

# 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 2019

Approved at the annual general meeting, on 1 / 5 2020

Chairman:

  
Thomas Thun

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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 2019.

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 2019 and of the results of the Company's operations for the financial year 1 Januar – 31 December 2019.

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, 1 / 5 2020

General partner:  
Pineapple Commercial 1 Komplementarselskab ApS

Executive Board:



Kevin Jeremiah Cahill



Daniel Liem



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 2019, 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 2019, and of the results of the company operations for the financial year 1 January – 31 December 2019 in accordance with the Danish Financial Statements Act.

### **Basis for Opinion**

We conducted our audit in accordance with International Standards on Auditing (ISAs) and 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Independence**

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 additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements.

### **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 as to 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 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 additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism 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 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 note 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 the Management's review.

Our opinion on the financial statements does not cover the 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 the Management's review and, in doing so, consider whether the 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 the Management's review provides the information required under the Danish Financial Statements Act.

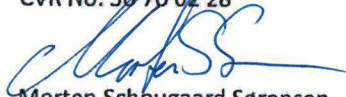
Based on the work we have performed, we conclude that the Management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of the Management's review.

Odense, 1 / 5 2020

Ernst & Young

Godkendt Revisionspartnerselskab

CVR No. 3070 07 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**

None.

### **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.

### **Post balance sheet events**

In 2020 Denmark and the rest of the world is affected by the COVID-19 virus. Management does not expect that the virus will have material impact on the valuation of the properties or the financial position of the company.



## Financial statements for the period 1 January - 31 December 2019

### Income statement

Notes	DKK	2019	2018
	Gross profit/loss	<u>11.413.733</u>	<u>7.476.642</u>
3	Fair value adjustment of investment property	<u>-</u>	<u>13.350.300</u>
	<b>Operating profit</b>	<b>11.413.733</b>	<b>20.826.942</b>
2	Financial expenses	<u>-2.586.799</u>	<u>-2.205.812</u>
	<b>Profit/loss for the year</b>	<b><u>8.826.934</u></b>	<b><u>18.621.131</u></b>
	<b>Recomended appropriation of the profit/loss for the year</b>	<b>8.826.934</b>	<b>18.621.131</b>
	Retained earnings	<b><u>8.826.934</u></b>	<b><u>18.621.131</u></b>

**Financial statements for the period 1 January - 31 December 2019**

**Balance sheet**

Notes DKK	<u>2019</u>	<u>2018</u>
<b>Assets</b>		
<b>Fixed assets</b>		
Investment property	193.000.000	193.000.000
<b>3 Property, plant and equipment</b>	<u>193.000.000</u>	<u>193.000.000</u>
<b>Total fixed assets</b>	<u>193.000.000</u>	<u>193.000.000</u>
<b>Current assets</b>		
Other receivables	0	355.865
Receivables	<u>0</u>	<u>355.865</u>
<b>Cash</b>	<u>9.229.013</u>	<u>1.639.849</u>
<b>Total current assets</b>	<u>9.229.013</u>	<u>1.995.714</u>
<b>Total assets</b>	<u><u>202.229.013</u></u>	<u><u>194.995.714</u></u>

## Financial statements for the period 1 January - 31 December 2019

### Balance sheet

Notes DKK	<u>2019</u>	<u>2018</u>
<b>Equity and liabilities</b>		
<b>Equity</b>		
Paid-in capital	6.913.351	6.913.351
Retained earnings	79.820.854	70.993.920
<b>Total equity</b>	<u>86.734.205</u>	<u>77.907.271</u>
<b>Liabilities</b>		
Mortgage debt	85.186.503	88.762.878
Other payables	4.908.249	4.466.365
<b>4 Long-term liabilities</b>	<u>90.094.752</u>	<u>93.229.242</u>
<b>4 Current portion of long-term liabilities</b>	3.555.858	3.519.996
Payables to group entities	18.812.360	17.787.510
Trade payables	35.351	128.764
Other payables	2.996.487	2.422.931
<b>Short-term liabilities</b>	<u>25.400.056</u>	<u>23.859.201</u>
<b>Total liabilities</b>	<u>115.494.808</u>	<u>117.088.443</u>
<b>Total equity and liabilities</b>	<u>202.229.013</u>	<u>194.995.714</u>

5 Contractual obligations and contingencies, etc.

6 Security for loans

7 Related parties

**Financial statements for the period 1 January - 31 December 2019**

**Statement of changes in equity**

(DKK)	<u>Paid-in capital</u>	<u>Retained earnings</u>	<u>Total</u>
Equity at 01/01 2019	6.913.351	70.993.920	77.907.271
Profit/loss for the year	0	8.826.934	8.826.934
Equity at 31/12 2019	<u>6.913.351</u>	<u>79.820.854</u>	<u>86.734.205</u>



## Financial statements for the period 1 January - 31 December 2019

### Notes

#### 1. Accounting policies

The annual report of Pineapple Commercial 1 Propco K/S for 2019 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 accrued 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 6.55% has been applied.

## Financial statements for the period 1 January - 31 December 2019

### 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 2019

### Notes

DKK	<u>2019</u>	<u>2018</u>
<b>2. Financial expenses</b>		
Interest expenses, affiliated companies	1.681.304	1.376.502
Interest expenses, bank and others	905.495	829.396
	<u>2.586.799</u>	<u>2.205.897</u>

### 3. Property, plant and equipment

DKK	<u>Investment property</u>
Cost at 1/1 2019	146.304.103
Additions	0
Cost at 31/12 2019	<u>146.304.103</u>
Value adjustments at 1/1 2019	46.695.897
Value adjustments for the year	0
Value adjustments at 31/12 2019	<u>46.695.897</u>
<b>Carrying amount at 31/12 2019</b>	<u><u>193.000.000</u></u>

The valuation is based on an yield of 6,55 % (WACC 7,5%). If valuation was based on 6,3 % the value would be DKK 200.658.730 and if based on 6,8 % the value would be DKK 185.904.412. The earnings used for the valuation is the estimated rent and cost on a normalised basis.

### 4. Long-term liabilities

Of the long-term liabilities, DKK 71.324.557 falls due for payment after more than 5 years after the balance sheet date.

Other payables comprise of deposits and prepaid rent.

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

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

### 6. Security for loans

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

### 7. 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.