

## Park Street Nordicom A/S – Interim report, 1st half of 2017

Copenhagen, 31 August 2017

**Earnings before special items for the period is DKK 3.9 million against DKK 7.5 million in 2016.**

**Profit for the period after tax is DKK 52.6 million against DKK 2.8 million in 2016 driven by one off gains at DKK 55.4 million related to restructuring, and the equity is positive with DKK 19.6 million against DKK -33.1 million as at 31 December 2016.**

**The restructuring of Park Street Nordicom A/S is making progress, and merger of subsidiary entities has been completed. The restructuring including recapitalisation and implementation of new financial terms is progressing as expected.**

The Board of Directors of Park Street Nordicom A/S today discussed and approved the company's Interim report 2017, which contained the following:

### Park Street Nordicom's restructuring process

In 2017, Park Street Nordicom continued recent years' efforts to implement financial restructuring. In the first half of 2017, this resulted in agreements with key financial creditors regarding refinancing of existing loan facilities into long-term debt. As part of the restructuring plan, the Group's company structure has been simplified by merging all active subsidiaries into Park Street Nordicom A/S.

The overall purpose of the restructuring plan is to re-establish Park Street Nordicom and create the financial foundations for future growth in the company. Next phase in the restructuring plan is recapitalisation involving capital injection in form of conversion of debt into capital and cash injection, which is expected to be executed according to the plan.

### The period in outline

- The period produced a profit of DKK 52.6 million including special items of DKK 55.4 million (1st half of 2016: DKK 2.8 million).
- During the period, Park Street Nordicom achieved EB VAT (earnings before value adjustments and tax) of DKK 2.1 million (1st half of 2016: DKK 11.2 million). The EB VAT achieved is thus DKK 9.1 million lower than the corresponding amount achieved in 2016.
- Compared with the 1st half of 2016, the EB VAT achieved was affected by both positive and negative factors, including the increase in financial cost at DKK 9.5 million and lower corporate overheads DKK 2.1 million primarily other external cost.
- The vacancy rate (calculated by rental value) in investment properties was 11.9% in the 1st half of 2017 against 11.6% in the 1st half of 2016 and thereby at the same level.
- During the period, Park Street Nordicom had limited major property sales:
  - Randlevvej, Odder (2 plots).
- A total of DKK 1.8 million in fair value adjustments to investment properties and liabilities is included in the income statement (1st half of 2016: DKK -0.5 million).
- The Group's equity was positive at DKK 19.6 million at 30 June 2017 (31 December 2016: DKK -33.1 million).
- Park Street Nordicom's total cash flow in the 1st half of 2017 was DKK -60.9 million (1st half of 2016: DKK 27.3 million), primarily utilised to repay financial debt.

The management of Park Street Nordicom reduce its expectations for EB VAT to DKK 25 - 35 million in 2017 from previous DKK 30 – 40 million, in view of the recent delays in implementation of financial restructuring and refinancing plans.

**Management comments on the Annual report**

In connection with the interim report for Q2 2017, CEO Pradeep Pattem states the following:

"There has been a significant progress in the restructuring of Park Street Nordicom and after the final credit committee approval of the respective key financial creditors in July, refinancing of the existing facilities into long term debt is expected to be executed, along with merger of subsidiary entities. With the recapitalization of Park Street Nordicom progressing as planned, the focus going forward will be on growing the portfolio and EBVAT. The company expects that the EBVAT for the year 2017 will be within the range DKK 25-35 million."

**Further information**

If further information is required, CEO Pradeep Pattem of Park Street Nordicom can be contacted by phone on 33 33 93 03.

**Attached files**

Interim report 2017 is attached to this announcement.

Copenhagen,

Andrew La Trobe  
Chairman

Pradeep Pattem  
CEO

*This company announcement contains some forward-looking statements, including statements about Park Street Nordicom's activities. Such forward-looking statements are based on information, assumptions and assessments that Park Street Nordicom finds reasonable. These forward-looking statements cover known and unknown risks, uncertainties and other material factors that may cause Park Street Nordicom'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 Nordicom's actual financial position or operating profits may differ considerably from that which is described as assumed, assessed, estimated or expected.*



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Board of Directors:

Andrew John Essex La Trobe, Chair  
Hallur Eyfjörd Thordarson, Deputy Chair  
Ohene Aku Kwapong  
Anita Nassar  
Lars-Andreas Nilsen  
Pradeep Patten

Management:

CEO Pradeep Patten

Auditor:

PriceWaterhouseCoopers Statsautoriseret Revisionspartnerselskab

Principal activity:

Nordicom is a property company with a large portfolio of commercial properties located mainly in the Copenhagen area and the central part of Eastern Jutland from Aarhus to Kolding.

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## Directors' report

### EBVAT in the period 1 January – 30 June 2017

In the 1st half of 2017, Park Street Nordicom achieved EBVAT (earnings before value adjustments and tax) of DKK 2.1 million (1st half of 2016: DKK 11.2 million), which is in line with management expectations for the period.

The EBVAT achieved in the 1st half of 2017 is thus DKK 9.1 million lower than the corresponding amount achieved in the 1st half of 2016. The decrease was expected and primarily due to higher financial expenses as a consequence of higher margins on mortgage loans. As result of restructuring of the debt, margins on mortgage loans are expected to be at market level from 1 July 2017 and going forward.

The Group's equity as at 30th June 2017 was positive at DKK 19.6 million, against DKK -33.1 million as at 31 December 2016. The improvement in the Group's equity is due to the results of the ongoing restructuring of Park Street Nordicom. The process to further strengthen the capital continues in the form of conversion of debt into capital, as well as cash injection.

### Status of ongoing restructuring of the Group's financial situation

The restructuring of Park Street Nordicom is making progress. As described in the financial statements for 2016, the restructuring generally consists of the following elements:

- Renegotiation of loan facilities
- Simplify the company structure
- Injection of new capital
- Strengthen the business plan and the organisation

#### *Renegotiation of loan facilities*

In June, negotiations were concluded with the Group's primary creditors, and a further 81% of total financial liabilities was agreed with terms at market level. In the financial statement for 2016 it was stated that negotiations have been concluded for 14% of financial liabilities at that time. Consequently, as of 30th June 2017, negotiations were concluded for 95% of the Group's financial liabilities.

In July, these negotiations have been credit-approved by the respective credit committees at the financial creditors, and further negotiations have been concluded, resulting in only outstanding negotiations concerning less than 1% of financial liabilities.

#### *Simplify the company structure*

On 18th of July 2017, the merger of all active subsidiaries into Park Street Nordicom A/S was registered, thus creating the basis for a more efficient, sustainable company.

#### *Injection of new capital*

The restructuring plan includes strengthen the capital in several ways, including conversion of debt into share capital, as well as cash injection.

Both forms of capital injection were approved at the Annual general meeting on 27th April 2017, and the recapitalisation is proceeding as planned.

#### *Strengthen the business plan and the organisation*

The Board of Directors and the management are working to develop a new business plan in order to create a real estate company that can be a strong player on the Danish real estate market in the future.

In parallel with the implementation of the restructuring plan, Park Street Nordicom has started processes to improve the strategy and policies, optimise IT systems and procedures and strengthen the organisation.

### Expectations for 2017

The restructuring plan is proceeding as planned. Park Street Nordicom expectations for EBVAT (earnings before value adjustments and tax) at year-end 2017 is DKK 25 - 35 million before the inclusion of profits that are achieved or expected to be achieved as a result of cancellation of financial liabilities, etc., which is a reduction from previous DKK 30 – 40 million. The change is in view of delayed implementation of terms of finan-

cial restructuring and refinancing as agreed by banks.

### **The general real estate market, letting and property management**

The real estate market remains characterised by a high level of activity and high demand for investment properties, including rising interest in certain types of property with secondary locations. Park Street Nordicom therefore continues to experience growing interest in the Group's properties. This interest is from both potential buyers of properties and potential tenants of vacant space.

Park Street Nordicom is focusing on making the necessary improvements for new tenants and on maintaining stabilised property management within the capital limits.

The operation of the Group's properties in the 1st half of 2017 was generally as expected with the vacancy rate (calculated by rental value) for the Group's investment properties at 11.9% in the 1st half of 2017, against 11.4% for all of 2016.

During the period, new tenants moved in to approximately 6,500 m<sup>2</sup>, equivalent to approximately 3% of the Group's total square meters. Further leases have now been made that will entail new tenants moving in to approximately 2,000 m<sup>2</sup> in the remainder of 2017. Together with other ongoing negotiations, the vacancy rate in the 2nd half of 2017 is expected to decrease.

### **Property sales**

In the 1st half of 2017, Park Street Nordicom sold the following properties and plots:

- Randlevvej, Odder (2 plots)

In addition to the above sales, Park Street Nordicom has made the following contracts of sale with handover to the buyers after end of June 2017:

- Halfdans Vænge, Næstved (2 plots).

Park Street Nordicom did not acquire any properties in the 1st half of 2017.

### **Organisation**

As stated in the Nasdaq announcement of 17th May 2017, Pradeep Patterm has taken up the position as CEO of Park Street Nordicom and, in this connection, stepped down as chairman of the Board of the same company.

Andrew La Trobe has been elected as new chairman of the Board of Park Street Nordicom. He was elected to the Board of Directors at the Annual general meeting on 27th April 2017.

The Board of Directors of Park Street Nordicom then consists of Andrew La Trobe, Hallur Eyfjörd Thordarson, Pradeep Patterm, Ohene Aku Kwapong, Anita Nassar and Lars-Andreas Nilsen.

The number of employees of Park Street Nordicom has increased to 17 in 2017, against 16 at the start of the year.

### **Annual general meeting held on 27th April 2017**

At the Annual general meeting of Park Street Nordicom A/S held on 27th April 2017, all proposals by the Board of Directors were approved. Of these decisions at the general meeting, the following are highlighted:

- Change of company name to Park Street Nordicom A/S.
- The Group language was changed to English, so that all future communication will be in English, including also future general meetings.
- Amendments to the Articles of Association, including division of the share capital into share classes so that it can consist of class A shares and class B shares, authorisations for the Board of Directors to expand the class B share capital and acquisition of own class A shares.
- PriceWaterhouseCoopers Statsautoriseret Revisionspartnerselskab was elected as new auditor for the company.

Reference is also made to the distributed minutes of the ordinary general meeting on 27th April 2017, please refer to:  
<http://www.nordicom.dk/info/aktieinformation/generalforsamling>



## Consolidated financial review

### PROFIT FOR 1st HALF OF 2017

Park Street Nordicom's profit is DKK 52.6 million for the 1st half of 2017 (1st half of 2016: DKK 2.8 million), equivalent to a change of DKK 49.8 million in relation to the 1st half of 2016.

The gross profit in the 1st half of 2017 is DKK 62.2 million (1st half of 2016: DKK 64.9 million), equivalent to a decrease of DKK 2.7 million. The decrease in gross profit is primarily due to the effect of divested properties in 2016. The gross profit is also affected by both positive and negative differences, including the fact that, in the 1st half of 2017, maintenance costs for properties were lower than in the first half of 2016.

Rental income in the 1st half of 2017 was DKK 68.9 million against DKK 74.0 million in the 1st half of 2016, a decrease of DKK 5.1 million. The decrease is a natural consequence of the divestment of properties in 2016. The decrease in rental income as a consequence of divestment is partly set off by primarily fewer rent discounts at DKK 0.9 million. The vacancy rate (calculated by rental value) in the Group's property investment portfolio was 11.9% in the 1st half of 2017 (1st half of 2016: 11.6 %).

The Group's overheads were DKK 15.0 million in the 1st half of 2017 against DKK 17.0 million in the 1st half of 2016. The decrease is mainly due to lower external cost, hereof lower consultancy cost a DKK 2.1 million.

The profit for the period was positively affected by fair value adjustments of DKK 5.1 million to investment properties in the 1st half of 2017 (1st half of 2016: DKK -0.5 million). The adjustments are due to changes in leases, sales prices achieved and other property-specific factors. Fair value adjustments to liabilities to credit institutions had a negative impact of DKK -3.3 million on profit in the 1st half of 2017 (1st half of 2016: DKK -3.9 million).

Park Street Nordicom's total net financial operating costs in the 1st half of 2017 were DKK 46.2 million (1st half of 2016: DKK 36.7 million), equivalent to a negative change of DKK 9.5 million, mainly due to an increase in margins on mortgage loans, partly set off by financial expenses reduced as a consequence of properties divested in 2016.

### BALANCE SHEET AS AT 30 JUNE 2016

Park Street Nordicom's balance sheet total as at 30 June 2017 was DKK 2,138.2 million, a reduction of DKK 87.1 million on the balance sheet total as at 31 December 2016. The reduction is primarily due to the sale of the properties Randlevej and Susågård and cash flow used to reduce debt. Non-current assets were DKK 2,079.7 million as at 30 June 2017 (31 December 2016: DKK 2,069.3 million) and current assets were DKK 58.5 million (31 December 2016: DKK 156.0 million). Expenses for improvements to properties of DKK 5.7 million were paid in the 1st half of 2017.

Equity was positive at DKK 19.6 million as at 30 June 2017 (31 December 2016: DKK -33.1 million), an improvement of DKK 52.7 million which is attributable to the profit for the 1st half of 2017.

Liabilities to credit institutions were DKK 2,048.6 million as at 30 June 2017 (31 December 2016: DKK 2,197.7 million), consisting of DKK 1,225.2 million (60%) for non-current liabilities and DKK 823.4 million (40%) for current liabilities. In the 1st half of 2017, financial liabilities were reduced by DKK 217.9 million (net) as a consequence of restructuring of the financial debt and ordinary repayments.

### CASH FLOWS FOR THE 1st HALF OF 2017

Cash flows from operating activities for the 1st half of 2017 were DKK 5.3 million (1st half of 2016: DKK 19.9 million), equivalent to a decrease of DKK 14.6 million in relation to the same period last year. The decrease is due primarily to a lower EB VAT in the 1st half of 2017.

Cash flows from investing activities for the 1st half of 2017 were DKK 30.9 million (1st half of 2016: DKK 86.9 million). Cash flows from investing activities were positively affected by DKK 36.7 million in the 1st half of 2017 from the sale of investment properties initiated in 2016. The effect on cash flow for the period of improvements to properties, etc. was DKK -5.7 million (1st half of 2016: DKK -4.1 million).

Cash flows from financing activities for the 1st half of 2017 were DKK -97.0 million (1st half of 2016: DKK -79.5 million) and were due to repayments of loans in connection with divestment of properties, and both ordinary and full repayments.

The Group's liquid assets amounted to DKK 18.3 million as at 30 June 2017 against DKK 76.4 million as at 31 December 2016.

**Uncertainty in connection with recognition and measurement**

In connection with the submission of the interim report, management make a number of estimates and assessments that have a significant influence on the interim report, including in relation to the following:

- going concern assumption,
- fair value of investment properties,
- fair value of headquarters properties,
- impairment test on headquarter properties,
- classification of properties,
- deferred tax assets and tax liabilities, and
- fair value of liabilities to credit institutions.

Where estimates are concerned, there is uncertainty in relation to the stated factors and items. It may be necessary to change previous estimates on account of changes in the factors on which the estimates were based. Reference is made to note 1 to the consolidated financial statements in the Annual report for 2016 for further details on these assessments, estimates and associated uncertainties. New and changed assessments and estimates in the 1st half of 2017 are discussed in note 1 to the interim report.

**Risk factors**

As mentioned in the Annual report for 2016, the management's main focus is to implement the financial restructuring. The outcome of the restructuring process will have a decisive impact on Park Street Nordicom's future. Until the restructuring process has been finalised some uncertainty regarding the financial situation will remain.

For further details of the Group's risks and risk management, see the company's Annual report for 2016 ('Risk factors' section on pages 10-11). Due to the fact, that new terms with key financial creditors now are credit approved and that all active subsidiaries are merged into Park Street Nordicom A/S the uncertainty regarding going concern has been reduced significantly. The last major step in the restructuring process is recapitalisation, which include conversion of debt into share capital and cash injection. Therefore there have been material changes to the Group's risks or risk management in the 1st half of 2017.

**Expectations and other statements about the future**

Park Street Nordicom's main focus is to finalise the financial restructuring. For now the main outstanding issue in the restructuring process is recapitalisation and therefore there are still uncertainty regarding the final result of the recapitalisation of Park Street Nordicom and the equity.

In the Annual report for 2016, Park Street Nordicom included an expectation to achieve EB VAT of around DKK 30 – 40 million in 2017, which in connection with the interim report as at 30 June 2017 has been reduced to DKK 25 – 35 million. Profit expectations are based on a situation in which other things are equal, i.e. based on the existing property portfolio and the terms applicable or advised for interest rates and administration margins for financial liabilities. The increases in EB VAT compared to 2016 is based on the restructuring process being implemented from 1 July 2017, but Park Street Nordicom's final profit for 2017 may be affected significantly either positively or negatively, depending on the outcome and timing of the restructuring process.

There is also uncertainty related to the assumptions for Park Street Nordicom's expected profits as a consequence of standard operating risks. The operating profit for 2017 may, in particular, be affected negatively if major tenants vacate properties, go bankrupt, etc., and renegotiation of lease terms with existing tenants may also affect the operating profit. In addition, any divestment of properties will affect the expected EB VAT.

## Consolidated key figures and financial ratios

### Key figures

Amounts in DKK 1000s	1st half of 2017	1st half of 2016	Full year 2016
<b>Income statement</b>			
Rental income	68,899	73,974	145,535
Total net sales	82,026	86,376	175,098
Gross profit	63,391	64,890	131,718
Profit from primary operations	50,094	44,232	99,397
Financial items	-46,225	-36,737	-74,926
Earnings before value adjustments and tax (EBVAT)	2,071	11,194	24,858
Profit for the period	52,654	2,752	43,496
<b>Statement of financial position</b>			
Investment properties	1,922,227	1,981,571	1,918,052
Investments in property, plant and equipment	5,824	4,073	12,287
Balance sheet total	2,134,629	2,257,792	2,225,316
Interest-bearing debt	2,048,593	2,266,474	2,196,434
Total equity	19,592	-81,393	-33,062
<b>Statement of cash flows</b>			
Cash flows from operations	5,255	19,861	45,901
Cash flows from investment	30,886	86,923	144,433
Cash flows from financing	-97,043	-79,512	-152,493
<b>Other disclosures</b>			
Non-current liabilities as a proportion of total liabilities (%)	58.7	58.7	58.4
Share capital	12,028	12,028	12,028
Share price, end of period (DKK)	5.75	2.0	1.3
Share price change in points	4.45	0.1	-0.6
Number of employees in the Group (average)	17	17	16

### Financial ratios

	1st half of 2017	1st half of 2016	Full year 2016
Return on property portfolio (% p.a.)	5.7	5.5	5.7
Average loan rate (% p.a.)	4.4	3.2	3.3
Return margin on property portfolio (% p.a.)	1.4	2.3	2.4
Return on equity (%)	N/A	N/A	N/A
Net asset value per share, end of period (DKK)	1.6	-6.8	-2.8
Earnings per share (DKK)	4.4	0.2	3.7
Price/net asset value, end of period	3.6	Neg.	Neg.
Cash flow per share (DKK)	0.4	1.7	3.9
Equity ratio (%)	0.01	Neg.	Neg.

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 2016.

## Statement by Board of Directors and Management

The Board of Directors and management have today discussed and adopted the interim report for the period 1 January - 30 June 2017 for Park Street Nordicom A/S.

The interim financial statements, which have not been audited or reviewed by the company's auditor, were submitted in accordance with IAS 34 'Interim Financial Reporting', as adopted by the EU, and Danish disclosure requirements for interim reports for listed companies.

In our opinion, the interim financial statements provide a true and fair view of the Group's assets, liabilities and financial position as at 30 June 2017 and of the profit from the Group's activities and cash flows for the period 1 January - 30 June 2017.

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 financial position as a whole, and a description of the significant risks and uncertainty factors that the Group faces.

Copenhagen 31 August 2017

### Management

Pradeep Pattem  
CEO

### Board of Directors

Andrew John Essex La Trobe  
Chair

Hallur Eyfjörð Thordarson  
Deputy Chair

Ohene Aku Kwabong

Anita Nassar

Lars-Andreas Nilsen

Pradeep Pattem

## Income statement

Note	Amounts in DKK 1000s	1st half of 2017	1st half of 2016	Full year 2016
3	Net sales	82,026	86,376	175,098
4	Operating expenses	-18,635	-21,486	-43,380
	<b>Gross profit</b>	<b>63,391</b>	<b>64,890</b>	<b>131,718</b>
	Employee benefit expenses	-11,173	-10,274	-17,969
	Other external expenses	-2,680	-5,640	-11,821
	Depreciation, amortisation and impairment	-1,242	-1,045	-2,144
	<b>Operating profit (EBIT)</b>	<b>48,296</b>	<b>47,931</b>	<b>99,784</b>
	Financial income	1,376	145	277
	Financial expenses	-47,601	-36,882	-75,203
	<b>Earnings before value adjustments (EBVAT)</b>	<b>2,071</b>	<b>11,194</b>	<b>24,858</b>
5	Adjustment to fair value, net	1,798	-4,380	-10,322
6	Gains realised on the sale of investment properties	0	681	9,935
	<b>Earnings before special items</b>	<b>3,869</b>	<b>7,495</b>	<b>24,471</b>
7	Special items	55,412	0	0
	<b>Profit before tax</b>	<b>59,281</b>	<b>7,495</b>	<b>24,471</b>
8	Tax on profit for the period	-6,627	-4,743	19,025
	<b>Profit for the period</b>	<b>52,654</b>	<b>2,752</b>	<b>43,496</b>
	<b>Distributed as follows</b>			
	Parent's shareholders	52,654	2,752	43,496
	<b>Profit for the period</b>	<b>52,654</b>	<b>2,752</b>	<b>43,496</b>
	<b>Earnings per share</b>	<b>4.42</b>	<b>0.23</b>	<b>3.65</b>
	<b>Diluted earnings per share</b>	<b>4.42</b>	<b>0.23</b>	<b>3.65</b>

## Statement of comprehensive income

Note	Amounts in DKK 1000s	1st half of 2017	1st half of 2016	Full year 2016
	<b>Profit for the period</b>	<b>52,654</b>	<b>2,752</b>	<b>43,496</b>
	<b>Other comprehensive income:</b>			
	<i>Items that cannot be reclassified to the income statement:</i>			
	Fair value adjustment of headquarters properties	0	0	9,727
	Tax on fair value adjustment of headquarters properties	0	0	-2,140
	<b>Other comprehensive income after tax</b>	<b>0</b>	<b>0</b>	<b>7,587</b>
	<b>Comprehensive income for the period</b>	<b>52,654</b>	<b>2,752</b>	<b>51,083</b>
	<b>Distributed as follows</b>			
	Parent's shareholders	52,654	2,752	51,083
	<b>Comprehensive income for the period</b>	<b>52,654</b>	<b>2,752</b>	<b>51,083</b>

## Statement of financial position

Note	Amounts in DKK 1000s	30 June 2017	30 June 2016	31 December 2016
<b>ASSETS</b>				
<b>Non-current assets</b>				
<b>Property, plant and equipment</b>				
	Domiciles	148,608	139,308	149,382
9	Investment properties	1,922,227	1,827,248	1,911,467
	Machinery and equipment	2,992	3,116	3,321
		<b>2,073,827</b>	<b>1,969,672</b>	<b>2,064,170</b>
<b>Financial assets</b>				
	Deferred tax assets	2,203	0	5,126
	Deposits	61	0	0
		<b>2,264</b>	<b>0</b>	<b>5,126</b>
	<b>Total non-current assets</b>	<b>2,076,091</b>	<b>1,969,672</b>	<b>2,069,296</b>
<b>Current assets</b>				
	Mortgages and instruments of debt	8,944	9,190	9,067
	Project holdings	3,901	29,658	3,816
	Receivables	25,913	24,789	24,622
	Prepaid expenses and accrued income	1,443	1,490	2,689
	Cash and short-term deposits	18,337	68,670	76,398
		58,538	133,797	116,592
10	Assets held for sale	0	154,323	39,428
	<b>Total current assets</b>	<b>58,538</b>	<b>288,120</b>	<b>156,020</b>
	<b>Total assets</b>	<b>2,134,629</b>	<b>2,257,792</b>	<b>2,225,316</b>

## Statement of financial position

Note	Amounts in DKK 1000s	30 June 2017	30 June 2016	31 December 2016
<b>LIABILITIES</b>				
<b>Equity</b>				
	Share capital	12,028	12,028	12,028
	Foreign currency reserve	146	146	146
	Revaluation reserve	19,742	12,401	19,894
	Accumulated profit	-12,324	-105,968	-65,130
	<b>Total equity</b>	<b>19,592</b>	<b>-81,393</b>	<b>-33,062</b>
<b>Liabilities</b>				
<b>Non-current liabilities</b>				
	Deferred tax	0	10,820	0
	Credit institutions	1,225,213	1,340,437	1,299,651
	Deposits	15,369	22,197	19,065
		<b>1,240,582</b>	<b>1,373,454</b>	<b>1,318,716</b>
<b>Current liabilities</b>				
	Provisions for liabilities	2,085	2,350	2,085
	Credit institutions	823,380	914,983	851,846
	Trade and other payables	3,800	2,841	3,173
	Income tax payable	4,596	0	0
	Deposits	25,739	20,031	21,740
	Other liabilities	14,855	14,472	14,568
		874,455	954,677	893,412
10	Liabilities concerning assets held for sale	0	11,054	46,250
		<b>874,455</b>	<b>965,731</b>	<b>939,662</b>
	<b>Total liabilities</b>	<b>2,115,037</b>	<b>2,339,185</b>	<b>2,258,378</b>
	<b>Total equity and liabilities</b>	<b>2,134,629</b>	<b>2,257,792</b>	<b>2,225,316</b>



## Statement of equity

Amounts in DKK 1000s	Share capital	Foreign currency reserve	Revaluation reserve	Accumulated profit	Proposed dividend	Equity Total
<b>Statement of equity for 1st half of 2017</b>						
Equity as at 1 January 2017	12,028	146	19,894	-65,130	0	-33,062
<b>Comprehensive income for the period</b>						
Profit for the period	0	0	0	52,654	0	52,654
<b>Comprehensive income for the period</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>52,654</b>	<b>0</b>	<b>52,654</b>
<b>Other adjustments</b>						
Depreciation of revalued value of domiciles	0	0	-152	152	0	0
<b>Total other adjustments</b>	<b>0</b>	<b>0</b>	<b>-152</b>	<b>152</b>	<b>0</b>	<b>0</b>
<b>Equity as at 30 June 2017</b>	<b>12,028</b>	<b>146</b>	<b>19,742</b>	<b>-12,324</b>	<b>0</b>	<b>19,592</b>
<b>Statement of equity for 1st half of 2016</b>						
Equity as at 1 January 2016	12,028	146	12,496	-108,815	0	-84,145
<b>Comprehensive income for the period</b>						
Profit for the period	0	0	0	2,752	0	2,752
<b>Comprehensive income for the period</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2,752</b>	<b>0</b>	<b>2,752</b>
<b>Other adjustments</b>						
Depreciation of revalued value of domiciles	0	0	-95	95	0	0
<b>Total other adjustments</b>	<b>0</b>	<b>0</b>	<b>-95</b>	<b>95</b>	<b>0</b>	<b>0</b>
<b>Equity as at 30 June 2016</b>	<b>12,028</b>	<b>146</b>	<b>12,401</b>	<b>-105,968</b>	<b>0</b>	<b>-81,393</b>

## Statement of cash flows

Statement of cash flows

Note	Amounts in DKK 1000s	1st half of 2017	1st half of 2016	Full year 2016
	<b>Profit from primary operations</b>	<b>105,506</b>	<b>44,232</b>	<b>99,397</b>
	Adjustment for illiquid operating items, etc.	-58,127	4,708	3,414
	Change in project holdings, net	-85	-1,140	1,307
	Change in other operating capital	-202	2,778	4,237
	<b>Cash flows concerning primary operations</b>	<b>47,092</b>	<b>50,578</b>	<b>108,355</b>
	Financial income received	1,376	145	277
	Financial expenses paid	-43,213	-30,862	-62,731
	<b>Total cash flow from operating activities</b>	<b>5,255</b>	<b>19,861</b>	<b>45,901</b>
	<b>Cash flow from investing activities</b>			
	Improvements to investment properties	-5,686	-4,051	-8,861
	Sales of investment properties	36,710	92,593	156,725
	Purchases of other property, plant and equipment	-138	-1,619	-3,431
	<b>Total cash flow from investing activities</b>	<b>30,886</b>	<b>86,923</b>	<b>144,433</b>
	<b>Cash flow from financing activities</b>			
	Proceeds from assumption of liabilities to credit institutions	0	1,415	3,483
	Repayment of liabilities to credit institutions	-97,043	-80,927	-155,976
	<b>Total cash flow from financing activities</b>	<b>-97,043</b>	<b>-79,512</b>	<b>-152,493</b>
	<b>Total cash flow for the period</b>	<b>-60,902</b>	<b>27,272</b>	<b>37,841</b>
	Liquid assets as at 1 January	79,239	41,398	41,398
	<b>Liquid assets as at 30 June</b>	<b>18,337</b>	<b>68,670</b>	<b>79,239</b>
	<b>Liquid assets as at 30 June</b>			
	Cash and short term deposit	18,337	68,670	76,398
	Liquid assets held for sale	0	0	2,841
	<b>Liquid assets as at 30 June</b>	<b>18,337</b>	<b>68,670</b>	<b>79,239</b>

## Notes

### Note 1 - Accounting policies, accounting estimates and risks, etc.

#### Accounting policies

The interim report was submitted in accordance with IAS 34 'Interim Financial Reporting', as adopted by the EU, and Danish disclosure requirements for interim reports for listed companies. No interim financial statements were prepared for the Parent. The interim report is presented in Danish kroner (DKK), which is the functional currency of the Parent.

Apart from the below, the accounting policies are unchanged in relation to the Annual report for 2016. Reference is made to note 32 to the consolidated financial statements in Park Street Nordicom's Annual report for 2016 for a full description of the accounting policies used.

#### Changes to accounting policies

Park Street Nordicom has implemented the standards and interpretative contributions that enter into force in the EU for 2017. None of these affected recognition and measurement in 2017.

#### Accounting assessments and estimates

Fair value adjustments of DKK 5.1 million were made to investment properties for the first 6 months of 2017 (1st half of 2016: DKK -0.5 million). The adjustments are due to changes in leases, sales prices achieved and other property-specific factors.

Valuation of tax assets from unutilized tax losses is based on budgets and estimates for the coming 3 years. The tax asset is being recognised in the balance sheet and the total income to the extent, that the management finds the documentation compelling, that the tax assets can be used going forward.

Otherwise, no significant new accounting assessments or changes to accounting estimates have been made in the interim report for the 1st half of 2017 in relation to the Annual report for 2016. For a description of significant accounting assessments and estimates, see note 1 to the consolidated financial statements in the Annual report for 2016, including in relation to the Group's valuation of investment properties, which is based on normal property transactions without taking Park Street Nordicom's financial situation into account.

### Note 2 - Seasons

As in previous years, the Group's activities were not affected by seasonal or cyclical fluctuations in the interim period.

### Note 3 - Net sales

Amounts in DKK 1000s	1st half of 2017	1st half of 2016	Full year 2016
Rental income	68,899	73,974	145,535
Sales of other services	10,290	8,344	18,933
Total sales of services	79,189	82,318	164,468
Sales totals, project holdings	1,716	2,960	8,260
Interest income, mortgages and instruments of debt	347	361	715
Sales of goods	774	737	1,655
	<b>82,026</b>	<b>86,376</b>	<b>175,098</b>

#### Note 4 - Operating expenses

	1st half of 2017	1st half of 2016	Full year 2016
<b>Amounts in DKK 1000s</b>			
Operating expenses, investment properties	11,408	14,211	25,210
Cost and expenses for projects sold	2,031	1,812	6,616
Operating expenses, other services	4,949	5,211	11,004
Cost of goods sold	247	252	550
	<b>18,635</b>	<b>21,486</b>	<b>43,380</b>

#### Note 5 - Adjustment to fair value, net

	1st half of 2017	1st half of 2016	Full year 2016
<b>Amounts in DKK 1000s</b>			
Fair value adjustment, investment properties	5,081	-488	415
Fair value adjustment, mortgage debt and bank debt	-3,283	-3,892	-10,737
	<b>1,798</b>	<b>-4,380</b>	<b>-10,322</b>

#### Note 6 - Gains realised on the sale of investment properties

	1st half of 2017	1st half of 2016	Full year 2016
<b>Amounts in DKK 1000s</b>			
Sales totals, investment properties	6,585	64,000	141,565
Book value of properties when sold, etc.	-6,585	-63,319	-131,630
	<b>0</b>	<b>681</b>	<b>9,935</b>

#### Note 7 – Special items

	1st half of 2017	1st half of 2016	Full year 2016
<b>Amounts in DKK 1000s</b>			
Disposal of associated subsidiary	9,304	0	0
Cancellation of debt	48,510	0	0
Cost for restructuring	-2,402	0	0
	<b>55,412</b>	<b>0</b>	<b>0</b>

#### Note 8 - Tax

The tax expense recognised in the income statement for the accounting period was calculated based on the net profit before tax and an estimated effective tax rate for the Group as a whole for 2017. The estimated effective tax rate for 2017 is 7.0% (as at 30 June 2016: -61.2 %). The estimated effective tax rate for 2017 is partly affected by haircuts on the debt due to the restructuring and decreases in administration margins on bank loan mortgage liabilities finalised in the new terms agreed with the financial creditors as a result of the restructuring of the total debt.

## Note 9 - Investment properties

Amounts in DKK 1000s	30 June 2017	30 June 2016	31 December 2016
Book value as at 1 January	1,911,467	1,909,154	1,909,154
Transfer to/from project holdings	0	0	0
Expenses paid for improvements	5,679	3,912	8,855
Adjustment to fair value, net	5,081	-1,974	-1,071
Disposal by sale	0	-28,021	-41,555
Reclassification to assets held for sale	0	-55,823	-62,408
Reclassification from assets held for sale	0	0	98,492
<b>Total book value</b>	<b>1,922,227</b>	<b>1,827,248</b>	<b>1,911,467</b>

As at 30 June 2017, the Group has made contracts placing the Group under an obligation to maintain and repair properties. The outstanding obligations for the works in question amount to DKK 1.2 million as at 30 June 2017 (30 June 2016: DKK 1 million).

## Note 10 – Investment properties held for sale

As at 30 June 2017 there are no ongoing sales processes regarding investment properties.

### Key figures for assets and liabilities held for sale

Amounts in DKK 1000s	30 June 2017	30 June 2016	31 December 2016
Investment properties	0	154,323	6,585
Deferred tax assets	0	0	5,681
Project holdings	0	0	23,396
Receivables	0	0	925
Cash and short-term deposits	0	0	2,841
<b>Assets held for sale</b>	<b>0</b>	<b>154,323</b>	<b>39,428</b>
Credit institutions	0	11,054	44,937
Other liabilities	0	0	1,313
<b>Liabilities concerning assets held for sale</b>	<b>0</b>	<b>11,054</b>	<b>46,250</b>

Changes for the year concerning investment properties held for sale are specified as follows:

Amounts in DKK 1000s	30 June 2017	30 June 2016	31 December 2016
Book value as at 1 January	6,585	131,500	131,500
Reclassification from investment properties	0	55,823	62,408
Other additions	0	14	6
Adjustment to fair value, net	0	1,486	1,486
Disposal by sale of investment properties	-6,585	-34,500	-90,323
Reclassification to investment properties	0	0	-98,492
<b>Total book value</b>	<b>0</b>	<b>154,323</b>	<b>6,585</b>

## Note 11 - Contingent liabilities and assets

There have been no significant changes in contingent liabilities or assets since the Annual report for 2016, to which reference is made.

## Note 12 - Capital position

For a description of Park Street Nordicom's financial situation, the initiated restructuring process and uncertainty about the finalisation of the restructuring process see the discussion in the section 'The Group's financial situation' in the Annual report on pages 2-3.

The Group's interest-bearing debt was reduced by DKK 117.9 million in the 1st half of 2017 (1st half of 2016: DKK 70 million), primarily due to repayments of loans in connection with sale of properties, sale of project holdings and ordinary repayments.

Liquid assets were DKK 18.3 million as at 30 June 2017 (as at 30 June 2016: DKK 68.7 million). The Group has no unused credit facilities that represent capital resources for current operations.

## Note 13 – Financial instruments

The fair value of mortgages is calculated using a valuation model based partly on observable market data (value of mortgage bonds with the same interest rate and term) and partly on assessments of a mortgage's priority compared with the mortgagee's standing.

The fair value of mortgage debt is established based on the fair value of the underlying bonds, corrected for an estimate of changes in the Group's credit rating. The fair value of the Group's liabilities to banks is based on the interest rate for the specific loans, taking into account the credit risk of the loans, including an assessment of the security pledged for the loans, and changes in the Group's credit rating. If a liability is subject to a fixed interest rate, the fair value is calculated as the present value of future repayments and interest payments using the current interest curve derived from the current market rates. However, for liabilities to mortgage-credit institutions and banks with a demand element, the fair value is not lower than the amount payable on demand.

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.

Fair value hierarchy:

Amounts in DKK 1000s	Book value (fair value)	Level 1	Level 2	Level 3
<b>30 June 2017</b>				
Mortgages and instruments of debt	8,944	0	8,944	0
<b>Total financial assets</b>	<b>8,944</b>	<b>0</b>	<b>8,944</b>	<b>0</b>
Credit institutions	1,996,499	0	1,809,765	186,734
<b>Total financial liabilities</b>	<b>1,996,499</b>	<b>0</b>	<b>1,809,765</b>	<b>186,734</b>
<b>30 June 2016</b>				
Mortgages and instruments of debt	9,190	0	9,190	0
<b>Total financial assets</b>	<b>9,190</b>	<b>0</b>	<b>9,190</b>	<b>0</b>
Credit institutions	1,996,499	0	1,687,297	309,202
<b>Total financial liabilities</b>	<b>1,996,499</b>	<b>0</b>	<b>1,687,297</b>	<b>309,202</b>

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, and the valuation methods used are unchanged in relation to 2016.

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.

## Note 13 – Financial instruments (continued)

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 1000s	30 June 2017	30 June 2016	31 December 2016
Book value as at 1 January	228,887	309,787	309,787
Gain(-)/loss in income statement	4,967	1,184	8,715
Repayments	-2,530	-1,769	-25,856
Transfer to level 3	5,026	0	0
Transfer from level 3	-49,616	0	-63,759
<b>Total book value</b>	<b>186,734</b>	<b>309,202</b>	<b>228,887</b>
Gain(-)/loss in income statement for liabilities held at the end of the period	4,967	1,184	7,189

Gains/losses concerning credit institutions measured at fair value are included in the item 'Adjustment to fair value, net' 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.

Changes in fair value for liabilities to credit institutions and mortgages are shown in note 5. During the interim period, there were no changes in the Group's circumstances or the financial markets that significantly affect the information provided in the Annual report for 2016 concerning financial risks and financial instruments.

For financial instruments that are not measured at fair value, the book value is assessed as being a reasonable approximation of fair value, except for convertible bonds with a book value of DKK 52.1 million (30 June 2016: DKK 50.9 million), for which the fair value is assessed as being close to DKK 0. The bonds in scope are classified in the interim report as standard loans from credit institutions and are included in the 'Credit institutions' item in the balance sheet.

## Note 14 - Related parties

Related parties with significant influence comprise Park Street Nordicom's Board of Directors and Management and next-of-kin of these persons. Related parties also comprise companies in which this group of individuals exert a controlling influence and companies that exert a significant influence in Park Street Nordicom.

Members of the Parent's Management and Board of Directors were remunerated as follows during the period:

Amounts in DKK 1000s	1st half of 2017	1st half of 2016	Full year 2016
Board of Directors' fees	390	1,254	1,799
Management, salary, etc.	2,151	1,461	3,083
	<b>2,541</b>	<b>2,715</b>	<b>4,882</b>

Otherwise, there were no transactions, etc. with related parties during the period.

#### Note 15 – Events after the balance sheet date

Park Street Nordicom has made contracts of sale for 2 plots at Halfdans Vænge, Næstved. The plots are transferred after end of June 2017.

No other circumstances have occurred, from the balance sheet date and up to the date of submission of this interim report that have a significant influence on the assessment of the interim report.