

ANNUAL REPORT

2022

Company: Pulse N P/S
CVR: 42697419

Svanevej 12, 4
2400 København NV

Accounting period: 1 January –
31 December 2022

Chairman: Andreas Steen Vallentin-Hansen

7 July 2023

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Statement by Board of Directors and Executive Board

The Board of Directors and Executive Board have today considered and adopted the annual report for the financial year 1 January - 31 December 2022 for Pulse N P/S.

The annual report is prepared in accordance with the Danish Financial Statement Act.

In our opinion, the financial statements give a true and fair view of the financial position as at 31 December 2022 of the Company and of the results of the Company's operations for 2022.

It is also our opinion that the Management's Review a true and fair account of the development of Company's activities and financial conditions, the profit for the period and the Company's financial position as a whole, and a description of the significant risks and uncertainty factors that the Company faces.

The annual report is submitted to the Ordinary General Meeting for approval.

Copenhagen, 7 July 2023

Executive Board

Marcus Dyhr Brown

Board of Directors

Pradeep Patten
Chairman

Marcus Dyhr Brown

Waleed Ben Bashri

Independent Auditor's Report

To the shareholders of Pulse N P/S

Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 December 2022, and of the results of the Company's operations for the financial year 1 January - 31 December 2022 in accordance with the Danish Financial Statements Act. We have audited the Financial Statements of Pulse N P/S for the financial year 1 January - 31 December 2022, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies ("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 are independent of the Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether Management's Review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, in our view, Management's Review is in accordance with the 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 Financial Statements that give a true and fair view in accordance with 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 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 in preparing the financial statements unless Management either intends to liquidate the 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 conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgment and maintain professional skepticism 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 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 in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw at-

tention 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 Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and contents of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

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.

Hellerup, 7 July 2023

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR no 3377 1231

Torben Jensen

State Authorised Public Accountant

mne18651

Jacob Dannefer

State Authorised Public Accountant

mne47886

Company Information

Company

Pulse N P/S

Svanevej 12

DK-2400 København NV

CVR no.: 42 69 74 19

Financial Period: 1 January – 31 December 2022

Registered office: Copenhagen, Denmark

Executive Board

Marcus Dyhr Brown

Board of Directors

Pradeep Pattem

Marcus Brown

Waleed Ben Bashri

Auditor

PriceWaterhouseCoopers Statsautoriseret Revisionspartnerselskab

Management's Review

Key activities

The company's objects are to develop, operate and administer real estate and any other activity related thereto.

Development in the year

The income statement of the Company for 2022 shows a profit of DKK 12.6 million (2021: DKK 50 million) of which fair value adjustments amount to DKK 12.3 million (2021: DKK 47.6 million), and at 31 December 2022 the balance sheet of the Company shows equity of DKK 151.7 million (2021: DKK 139.2 million).

As the company is engaged in development of investment properties, the Company is affected by changes in the property market, including the general level of interest rates and economic conditions. For a description of significant assumptions for the fair value recognition as 31 December 2022 please refer to note 2.

Subsequent events

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.

Income Statement 1 January - 31 December 2022

Note	Amounts in DKK 1000s	2022	21 Sep 2021 to 31 Dec 2021
	Gross profit / (loss) before value adjustments	-610	3,232
	Adjustment to fair value, net	12,304	47,602
	Gross profit after value adjustments	11,695	50,834
	Depreciation, amortisation and impairment	0	0
	Financial income	877	0
	Financial expenses	0	-877
	Profit before tax	12,571	49,957
	Profit for the period	12,571	49,957
	Distributed as follows		
	Retained earnings	12,571	49,957
	Profit for the period	12,571	49,957

Balance Sheet as at 31 December 2022

Note	Amounts in DKK 1000s	2022	21 Sep 2021 to 31 Dec 2021
	ASSETS		
	Non-current assets		
	Property, plant and equipment		
2	Investment properties	334,000	249,000
	Total Non-current assets	334,000	249,000
	Current assets		
	Other receivables	6,286	896
	Cash and short-term deposits	41	8
	Total current assets	6,327	904
	Total assets	340,327	249,904
	Equity		
	Share capital	400	400
	Share Premium	88,807	88,807
	Accumulated profit	62,528	49,957
	Total equity	151,735	139,164
	LIABILITIES		
	Non-current liabilities		
4	Credit institutions	173,620	105,626
	Deposits	393	215
	Total Non-current liabilities	174,014	105,841
	Current liabilities		
	Trade and other payables	13,200	0
	Payables to related parties	1,238	3,997
	Other liabilities	140	902
	Total current liabilities	14,578	4,899
	Total liabilities	188,592	110,740
	Total equity and liabilities	340,327	249,904

Statement of equity

Amounts in DKK 1000s	Share capital	Share Premium	Accumulated profit	Equity Total
Statement of equity for 2022				
Equity as at 1 January 2022	400	88,807	49,957	139,164
Net Profit / loss for the period	0	0	12,571	12,571
Equity as at 31 December 2022	400	88,807	62,528	151,735
Statement of equity for 2021				
Equity as at 21 September 2021	400	0	0	400
Capital Increase	0	88,807	0	88,807
Net Profit / loss for the period	0	0	49,957	49,957
Equity as at 31 December 2021	400	88,807	49,957	139,164

Summary

Note 1	Accounting policies, accounting estimates and risks, etc.
Note 2	Investment properties
Note 3	Credit institutions
Note 4	Contingent assets and liabilities
Note 5	Subsequent events

Notes

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

BASIS OF PREPARATION

The annual report of Pulse N P/S for 2022 has been prepared in accordance with the provisions of Danish Financial Statements Act applying to enterprises of reporting class B as well as selected rules applying to reporting class C. 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 Company's activities and the functional currency of the company. The accounting policies remain unchanged from last year.

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 are measured at reassessed value. The accounting policies are otherwise as described below.

Recognition and measurement

Revenues are recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits attributable to the asset will flow to the Company, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow out of the Company, and the value of the liability can be measured reliably.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Foreign currency

Transactions in currencies other than the individual company functional currency is 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 transferred, 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

Rental income is recognised on a straight line-basis over the term of the lease.

Gross profit/loss before value adjustments

With reference to section 32 of the Danish Financial Statements Act, gross profit/loss is calculated as a summary of revenue and other external expenses.

Depreciation, amortisation and impairment

Depreciation is based on revalued amount less estimated residual value after useful life (residual value).

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.

Note 1 - Accounting policies, accounting estimates and risks, etc. (continued)

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.

BALANCE STATEMENT

Investment properties

Investment properties constitute land and buildings held to earn a return on the invested capital by way of current operating income and/or capital appreciation on sale.

On acquisition investment properties are measured at cost comprising the acquisition price and costs of acquisition. The cost of own constructed investment properties comprises the acquisition price and expenses directly related to the acquisition, including costs of acquisition and indirect expenses for labour, materials, components and suppliers up until the time when the asset is ready for use.

After the initial recognition investment properties are measured at fair value. Value adjustments of investment properties are recognised in the income statement.

In Management's opinion the classification of the property as investment properties did not cause any difficulties.

Fair value is the amount for which the property could be exchanged between knowledgeable, willing parties in an arm's length transaction on the balance sheet date. The determination of fair value involves material accounting estimates.

The estimates applied are based on information and assumptions considered reasonable by Management but which are inherently uncertain and unpredictable. Actual events or circumstances will probably differ from the assumptions made in the calculations as often assumed events do not occur as expected. Such difference may be material. The assumptions applied are disclosed in the notes. The fair value calculation of the property is described in note 2.

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.

Financial liabilities

Loans, such as mortgage loans, are recognised initially at the proceeds received net of transaction expenses incurred. Subsequently, the loans are measured at amortised cost; the difference between the proceeds and the nominal value is recognised as an interest expense in the income statement over the loan period. Mortgage loans are measured at amortised cost, which for cash loans corresponds to the remaining loan.

Amortised cost of debenture loans corresponds to the remaining loan calculated as the underlying cash value of the loan at the date of raising the loan adjusted for depreciation of the price adjustment of the loan made over the term of the loan at the date of raising the loan.

Other debts are measured at amortised cost, substantially corresponding to nominal value.

Note 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 company, 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 Company 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 Company 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 Company 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
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3	= Net Operating Income (NOI)
4	- Cap rate (net initial yield)
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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 Underrented elements
11	+ Cash deposits
12	+ Other
<hr/>	
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) No structural vacancy has been considered in the property valuation; the property is going through a re-development phase to convert the commercial area into residential. It has been estimated that the current vacancy will be let within 18 to 24 months. .

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.

Note 2 - Investment properties (continued)

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 Pulse N's properties are located, will likely decrease the yield requirements.

Amounts in DKK 1000s	2022	2021
Balance as at 1 January	249,000	197,907
Costs incurred for improvements	72,696	3,491
Adjustment to fair value, net	12,304	47,602
Balance at 31 December	334,000	249,000

The Company's investment property is under re-development. The property has commercial tenants and after redevelopment will comprise of youth housing and retail spaces

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.

ii. Vacancy

No structural vacancy has been considered in the property valuation; the property is going through a re-development phase to convert the commercial area into a residential. It has been estimated that the current vacancy will be let within 18 to 24 months.

iii. Yield

The fixed return requirement is an essential input in estimating fair values. An individually determined rate of return of 4% has been applied in the market value assessment on 31 December 2022.

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)	
	2022	2021
0.50%	-45.5	-21.2
-0.50%	58.5	25.2

Changes in the estimated required rate of return for investment properties will affect the value of investment properties recognised in the balance sheet as well as value adjustments carried in the income statement.

Note 3 – Credit Institutions

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

Liabilities recognized at amortized cost	Currency	Rate type	Expiry date	2022	2021
Bank Debt	DKK	Fixed	2-3 years	173,620	105,626
Carrying amount				173,620	105,626

The evolution of the long and short term liabilities with credit institutions is specified follows:

Amounts in DKK 1000s	2022	2021
Non-current financial liabilities	105,626	105,626
Financial liabilities with credit institutions as at 1 January	105,626	105,626
Repayment of liabilities to credit institutions	0	0
Accrued financial expenses	67,994	0
Financial liabilities with credit institutions at 31 December	173,620	105,626
Non-current financial liabilities	173,620	105,626
Current financial liabilities	0	0
Total financial liabilities with credit institutions at 31 December	173,620	105,626

Note 4 – Contingent assets and liabilities

Pledges and guarantees

The nominal pledge for the bank debt given by credit institutions per December 31, 2022 amounts to a total of DKK 173.6 million (2021: DKK 105.6 million) the nominal value of the loans amounts to a total of DKK 173.6 million (2021: DKK 105.6 million) in the company's investment properties with a book value totaling DKK 334 million (2021: DKK 249 million).

Contingent liabilities

The Company has no contingent liabilities as at December 31, 2022.

Contingent assets

The Company has no contingent asset as at December 31, 2022.

Note 5 – Subsequent events

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.