

# Pineapple Commercial 1 Propco K/S

Amaliegade 15, 2. sal, 1256 København K

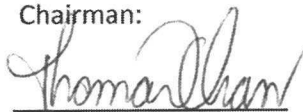
CVR No. 37 15 48 73

Annual report

For the year ended 31 December 2018

Approved at the annual general meeting, on <sup>27</sup>/5 2019

Chairman:

  
Thomas Khan

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## Statement by the Executive Board

The Executive Board has today discussed and approved the annual report of Pineapple Commercial 1 Propco K/S for the financial year 1 Januar – 31 December 2018.

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

In our opinion, the financial statements give a true and fair view of the Company's financial position at 31 December 2018 and of the results of the Company's operations for the financial year 1 Januar – 31 December 2018.

We believe that the Management commentary includes a fair review of the affairs and conditions referred to therein.

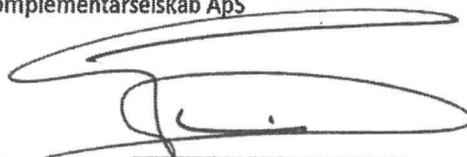
We recommend the adoption of the annual report at the annual general meeting.


Copenhagen, 27/5 2019

General partner:  
Pineapple Commercial 1 Komplementarselskab ApS

Executive Board:

  
Kevin Jeremiah Cahill

  
Daniel Llem

  
Thomas Esben Khan

## Independent auditors' report

To the shareholders of Pineapple Commercial 1 Propco K/S

### Opinion

We have audited the financial statements of Pineapple Commercial 1 Propco K/S for the financial year 1 January – 31 December 2018, which comprise an income statement, balance sheet, statement of changes in equity and notes, including accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the financial position of company at 31 December 2018, and of the results of the company operations for the financial year 1 January – 31 December 2018 in accordance with the Danish Financial Statements Act.

### 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' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Management's responsibility for the financial statements

Management is responsible for the preparation of the financial statements that give a true and fair view in accordance with the Danish Financial Statements Act. Further, Management is responsible for such internal control as it determines in 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 responsibility for the audit of the financial statement

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 the 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 attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are in-adequate, to modify our opinion. Our conclusion is 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.

#### **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, we conclude that Management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statement Act. We did not identify any material misstatement of Management's review.

Odense, 27/5 2019

Ernst & Young

Godkendt Revisionspartnerselskab

CVR No. 30 70 02 28

  
Morten Schougaard Sørensen

State Authorised

Public Accountant

mne32129

## Management's review

### Company details

Name Pineapple Commercial 1 Propco K/S  
Address, Postal code, City Amaliegade 15, 2. sal, 1256 København K

CVR No. 37 15 48 73  
Established 14 October 2015  
Registered office Copenhagen  
Financial year 1 January – 31 December

General partner: Pineapple Commercial 1 Komplementarselskab ApS

### Executive Board in Pineapple Commercial 1 Komplementar- selskab ApS:

Kevin Jeremiah Cahill, chairman  
Daniel Liem  
Thomas Esben Khan

Auditors Ernst & Young Godkendt Revisionspartnerselskab  
Englandsgade 25, P O Box 200, 5100 Odense C, Denmark

## **Management's review**

### **The company's primary activities and company details**

The company is primarily engaged in investment in real estate and related activities.

### **Significant changes in business and economic conditions**

At the end of 2017 some tenants moved out resulting in higher vacancy. The property has been fully let as of May 2018.

### **Uncertainties relating to recognition and measurement in the financial statements**

Investments are valued at their fair values, according to the description in Accounting policies. The valuation includes accounting estimates and such valuation is therefore subject to some uncertainty. Please refer to note 2.

**Financial statements for the period 1 January - 31 December 2018**

## Income statement

Notes	DKK	2018	2017
	<b>Gross profit/loss</b>	<b>7.476.642</b>	<b>9.134.820</b>
2	Fair value adjustment of investment property	13.350.300	10.931.786
	<b>Operating profit</b>	20.826.942	20.066.606
	Financial income	0	2.105.781
	Financial expenses	-2.205.812	-952.100
	<b>Profit/loss for the year</b>	<b>18.621.131</b>	<b>21.220.287</b>
	<b>Recommended appropriation of the profit/loss for the year</b>		
	Retained earnings	18.621.131	21.220.287
		<b>18.621.131</b>	<b>21.220.287</b>



## Financial statements for the period 1 January - 31 December 2018

### Balance sheet

Notes DKK	<u>2018</u>	<u>2017</u>
<b>Assets</b>		
<b>Fixed assets</b>		
Investment property	193.000.000	179.000.000
<b>2 Property, plant and equipment</b>	<u>193.000.000</u>	<u>179.000.000</u>
<b>Total fixed assets</b>	<u><b>193.000.000</b></u>	<u><b>179.000.000</b></u>
<b>Current assets</b>		
Other receivables	355.865	355.865
<b>Receivables</b>	<u>355.865</u>	<u>355.865</u>
<b>Cash</b>	<u>1.639.849</u>	<u>113.404</u>
<b>Total current assets</b>	<u><b>1.995.714</b></u>	<u><b>469.269</b></u>
<b>Total assets</b>	<u><u><b>194.995.714</b></u></u>	<u><u><b>179.469.269</b></u></u>

## Financial statements for the period 1 January - 31 December 2018

### Balance sheet

Notes DKK	2018	2017
<b>Equity and liabilities</b>		
<b>Equity</b>		
Paid-in capital	6.913.351	6.913.351
Retained earnings	70.993.920	52.372.790
<b>Total equity</b>	<b>77.907.271</b>	<b>59.286.141</b>
<b>Liabilities</b>		
Subordinate loan capital	0	4.731.209
Mortgage debt	88.762.878	92.270.390
Other payables	4.466.365	3.865.059
<b>3 Long-term liabilities</b>	<b>93.229.242</b>	<b>100.866.658</b>
<b>3 Current portion of long-term liabilities</b>	<b>3.519.996</b>	<b>3.527.035</b>
Payables to group entities	17.787.510	14.054.799
Trade payables	128.764	273.931
Other payables	2.422.931	1.460.705
<b>Short-term liabilities</b>	<b>23.859.201</b>	<b>19.316.470</b>
<b>Total liabilities</b>	<b>117.088.443</b>	<b>120.183.128</b>
<b>Total equity and liabilities</b>	<b>194.995.714</b>	<b>179.469.269</b>
<b>4 Contractual obligations and contingencies, etc.</b>		
<b>5 Security for loans</b>		
<b>6 Related parties</b>		

## Financial statements for the period 1 January - 31 December 2018

### Statement of changes in equity

(DKK)	<u>Paid-in capital</u>	<u>Retained earnings</u>	<u>Total</u>
Equity at 01/01 2018	6.913.351	52.372.790	59.286.141
Profit/loss for the year	<u>0</u>	<u>18.621.131</u>	<u>18.621.131</u>
<b>Equity at 31/12 2018</b>	<u><u>6.913.351</u></u>	<u><u>70.993.920</u></u>	<u><u>77.907.271</u></u>

## Financial statements for the period 1 January - 31 December 2018

### Notes

#### 1. Accounting policies

The annual report of Pineapple Commercial 1 Propco K/S for 2018 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to reporting class B entities and elective choice of certain provisions applying to reporting class C entities.

The accounting policies are consistent with last year.

#### Reporting currency

The financial statements are presented in Danish kroner (DKK).

### Income Statement

#### Revenue

Revenue comprises rental income from the leases of properties. Revenue is recognized on an actual basis.

Revenue is measured net of all types of discounts/rebates granted. Also, revenue is measured net of VAT and other indirect taxes charged on behalf of third parties.

#### Other external expenses

Other external expenses include the year's expenses relating to the entity's core activities, including expenses relating to distribution, sale, advertising, administration, premises, bad debts, payments under operating leases, etc.

#### Gross profit

With reference to section 32 of the Danish Financial Statements Act, the items 'Revenue', 'Cost of sale', 'Other external expenses' and 'Other operating income' are consolidated into one item designated 'Gross margin'.

#### Financial

Financial income and expenses are recognized in the income statements at the amounts that concern the financial year. Net financials include interest income and expenses, etc.

#### Tax

The company is not taxable. Therefore no tax cost or liabilities are included in the accounts.

### Balance sheet

#### Investment property

Investment properties are measured at cost at first recognition. After the first recognition investment properties are measured at fair value. Fair value is measured based on yield for comparable properties. Annual changes in fair value is recognized in the income statement.

On the valuation of Sleipnersvej 2, DK-4600 Køge a net initial yield of 6.57% has been applied.

## Financial statements for the period 1 January - 31 December 2018

### Notes

#### 1. Accounting policies

##### Receivables

Receivables are measured at amortized cost, which usually corresponds to the nominal value. Provisions are made for bad debts on the basis of objective evidence that a receivable or a group of receivables are impaired. Provisions are made to the lower of the net realizable value and the carrying amount.

##### Cash and cash equivalents

Cash comprises cash balances and bank balances.

##### Liabilities

Financial liabilities related to investment properties are measured at amortized cost.

Other liabilities are measured at net realizable value.

## Financial statements for the period 1 January - 31 December 2018

### Notes

#### 2. Property, plant and equipment

DKK	Investment property
Cost	
Balance at 1/1 2018	145.654.403
Additions	649.700
Cost at 31/12 2018	<u>146.304.103</u>
Value adjustments at 1/1 2018	33.345.597
Value adjustments for the year	13.350.300
Value adjustments at 31/12 2018	<u>46.695.897</u>
Carrying amount at 31/12 2018	<u><u>193.000.000</u></u>

The valuation is based on an yield of 6,54 %. If valuation was based on 6,3 % the value would be DKK 200.352.381 and if based on 6,8 % the value would be DKK 185.620.588. The earnings used for the valuation is the estimated rent and cost on a normalised basis.

#### 3. Long-term liabilities

Of the long-term liabilities, DKK 75.029.932 falls due for payment after more than 5 years after the balance sheet date.

Other payables comprise of deposits and prepaid rent.

#### 4. Contractual obligations and contingencies, etc.

Guarantee commitments:	None
Rent and lease liabilities:	None
Cautionary commitments:	None

#### 5. Security for loans

As security for the company's mortgage debt, the company has pledged assets with carrying amount of DKK 193.000.000.

#### 6. Related parties

The company is included in the consolidated financial statements of Ares Management, L.P., Los Angeles, California. The consolidated financial statements can be obtained upon request from the parent company.