

Park Street A/S – Interim Financial report, 1st half of 2021

Copenhagen, 26 August 2021

In the first half of 2021 Park Street Nordicom achieved EBVAT (Earnings before value adjustments and tax) of DKK 33.1 million (2020: DKK 36.2 million). Profit for the period after tax is DKK 86.0 million against DKK 63.3 million in 2020. The increase compared to previous year is due to the adjustment to fair value DKK 51.4 million.

The Group Equity at 30 of June 2021 is DKK 1,154.8 million compared to DKK 1,071.9 million at 31 of December 2020; with the increase attributed to the profit of the period.

The Board of Directors of Park Street A/S today discussed and approved the company's Interim report 2021, which contained the following:

The period in outline

- The period generated a profit of DKK 82.9 million (1st half of 2020: DKK 63.3 million).
- During the period, Park Street achieved EBVAT (earnings before value adjustments and tax) of DKK 33.1 million (1st half of 2020: DKK 36.2 million). The EBVAT achieved in the 1st half of 2021 is DKK 3.1 million lower than the corresponding amount achieved in the 1st half of 2020. The reduction is primarily caused by the reduction of gross profit (DKK -9.9 million) due to a lower revenue on a hotel operated by the Group and slight increase in vacancies and reduction in number of investment properties (6 properties sold). This reduction in profit has been partially compensated by a reduction of overhead costs (DKK -2.2 million) and financial expenses (DKK -4.6 million). The reduction in overhead costs is caused by a reduction of other external costs (DKK -2.2 million)
- During the period, Park Street sold:
 - Residential unit in Ballerup
 - Land plot in Naestved
- The Group's equity was positive at DKK 1,154.8 million at 30 June 2021 (31 December 2020: DKK 1,071.9 million).
- Park Street's net cash flow in the 1st half of 2021 was negative by DKK 5.3 million (1st half of 2020: DKK -24.8 million). Cash flow from operating activities was DKK 36.3 million (1st half of 2020: DKK 28.0 million), while the cash flow from investing activities was DKK -14.6 million (1st half of 2020: DKK 148.9 million) mainly due to improvements to investment properties. The cash flow from financing activities is negative by DKK 27.0 million (1st half of 2020: DKK -201.7 million) impacted mainly by repayment to short term debt.

Expectations for 2021

Park Street expectations for EBVAT (earnings before value adjustments and tax) at year-end 2021 is at DKK 69 - 75 million.

Park Street has made some progress with new leases across 3 key properties which will start generating positive top line impact in second half of 2021, and is expecting to continue its intensive marketing initiatives for further reduction in vacancies. While there is progress with hotel revenues compared to previous 2 quarters, it still is well below the steady state revenues of pre-covid. There is an expected further improvements in the second half of the year. The range for EBVAT expectations is refined to a tighter range DKK 69 to DKK 75 million compared to earlier guidance of DKK 68.6 to 85.6 million.

As outlined in Strategy document (published Jan 2021), Park Street is taking steps towards initiating Pulse N project and optimising bank financing.

Subsequent events after June 30, 2021

As outlined in the Strategy 2021 (published in Jan 2021), Park Street is actively pursuing refinancing and sale of properties. Towards this, the Company is in exclusive discussions with a credible counterpart to do financing across multiple properties towards replacing current bank debt due in 2022, and for development financing to initiate of Pulse N project. The completion of such financing is subject currently active due diligence and negotiations with its associated uncertainties.

Park Street has also concluded the works related to initiating new leases across 3 properties including Pulse O. The Pulse O project has been successfully launched with all available rooms being fully let within 8 weeks of launch. The other 2 commercial properties now have new long term leases with highly reputed tenants.

Management comments on the Interim report

In connection with the interim report for Q2 2021, CEO Pradeep Pattem states the following:

“We started the year with a lot of purpose, optimism and a well-defined strategy. The reality seems a slower yet steady positive progress, reflecting the wider world, where we are gradually transitioning back to a normalised work environment and economy - with limitations impacting sectors like leisure and retail. The standout positive for us has been the launch of www.pulseliving.dk, our Youth Housing concept - wherein the team brought together incredible passion, focus and dedication to bring in over 100 new residents from across the world within a few weeks of launch. We are also excited to welcome Tesla into one of our Odense property, which required significant project work together with our partners. Furthermore, we are in early stages of launching www.sparkoffices.dk and www.sparkretail.dk with a dedicated focus on raising the service delivery levels to our current and future tenants. While our ambitions and plans remain lofty, at times we find ourselves lagging in resources - internal and external. That however, I see is part of our journey. I am incredibly proud of the team that delivered on the progress, and looking forward to achieving further successes and bring in more members to join our journey in the second half of this year.”

Attached files

Interim report 2021 is attached to this announcement.

Copenhagen,

Anita Nassar
Chairman

Pradeep Pattem
CEO

Further information

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This company announcement contains some forward-looking statements, including statements about Park Street's activities. Such forward-looking statements are based on information, assumptions and assessments that Park Street finds reasonable. These forward-looking statements cover known and unknown risks, uncertainties and other material factors that may cause Park Street's actual profits, growth or performance to differ considerably from the future profits, growth and performance expressed or implied in connection with these forward-looking statements. If one or more of these risk factors or elements of uncertainty is triggered or if an underlying assumption turns out to be incorrect, Park Street's actual financial position or operating profits may differ considerably from that which is described as assumed, assessed, estimated or expected.

Attachment

[Park Street - Interim Financial Report, 1st half of 2021](#)