

Pineapple Corporation plc

Dear Shareholder

News Update – a letter from the Chairman on progress for the first half of 2016

The purpose of briefly writing to our shareholders, potential investors and interested parties is to give an insight into current matters affecting the company and its future plans.

Company Matters

Pineapple Corporation plc was established in 1994 with an initial capital of £ 100,000 and share equivalent of 1,400,000 shares to today's shares. There are now over 8.3 million shares in issue with an approximate value of £ 33 million.

The Board of Directors comprises of Andrew Crichton, David Farley, Tony Sperrin and myself (Tom Berglund). We get together as regularly as we can and in addition we hold meetings via the internet, messaging, direct calls and similar. Tony is based at our London office and deals with most matters financial and legal on an ongoing basis.

The company is finalising accounts for the year ending March 31st 2016 and these will be made available by the end of July. From these accounts there will be an updated valuation of the portfolio and an assessment of the net asset value per share (NAV per share). This is calculated by taking the company's assets (including valuation adjustments) less its debts and dividing by the number of issued shares.

New Finance Facility

A major recent development for our business has been refinancing our funding. This has moved from NatWest to Barclays and finances our UK portfolio of property at about 40% of the valuation of all these properties which are in excess of £ 50 million. The process has been protracted by the exacting demands of banks and their advisors but we hope now we will establish a fruitful and solid partnership that will provide our needs for the long-term. The moneys advanced were £ 19.175 million enabling repayment of £ 16.5 million of previous bank funding.

Dividend

At the end of March we paid the final dividend of the 2015/16 fiscal year in the form of a property income distribution. This dividend was 8p per share and in total 15.5p per share was paid out to shareholders during the 2015/16 fiscal year.

Development News

Currently the company is considering various options to enhance value in existing properties:

- Roof developments of 8 units in Sulgrave Road, Hammersmith
- Extension of the artist studios at Delta House, SW19

Negotiations are taking place with local authority planners and there will be more to report soon.

Finland

We have also disposed of one property in Finland for the sum of 1.7 million euros, compared to a valuation of 1.4 million euros. Although this was not an ideal transaction it has removed a property from our portfolio which had high risk of consuming considerable funds to refurbish without any

clear prospect of attracting new tenants. The Board felt this was not a risk worth taking. The remaining 2 properties in Finland are performing well and have a high quality tenant conducting business in both units. These are located in the centre of Helsinki in a busy pedestrianised street.

Acquisitions

The company completed in March the purchase of a 2 bedroom apartment in Handel Mansions for the sum of £ 1.25 million. This is another high quality unit (in addition to the one we own already) and is already rented out. We continue to look for further investments which will provide a combination of rental yield and capital growth to enhance our portfolio.

REIT

In July 2018 we will have completed 10 years as a REIT (real estate investment trust). There are various options to consider once this milestone has been passed and the directors are looking closely at all possibilities which will hopefully best benefit our shareholders. More on this will be published soon.

With kind regards to all,

A handwritten signature in black ink that reads "Ben Berglund". The signature is written in a cursive, flowing style.

Chairman

June 2016