

PINEAPPLE CORPORATION PLC

DYNAMIC PROPERTY INVESTMENT



AN INTRODUCTION



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Richmond Court, Hammersmith Road

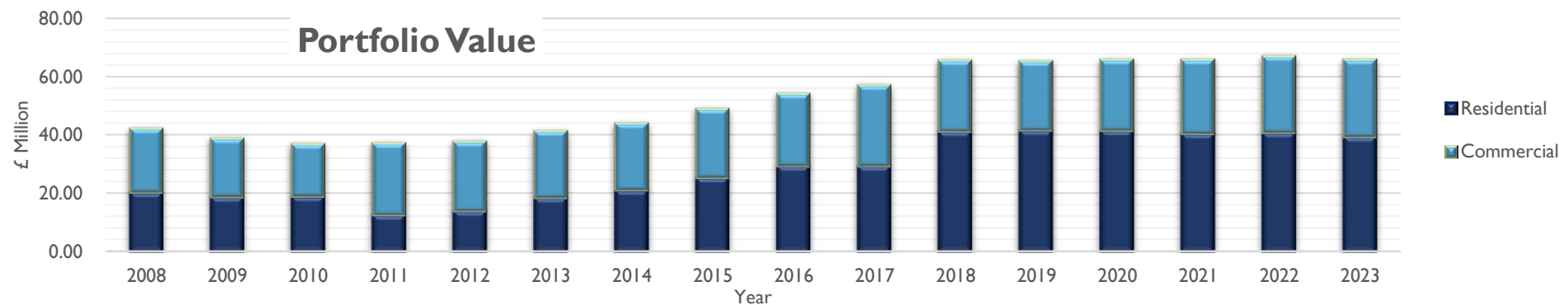


INTRODUCTION

Pineapple Corporation plc (**Pineapple**) is a UK Real Estate Investment Trust (**REIT**) listed in Luxembourg, operating from its base in Hammersmith, West London. Pineapple invests in commercial and residential property predominantly in the Greater London area. Its strategy is to target properties with potential for a substantial planning or development gain.

Having achieved the desired uplift in value Pineapple will either realise the investment by selling the property or source tenants to provide long term stable income. Headline features are:

- Generating consistent growth in portfolio value from £41.3M in 2013 to £65.7M in 2023
- Increase in Net Asset Value (NAV) per share from £3.22 to £5.13 over the same period
- 100+ years of property experience in the management team
- Very low cost base with lean operations
- High level industry contacts providing privileged and early access to investment deals
- Continuing development opportunities within the existing portfolio

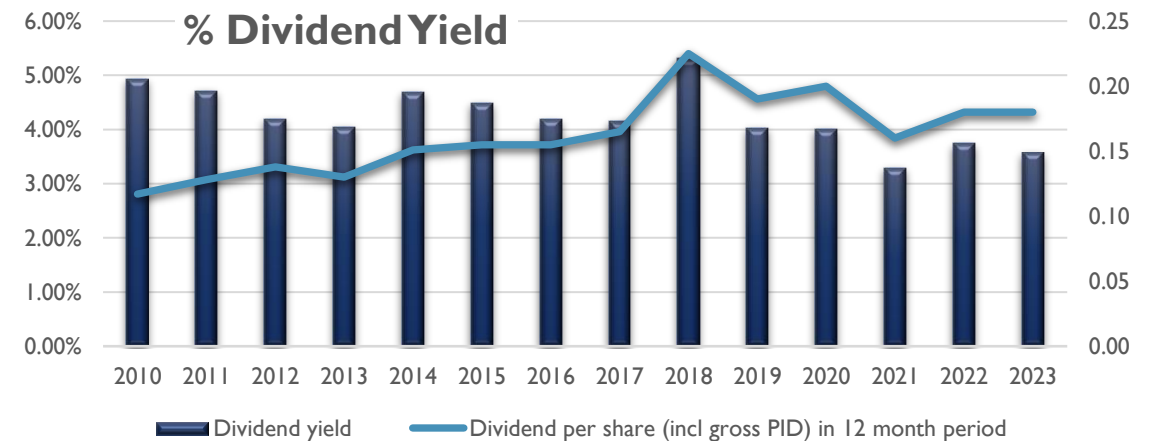




PAST PERFORMANCE

Pineapple has generated significant growth in shareholder value throughout the last twenty years.

- 13.2% compound total return for the period 31st December 1999 to 31st March 2023
- The NAV stands at £46.2 million at 31st March
- Average dividend yield of 4.31% since 2001
- Total gearing of 30% as at 31st March 2023, thus low reliance on bank financing
- Mixed residential and commercial portfolio provides a balanced combination between yield and capital growth
- Dividend payment has been maintained continuously throughout property cycles, without raising funds through rights issues in downturn





INVESTMENT STRATEGY & EXPERTISE

- We only target investments with substantial added value opportunity.
- Primarily investment opportunities in London and SE England – areas less adversely affected by downturn and showing quicker economic recovery.
- Early access to new market investment opportunities due to close business link at Board level with Willmotts Chartered Surveyors.
- Directors Tom Berglund, Tony Sperrin and David Farley bring over 100+ years of experience in the property sector.

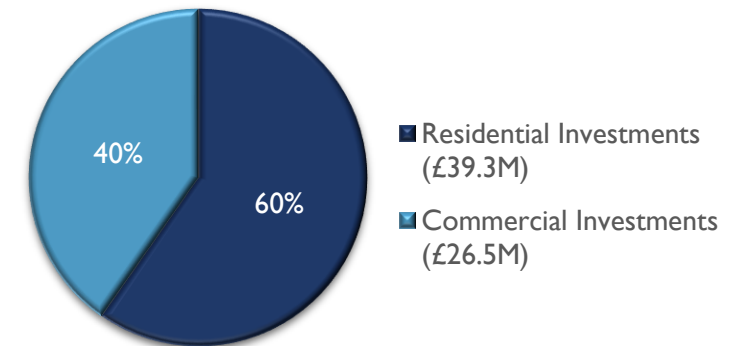
LOW COST OPERATION

- A simple management fee of 0.5% of net asset value is charged to cover all operational expenses including all directors remuneration.
- Access to a wide range of property expertise at no additional cost, due to close links with Willmotts e.g. planning applications, rent reviews, valuations, insurance, building surveying services, property management etc.

TAX EFFICIENT STRUCTURE

- As a UK REIT the company is not liable for corporation tax on profits generated from property rentals or capital gains on investment sales.

DIVERSIFIED PORTFOLIO





POST-PANDEMIC PERFORMANCE

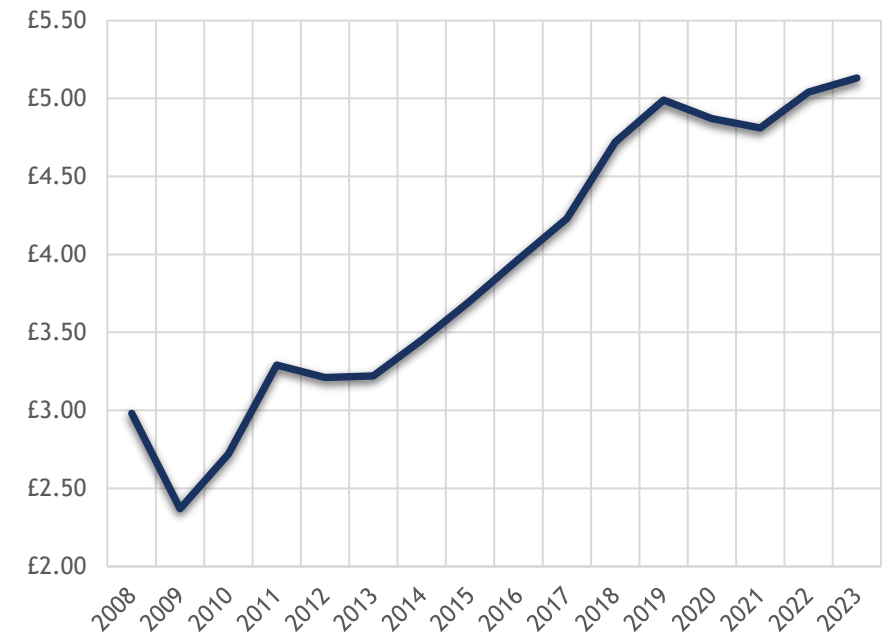
Having weathered the storm caused by Covid over the last two years, we are now faced with handling the turmoil of its aftermath.

Pineapple has proven to be more resilient to the effects of covid than we anticipated at the time, when we were predicting a short-term fall in our NAV per share, followed by a recovery in the following year.

In reality, Pineapple has been able to sustain share prices while realising the gains of previous development projects. Furthermore, we have continued to pay dividends to shareholders throughout this period.

2020 Projections	2020	2021	2022	2023
Projected NAV per share at 31 st March - £	4.87	4.40	4.40	4.90
Actual NAV per share at 31 st March - £	4.87	4.81	5.04	5.13

Net Asset Value GBP per share





OUTLOOK FOR 2023/2024

Combined with the effect of the war in the Ukraine, extremely high rates of global inflation have resulted in massive increases in global interest rates in a bid to reduce inflation. Having over 24 years of trading history, Pineapple has been through numerous economic cycles and so we have quickly reacted to address the current issue of rising global interest rates by reducing our borrowings.

- BOE base rates have increased from 0.1% in December 2021 to 5% in June 2023, increasing cost of borrowing costs from 2.5% to 7.2%.
- Based on our maximum borrowings of £25M, this would increase our annual interest cost from £625,000 to £1,800,000.
- Accordingly, we have reduced our borrowings from £25M to £19M as at today's date.
- We are committed to reducing this debt to below £15M by the end of January 2024, resulting in a gearing ratio of less than 25%.

In order to achieve this, we have chosen to temporarily suspend all planned development activity other than the Munster Road residential development, which we will complete in September and then sell off the completed properties to facilitate this loan reduction program.



CURRENT OPPORTUNITIES

We are constantly being offered new investment opportunities similar to previous projects and the examples below, from our contacts within the industry.

Alie Street (EI)

- We have managed to obtain planning consent to build two penthouse flats on the roof of the existing property.
- Potential value upon completion of £2M.

Sulgrave Road (W6)

- We own several properties on Sulgrave Rd and have obtained planning permission to add a single story flat to each of the seven properties that we own.
- Potential value upon completion of £3M.



Lombard Road (SW19)

- We have acquired two adjoining warehouses on the Lombard Rd. Industrial Estate and then converted one of the existing buildings into artist studios which are now fully let.
- Planning consent has been obtained to raise 45,000 sq. ft. of lettable space on the remaining site, comprising warehouse and office / artist studio space.
- We are currently seeking an end-user for the warehouse space before developing the site, with anticipated development costs of £6M.
- Potential value upon completion of £10M.



SUMMARY

Pineapple has demonstrated a history of strong growth in both asset and share value while maintaining its dividend policy of maximum prudent return to shareholders. The reasons for this performance and its continuation are as follows:

- The Company has efficient but low-cost management with access to additional professional expertise through Willmotts.
- The Company's conservative long term strategy combined with its balanced portfolio have enabled it to be resilient in adverse economic conditions such as the covid-19 pandemic.
- It is anticipated that the current economic downturn will be followed by a strong recovery once interest rates have been reduced below the extremely high current levels, particularly in the Company's specialist property sectors.
- The Company has significant opportunities within its own portfolio to materially increase shareholder value.

The Directors believe that there will now be major opportunities for Pineapple to seek highly profitable investments over the next few years, particularly using its relationship network to give it first mover advantage in the current economic environment.



CONTACT

FOR FURTHER INFORMATION
PLEASE CONTACT:

MR. TONY SPERRIN

PINEAPPLE CORPORATION PLC

12 BLACKS ROAD

HAMMERSMITH

LONDON W6 9EU

EMAIL: TS@PCREIT.COM

