

Pineapple Corporation plc

News Bulletin

Dear Shareholder,

I am pleased to provide an update on developments in our company and take the opportunity to make some points about our model of operation.

Pineapple Corporation plc is a UK registered REIT (Real Estate Investment Trust).

As a REIT the income from our property rental business is free of corporation tax. 90% of the net rental income for any financial year must be distributed as property investment distributions (PIDs) to our shareholders. PIDs are payable subject to a 20% withholding tax for individual investors.

PIDs can be paid gross to UK companies (wherein the PID is counted as taxable income) and to many UK pension funds and SIPPs as provided by legislation.

The profit from a sale of property is similarly free of corporation tax and can also be added to the PID or be rolled over into a new, qualifying, property investment.

For an individual UK resident taxpayer this means that 100% of the net income of the REIT is currently available income which is provided via PIDs. Tax only becomes payable as income from property when in the hands of the investor, rather than when in the hands of the company, and the tax deducted at source is recoverable against the eventual tax liability.

Other benefits from REIT investments can be:

Reduced transaction costs compared to those incurred when buying property directly. Share transfers are only subject to 0.5 % stamp duty for the buyer – meaning a new investor can buy into a share of a property portfolio at much lower cost than setting out to buy individual properties at varying levels of stamp duty.

Access to high value asset classes including UK commercial property such as warehouses, retail investments and offices, with small levels of investment.

Reduced risk by holding a share of a mixed portfolio.

Personal exposure to UK property law is minimised. Directly owning investment property requires compliance in many different aspects including tenants' rights, repairing obligations, health and safety rules and many more. Pineapple Corporation mitigates these risks by contracting management to Willmotts who in turn take on the compliance obligations.

There are also economies of scale with commissions and management costs being spread across a large portfolio.

Please be aware that legislation frequently changes and any information herein is given as a general guide. Investors are advised to check any relevant legislation as it will exist and for their own circumstances and protection.

The Board of Pineapple Corporation plc continues to believe that our status as a UK REIT offers the best advantage for our investors. The intention is to continue in this mode while these benefits persist.

Update on activity:

During the year the group disposed of its Finnish subsidiary, Tamberg Oy, in order to focus on its investment activity in the UK, particularly in London.

The Delta House Studio enhancements have been completed and we now have 74 studios producing income of £453,000. Together with the income from the ground floor warehouse this property now generates income of over £550,000. The property was valued at £8,500,000 at 31st March 2019, compared to the 31/3/18 figure of £4,225,000. After allowing for costs this shows a gain of some £2.9M on the development.

Also completed is phase one of the development at Lombard Road, SW London, where the existing building known as Truebell House has also been converted into 25 studios producing £146,000 income. The larger unit on the Lombard Road end of this site is now earmarked for demolition and a planning application for its redevelopment has recently been approved and the company is now considering its best further options.

The cashflow from the studio business adds considerably to the firepower of the company and pleasingly has provided vital space for artists needing to ply their crafts.

Following the termination of a protected tenancy at one of our flats in Hammersmith, we have renovated the flat and extended it into the roof space above, increasing its value from £315,000 to £900,000 at a cost of about £170,000.

We have also bought in a flat at our Sheen Lane investment site, to complete the unbroken block of this mixed investment comprising retail space (the lessee being Tesco) and six flats above, all let on ast's (assured shorthold tenancies).

Our retail site in Portsmouth is virtually complete and a new lease contract is being finalised at a rent of £ 65,000 per annum.

We have also recently managed to obtain vacant possession of a site in Munster Road, in Fulham and a planning application has been submitted to allow a mixed development comprising retail and office space together with three self-contained flats.

We continue to work in the residential market, which has been soft recently, but we anticipate stabilisation with time. The fundamentals of too few properties relative to demand remain.

The accounts for 31st March 2019 have now been finalised and submitted. These show:-

5.7% improvement in NAV (net asset value) per share to 499 pence

4% dividend on the NAV per share carried forward from 31st March 2018

As always the Board will now be working hard to show more growth in the current year as well as keeping a tight control on the business and its portfolio of properties.

With best wishes,

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

Chairman, August 2019