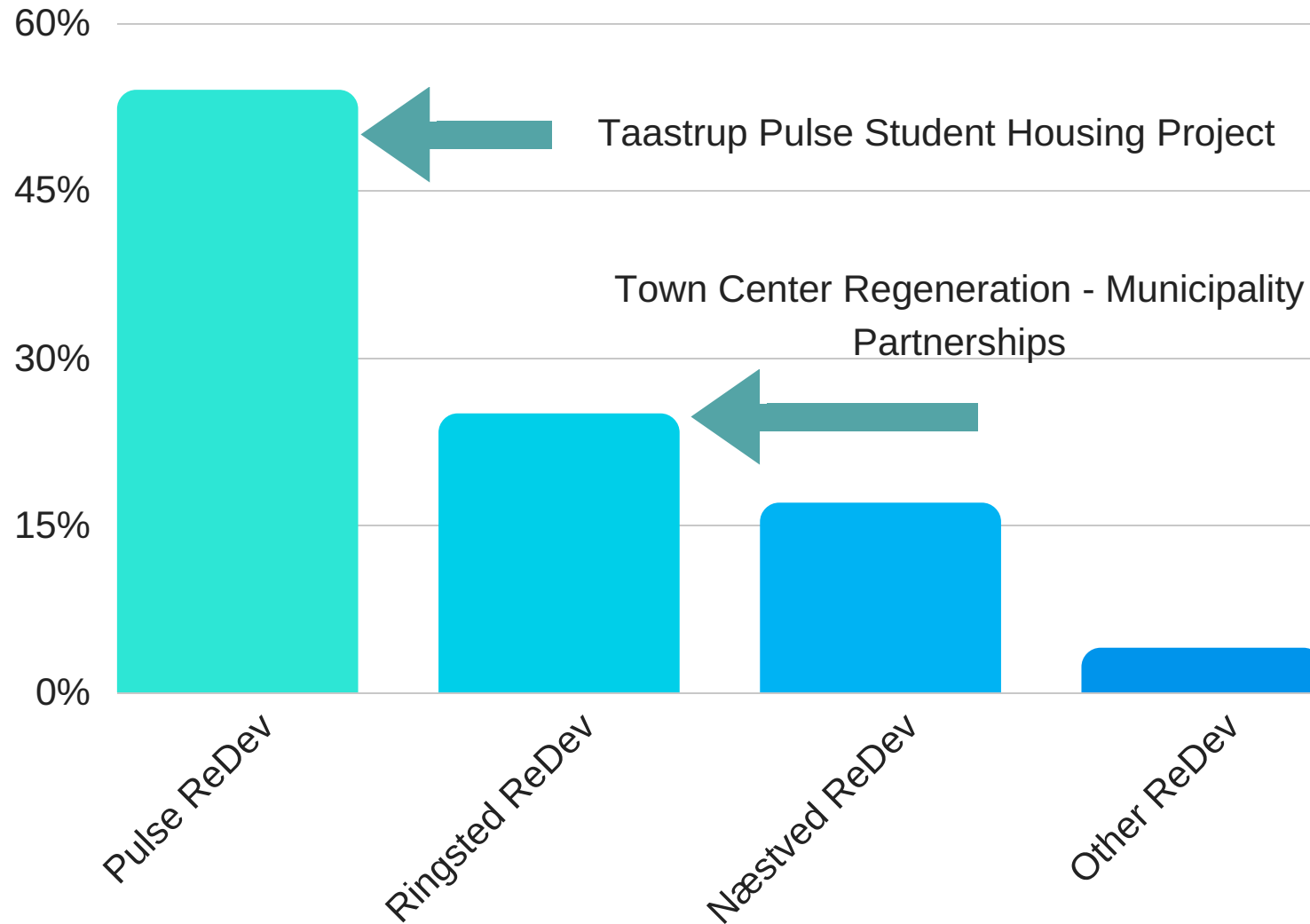
- Potential to increase top line by over DKK 11 million
- Reducing vacancy via investing in the premises
- Space optimizing : Enlarging or decrease vacant areas
- Partnerships with future tenants
- Be in contact with the market through regular meetings with prospective tenants
- Partnerships with Real Estate Brokers
- Standardize own templates for broker agreements
- Systems to assist all information at our finger tips - asset level and market insights



Activation & Repositioning: Core Assets

- Future strategy plan for tenant's location
Modernize and expand tenant's premises in order to optimize the lease and achieve a long term relationship with key tenants
- Case 1 : Mosede Center, Greve – discussions with key tenant. Increasing the value of assets by converting/ redeveloping
- Case 2: Allerød Banetorvet – Fitness Center with parking : exploring social housing in parking in partnership with municipality, thus activating dead space

ReDev : Selective & High Impact





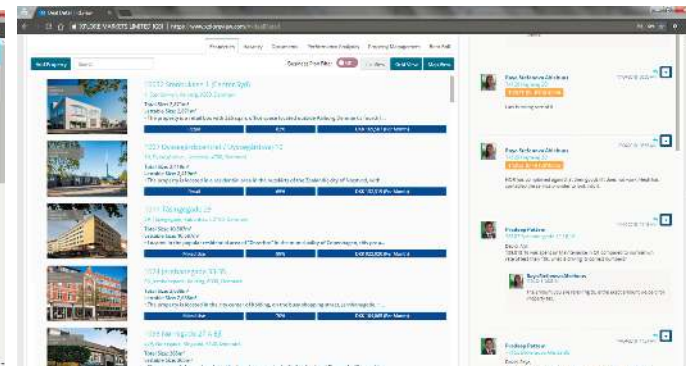
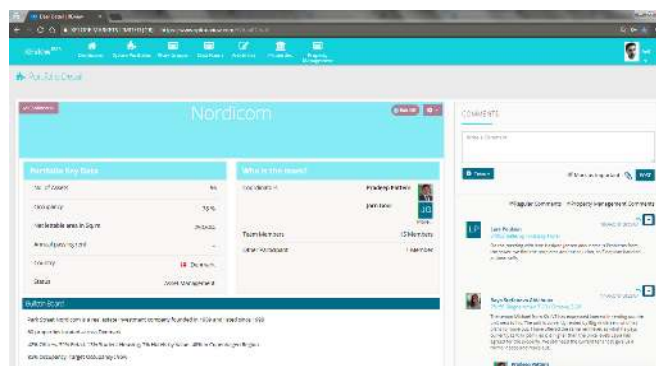
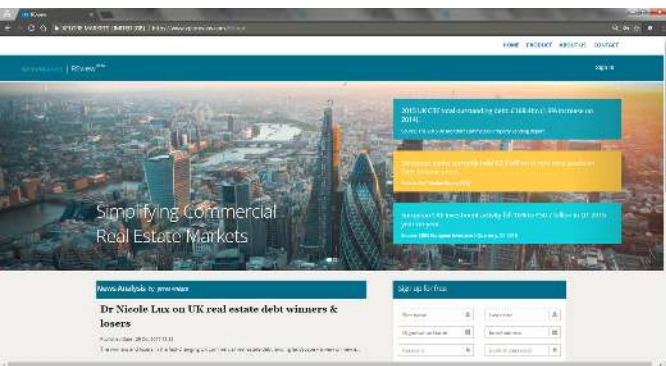
New Portfolios & Asset Management Business

- Park Street Nordicom will seek to expand the property portfolios under management
- Act as a professional partner for Global Institutional Real Estate investors
- We will seek to co-invest in all portfolios that we manage
- Further investments to do be on separate SPVs with external investment partners
- Integrated Asset Management delivered by Park Street Nordicom Team & Platform



Integrated Asset Management Platform

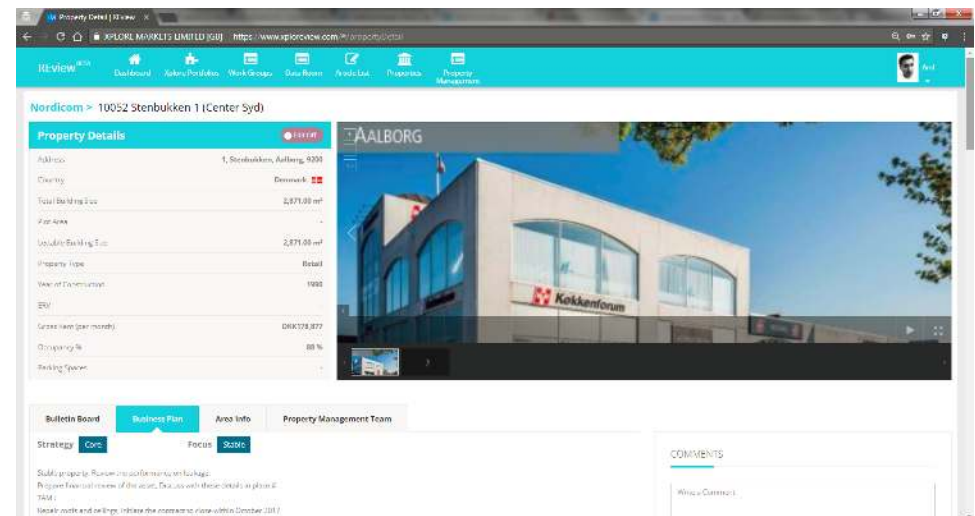
- Deep local presence across Denmark
- Extensive history of collaborating institutional investors
- Long term platform with co-investment capacity
- Integrated Asset Management model based on in-house competencies (Analysis, Due Diligence, Acquisition, Risk Management, Development and Management)
- External partnerships for effective administration and property management
- Transparent reporting and online investment overview based on XploreMarkets



Systems & Technology

Its integrated in the way we act... every step

Simplify to Create Value



Performance Analytics

Property Management | Leasing Management | Property Administration | Portfolio Management | Liquidity Report

Search: []

Summary: [] Period: [] All Plans

Sector	Age	SqM	Income					Maintenance (Ave pa)	Common Costs (Ave pa)	Common Costs pm	Hoating (Ave pa)
			Gross Rent	Vacancy (ERV) pa	Rent Discount	Actual Rent	Actual Rent pm				
Retail	1972	1,787.00	1,640,911.00	114,088.35	114,700.00	1,412,123.55	790.22	160,995.86	-16,055.60	-8.98	87,193.78
Mixed Use	1907	1,054.00	1,433,211.24	84,512.96	89,876.84	1,298,827.44	1,232.28	218,429.50	8,728.44	8.28	81,912.88
Retail	1981	1,617.00	1,014,493.66	42,022.11	-	972,471.55	601.40	32,533.60	9,667.39	5.98	84,835.76
Mixed Use	1970	10,587.00	11,214,934.09	45,396.72	6,000.00	11,163,537.37	1,054.46	568,341.22	-93,882.88	-8.67	1,213,253.30
Retail	1974	965.00	167,496.00	-	89,756.00	97,746.00	267.80	57,000.04	3,697.41	16.13	1,814.00
Office	1899	899.00	380,326.99	103,360.09	14,484.82	275,482.07	306.43	178,096.38	-29,105.67	-32.39	162,940.92
Mixed Use	1877	3,869.00	3,359,979.58	371,724.26	86,570.86	2,691,864.46	747.40	109,686.99	-18,739.91	-4.84	297,960.43
Mixed Use	1880	1,843.00	1,960,173.68	-	76,106.00	1,884,064.68	1,007.03	780,891.01	-	-	285,265.02
Retail	1972	2,419.00	1,632,495.30	51,600.00	-	1,508,895.30	656.01	95,294.33	974.32	0.40	126,057.54



Thank You!