

## Blackrock releases results for 2009

Blackrock International Land plc has released its preliminary results for the year ended 31 December 2009.

Summary of Movement in Net Assets	2009 €m	2008 €m
Net rental income	13.6	13.7
Finance costs	(7.3)	(10.4)
Administration costs	<u>(4.4)</u>	<u>(5.0)</u>
Operating income	1.9	(1.7)
<b>Fair value adjustments:</b>		
Wholly/majority owned property	(84.9)	(39.3)
Equity accounted investees	(21.3)	(37.7)
Translation effect of foreign exchange (net)	(1.0)	(5.7)
Income tax	<u>15.5</u>	<u>4.1</u>
<b>Movement in net assets</b>	<b><u>(89.8)</u></b>	<b><u>(80.3)</u></b>

- **Despite difficult economic conditions and general market uncertainty during the year:**
  - Net rental income remained steady at €13.6 million.
  - Finance costs declined 30% to €7.3 million.
  - Administrative expenses reduced 12% to €4.4 million.
- **Group net assets declined by €89.8 million during the year due to unrealised adjustments resulting from the adverse effects on property values of limited investor and occupational demand and lower investment yields.**
- **Net assets per share at 31 December 2009 were €0.1032 compared to €0.2571 at the previous year end.**
- **Proposals have been received, and are under consideration, from the group's principal lender to address, inter alia, the year end balance sheet which shows a loan-to-value ratio in excess of that provided for in the current borrowing facilities.**

**Commenting on the results, Blackrock International Land plc chairman, Carl McCann, said:**

*“Despite the difficulties in the property sector and the disappointing outcome for 2009, Blackrock’s substantial portfolio of attractive and well diversified properties has the potential to show significant value uplifts from today’s levels when the benefits of the anticipated economic recovery take effect. In the meantime, the company is focused on optimising its position in the prevailing conditions through maximising income, reducing costs and adding value wherever possible”.*

**Blackrock International Land plc  
2 March 2010**

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# **Blackrock International Land plc**

## **Preliminary results to 31 December 2009**

### **Operating review**

The continuing difficulties affecting all sectors of the property market have contributed to a disappointing result for the group in 2009. The impact of the economic downturn was greatest in Ireland where the most significant declines in value occurred and the market outlook remains uncertain pending implementation of the government's measures to address the underlying credit situation. The UK and Continental Europe appear to be showing some signs of improvement and the values of the group's assets in those jurisdictions held up reasonably well in the circumstances.

### **Developments during the year**

Very limited investment activity was undertaken during the year and management has concentrated on maintaining and increasing rental income, reducing costs and adding value wherever possible:

- At the beginning of the year, the group's 105 acre land holding at Broxburn, west of Edinburgh, was re-designated as part of the local core development area for mixed use, primarily residential. An outline masterplan application is in the process of preparation.
- Also in Scotland, following the receivership in May of Applecross Properties Limited, the promoters and managers of the projects, the developments at Queen Margaret Drive in Glasgow and Jewel and Esk College in Eskbank, near Edinburgh, were placed in administration and the proposed re-development of the Edinburgh Fruit Market was put on hold. Full provision had been made against the group's investments in these projects at 31 December 2008 and no further financial consequences have arisen as a result. Since the year end, Blackrock has acquired Applecross's 50% interest in the Drum Estate from the administrator for a nominal consideration.
- A planning application is also being prepared for submission to the local council for a phased mixed use/residential re-development of the group's 15 acre land holding in the Thames Gateway, London. Since the year end, the tenant in the warehouse premises at this site has served notice to vacate with effect from April this year which will result in a loss of rental income of c. €300,000 per annum. In the meantime a scheme of refurbishment is planned and a new occupier is actively being sought for the building.
- The joint venture development of the first phase of Navan Retail Park, an investment which is being led by Lagan Developments Limited, completed in spring 2009. The anchor tenant opened for trading in late autumn. A number of other tenants are in occupation and discussions are in train with several additional interested parties.

- Regarding the group's interest in a 247 acre land holding outside Dublin, proposals have been submitted to the local Council seeking a re-designation. These are currently under consideration by the relevant authorities.
- In the Netherlands, new lettings were achieved at Amersfoort and Vida and active asset management is ongoing. Overall, the Dutch portfolio is performing well, with an 8% increase in annual income achieved since acquisition.
- In Belgium, there was also good progress on lettings and the warehouse / office portfolio at Zaventem, beside Brussels airport, is now 94% let.
- Overall, Blackrock continues to benefit from a robust rental income stream. No defaults arose among lessees during the year and there are no significant lease expiries until 2011.

### **Total property assets**

Total property assets at 31 December 2009, including those in equity accounted investees, amounted to €243.8 million compared to €340.3 million at the preceding year end, a decline of 28.4%. The movements in values are analysed geographically as follows:

	<b>Ireland</b>	<b>UK</b>	<b>Continental Europe</b>	<b>Total</b>
	<b>€m</b>	<b>€m</b>	<b>€m</b>	<b>€m</b>
Value at 1 January 2009	177.4	75.9	87.0	340.3
Investments during year	1.4	1.4	1.3	4.1
Fair value adjustments	(77.6)	(16.3)	(12.3)	(106.2)
Translation of sterling denominated properties	-	<u>5.6</u>	-	<u>5.6</u>
Value at 31 December 2009	<b><u>101.2</u></b>	<b><u>66.6</u></b>	<b><u>76.0</u></b>	<b><u>243.8</u></b>

## Impact of foreign exchange on movement in net assets

The movement in the value of the group's UK property assets included an increase of €5.6 million arising from the strengthening of sterling against the euro during the year. This was offset by a net €6.6 million loss arising on the translation of sterling loans and cash and other movements. The net impact of foreign exchange on the group's net assets for the period was a decrease of €1.0 million.

The translation effect of foreign exchange on the value of the group's equity accounted investees has been accounted for through the Statement of Comprehensive Income. The other translation effects have been dealt with through the Income Statement.

## Analysis of property assets by geography and sector

Excluding the impact of foreign exchange, the value of the group's gross property assets decreased by €106.2 million in 2009, a decline of 31%. In reviewing this movement, it is useful to consider the following geographic and sectoral analysis of Blackrock's portfolio (which includes properties in equity accounted investees):

	<b>Ireland</b>	<b>UK</b>	<b>Continental Europe</b>	<b>Total</b>
	<b>€m</b>	<b>€m</b>	<b>€m</b>	<b>€m</b>
<b>Investment</b>				
Office	6.9	14.9	55.4	77.2
Industrial	<u>76.8</u>	<u>22.5</u>	<u>20.6</u>	<u>119.9</u>
	<u>83.7</u>	<u>37.4</u>	<u>76.0</u>	<u>197.1</u>
<b>Development</b>				
Industrial	12.3	7.5	-	19.8
Retail	2.0	-	-	2.0
Residential	<u>3.2</u>	<u>21.7</u>	-	<u>24.9</u>
	<u>17.5</u>	<u>29.2</u>	-	<u>46.7</u>
<b>Total</b>	<b><u>101.2</u></b>	<b><u>66.6</u></b>	<b><u>76.0</u></b>	<b><u>243.8</u></b>

Overall, the group's portfolio at 31 December 2009 comprised 81% investment properties and 19% development properties.

Within the **investment portfolio** (i.e. income producing properties), industrial buildings comprise 61% while office buildings make up 39% - the group has no investments in retail or residential. Investment in Ireland is 92% weighted to industrial property and 8% to offices. In the UK, it is 60% industrial and 40% offices. On the Continent, it is 73% offices and 27% industrial.

The **development portfolio** (i.e. non income producing properties), comprising principally lands for redevelopment, breaks down 43% industrial, 4% retail and 53% residential, with the latter focused mainly in Scotland. The group has no development assets in Continental Europe.

All of the principal properties in the group's portfolio were subject to independent valuation at the year end primarily by Lisneys in Ireland, by Lambert Smith Hampton, BTW Shiells and Brown & Lee in the UK and by Delta State and Jones Lang LaSalle on the Continent.

## **Finance**

The group's financing arrangements fall into three broad categories. In general, equity accounted investees are financed by separate project-specific debt. Similarly, the Dutch and Belgian portfolios are funded on a stand-alone basis. The group's remaining property assets are financed by borrowings amounting to €126.7 million that are subject to a loan-to-value covenant. The year end balance sheet shows the relevant ratio on this facility at 76% compared to the stipulated 50%. Blackrock has been engaged in extensive discussions with the lender on the loan arrangements. The bank has currently proposed new facilities to the company providing for an extended term and a relaxation of the loan-to-value covenant in exchange for a higher margin and the provision of security over a proportion of the relevant assets. This proposal is presently under consideration and would be subject to detailed documentation and appropriate approval procedures by both parties. The group currently anticipates having sufficient resources to meet its ongoing requirements. Consequent on the year end loan-to-value ratio, the related borrowings are required to be shown as current liabilities in the group's balance sheet and the directors are advised that the auditors may make reference to the situation as an emphasis of matter in their audit report but that their opinion will not be qualified in this respect.

## **International Financial Reporting Standards**

The group's annual statutory financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union. The information contained herein comprises an extract from the draft financial statements prepared on this basis.

## **Net rental income**

Gross rental income for the year was €16.9 million (2008: €17.9 million). Property outgoings were €3.4 million (2008: €4.1 million).

## **Administrative expenses**

Administrative expenses for the period declined by 12% to €4.4 million (2008: €5.0 million). These were comprised primarily of remuneration of executive and administrative personnel, establishment and information technology costs and professional fees. Further savings are being targeted for 2010.

## **Net finance (expense)/income**

Net finance expense was €14.0 million (2008: income €14.8 million), comprising interest and charges incurred on bank borrowings of €7.7 million (2008: €1.8 million) and a loss on translation of sterling loans and financial assets of €6.6 million (2008: gain €5.2 million) offset by interest received on cash deposits and loans to joint ventures of €0.3 million (2008: €1.4 million).

## **Taxation**

The tax credit for the year of €5.5 million (2008: €4.1 million) includes a €5.6 million gain (2008: €4.2 million) arising from a reduction in the provision for deferred tax resulting from the lower property valuations. This has been accounted for in accordance with IAS12 and includes full provision for tax which might be payable in the event that the group disposes of a property for the amount stated in the balance sheet.

## **Results per share**

Basic and diluted result per share for the period was (€0.1539) (2008: €0.1283).

## **Dividend**

Consistent with the stated medium-term policy of the company, no dividend has been declared for the period.

## **Total equity attributable to shareholders**

Total equity attributable to shareholders at 31 December 2009 amounted to €60.2m (2008: €49.9m), resulting in basic and diluted net asset values per share of €0.1032 (2008: €0.2571), a decrease of 59.9% in the year.

## **Net borrowings**

The group's net borrowings at 31 December 2009 amounted to €81.4 million (2008: €173.9 million).

## **Conclusion**

The year ended 31 December 2009 was a very difficult period for the property sector. However, the group benefits from a substantial portfolio of attractive and well diversified properties that have the potential to show significant value uplifts from year end levels when the anticipated economic recovery begins to take effect. In the meantime, the board remains focused on the areas which it can control by seeking to maximise rental income, reduce costs and add value to its properties wherever possible. By pursuing this approach, the group aims to protect shareholder value and to place the business in the best possible position when market conditions improve.

**2 March 2010**

Consolidated income statement  
for the year ended 31 December 2009

	2009	2009	2008	2008
	€000	€000	€000	€000
<b>Continuing Operations</b>				
<b>Gross rental and related income</b>		<b>16,924</b>		17,867
Property outgoings		<u>(3,365)</u>		<u>(4,121)</u>
<b>Net rental and related income</b>		<b>13,559</b>		13,746
Net property valuation movement		<u>(79,320)</u>		<u>(64,665)</u>
<b>Net property and related expense</b>		<b>(65,761)</b>		(50,919)
Administrative expenses		<u>(4,355)</u>		<u>(5,000)</u>
<b>Result from operating activities</b>		<b>(70,116)</b>		(55,919)
Share of result of equity accounted investees		<b>(21,297)</b>		(37,724)
Finance income	<b>306</b>		26,550	
Finance expense	<u>(14,285)</u>		<u>(11,763)</u>	
Net finance (expense)/income		<u>(13,979)</u>		<u>14,787</u>
<b>Result before tax</b>		<b>(105,392)</b>		(78,856)
Income tax credit/(expense)				
- current		(70)		(100)
- deferred		<u>15,603</u>		<u>4,185</u>
Net income tax		<u>15,533</u>		<u>4,085</u>
<b>Result for the year</b>		<b><u>(89,859)</u></b>		<u>(74,771)</u>
Attributable to:				
Equity shareholders of the company		<b>(89,780)</b>		(74,856)
Minority interest		<u>(79)</u>		<u>85</u>
Result for the year		<u><b>(89,859)</b></u>		<u>(74,771)</u>
Basic & diluted result per share (euro cent)		<u><b>(15.39)</b></u>		<u>(12.83)</u>

Consolidated statement of comprehensive income  
for the year ended 31 December 2009

	<b>2009</b> <b>€000</b>	<b>2008</b> <b>€000</b>
<b>Result for the year</b>	<b>(89,859)</b>	<b>(74,771)</b>
<b>Other comprehensive income</b>		
Foreign currency translation on foreign operations	<u>14</u>	<u>(5,496)</u>
<b>Total comprehensive income for the year</b>	<b><u>(89,845)</u></b>	<b><u>(80,267)</u></b>
<b>Attributable to:</b>		
Shareholders of the company	<b>(89,766)</b>	<b>(80,352)</b>
Minority interest	<u>(79)</u>	<u>85</u>
<b>Total comprehensive income for the year</b>	<b><u>(89,845)</u></b>	<b><u>(80,267)</u></b>

Consolidated statement of changes in equity  
for the year ended 31 December 2009

**31 December 2009**  
**Attributable to equity holders of the parent**

	<b>Share capital €000</b>	<b>Share premium €000</b>	<b>Retained earnings €000</b>	<b>Currency translation reserve €000</b>	<b>Total €000</b>	<b>Minority interest €000</b>	<b>Total equity €000</b>
Balance at 31 December 2008	5,833	201,085	(49,590)	(7,386)	149,942	226	150,168
Total comprehensive income	-	-	<u>(89,780)</u>	<u>14</u>	<u>(89,766)</u>	<u>(79)</u>	<u>(89,845)</u>
Balance at 31 December 2009	<u>5,833</u>	<u>201,085</u>	<u>(139,370)</u>	<u>(7,372)</u>	<u>60,176</u>	<u>147</u>	<u>60,323</u>

**31 December 2008**  
**Attributable to equity holders of the parent**

	<b>Share capital €000</b>	<b>Share premium €000</b>	<b>Retained earnings €000</b>	<b>Currency translation reserve €000</b>	<b>Total €000</b>	<b>Minority interest €000</b>	<b>Total equity €000</b>
Balance at 31 December 2007	5,833	201,085	25,266	(1,890)	230,294	141	230,435
Total comprehensive income	-	-	<u>(74,856)</u>	<u>(5,496)</u>	<u>(80,352)</u>	<u>85</u>	<u>(80,267)</u>
Balance at 31 December 2008	<u>5,833</u>	<u>201,085</u>	<u>(49,590)</u>	<u>(7,386)</u>	<u>149,942</u>	<u>226</u>	<u>150,168</u>

## Consolidated balance sheet

at 31 December 2009

	<b>2009</b>	<b>2008</b>
	<b>€000</b>	<b>€000</b>
<b>Assets</b>		
<b>Non-current assets</b>		
Investment property	237,067	315,336
Property, plant and equipment	69	103
Investments in equity accounted investees	6,707	24,939
Deferred tax assets	<u>4,492</u>	<u>3,856</u>
<b>Total non-current assets</b>	<b><u>248,335</u></b>	<b><u>344,234</u></b>
<b>Current assets</b>		
Trade and other receivables	3,074	5,030
Cash and cash equivalents	<u>4,409</u>	<u>6,986</u>
<b>Total current assets</b>	<b><u>7,483</u></b>	<b><u>12,016</u></b>
<b>Total assets</b>	<b><u>255,818</u></b>	<b><u>356,250</u></b>
<b>Equity</b>		
Issued share capital	5,833	5,833
Share premium	201,085	201,085
Other reserves	<u>(146,742)</u>	<u>(56,976)</u>
Total equity attributable to equity shareholders of the company	60,176	149,942
Minority interest	<u>147</u>	<u>226</u>
<b>Total equity</b>	<b><u>60,323</u></b>	<b><u>150,168</u></b>
<b>Liabilities</b>		
<b>Non-current liabilities</b>		
Loans and borrowings	57,610	179,354
Deferred tax liabilities	<u>2,412</u>	<u>17,379</u>
<b>Total non-current liabilities</b>	<b><u>60,022</u></b>	<b><u>196,733</u></b>
<b>Current liabilities</b>		
Trade and other payables	7,136	7,763
Employee benefits	104	91
Loans and borrowings	<u>128,233</u>	<u>1,495</u>
<b>Total current liabilities</b>	<b><u>135,473</u></b>	<b><u>9,349</u></b>
<b>Total liabilities</b>	<b><u>195,495</u></b>	<b><u>206,082</u></b>
<b>Total liabilities and equity</b>	<b><u>255,818</u></b>	<b><u>356,250</u></b>
<b>Net asset value per share (euro cent):</b>	<b><u>10.32</u></b>	<b><u>25.71</u></b>

Consolidated statement of cash flows  
for the year ended 31 December 2009

	2009 €000	2009 €000	2008 €000	2008 €000
<b>Result before tax</b>	(105,392)		(78,856)	
<i>Adjustments for:</i>				
Net property valuation movement	79,320		64,665	
Depreciation	36		36	
Finance income	(306)		(1,341)	
Finance expense	7,686		11,763	
Share of result of equity accounted investees	21,297		37,724	
Exchange difference on non-property net assets	<u>6,599</u>		<u>(25,209)</u>	
<b>Operating result before changes in working capital</b>	<b>9,240</b>		<b>8,782</b>	
Decrease in trade and other payables	(796)		(2,595)	
Decrease/(increase) in trade and other receivables	<u>1,957</u>		<u>(50)</u>	
<b>Cash generated from operations</b>		<b>10,401</b>		<b>6,137</b>
Interest paid	(7,686)		(12,145)	
Income tax paid	<u>(70)</u>	<u>(7,756)</u>	<u>(831)</u>	<u>(12,976)</u>
<b>Net cash inflow/(outflow) from operating activities</b>		<b>2,645</b>		<b>(6,839)</b>
<b>Cash flows from investing activities</b>				
Acquisition of investment property. plant & equipment	(1,053)		-	
Net cash outflow on acquisition of equity accounted investees	-		(3,678)	
Loans to equity accounted investees	-		(877)	
Net cash outflow from additional investment in equity accounted investees	(3,051)		(4,769)	
Proceeds from disposal of investment property	-		6,359	
Interest received	<u>306</u>		<u>1,341</u>	
<b>Net cash (outflow) from investing activities</b>		<b>(3,798)</b>		<b>(1,624)</b>
<b>Cash flows from financing activities</b>				
Repayment of borrowings	(1,483)		(1,615)	
Proceeds from the drawdown of borrowings	<u>-</u>		<u>7,124</u>	
<b>Net cash (outflow)/inflow from financing activities</b>		<b>(1,483)</b>		<b>5,509</b>
Net (decrease) in cash and cash equivalents		<b>(2,636)</b>		<b>(2,954)</b>
Cash and cash equivalents at beginning of year		<b>6,986</b>		<b>9,714</b>
Foreign exchange gain on cash and cash equivalents		<u>59</u>		<u>226</u>
<b>Cash and cash equivalents at end of year</b>		<b><u>4,409</u></b>		<b><u>6,986</u></b>

## Notes to Preliminary Results for year end 31 December 2009.

### 1 Basis of preparation

The full statutory financial statements will be prepared in accordance with International Financial reporting Standards as adopted by the EU (EU IFRS) and interpretations adopted by the International Accounting Standards Board (IASB), on the basis of EU IFRSs in issue that are effective for accounting periods ending on or before the reporting date, 31 December 2009.

The statutory financial statements will be presented in euro, rounded to the nearest thousand. They are prepared on the historical cost basis except for investment property and derivative financial instruments which are measured at fair value.

The accounting policies applied by the group in this preliminary announcement are the same as those set out in our most recent published annual report to 31 December 2008, except as otherwise set out below. These have been applied consistently by all group companies and to all periods presented for the purposes of the consolidated financial statements.

#### *New accounting standards applied during 2009*

The group has applied revised IAS 1 *Presentation of Financial Statements (2007)* which became effective as of 1 January 2009. As a result, the group has presented a consolidated income statement and a statement of comprehensive income as two separate statements and has also presented a statement of changes in equity. Comparative information has been re-presented so that it also is in conformity with the revised standard. The adoption of this revised standard impacts presentation aspects but there is no impact on earnings per share.

The group has also applied IFRS 8 *Operating Segments* which became effective as of 1 January 2009. This requires segmented information to be presented based on the data that the chief operating decision makers receive and use to make key decisions. As the group monitors its financial information based principally on geographic metrics, which meets the definition of segments within IFRS 8, no significant adjustment to the group's segmental reporting has been required. The group has also chosen to present certain other operating segment results as supplementary information as these are also reviewed by the chief operating decision makers. Comparative information has accordingly not been re-presented as there was no impact on reported results or earnings per share.

The group is already applying the provisions of revised IAS 23 *Borrowing Costs*.

## Notes to Preliminary Results for year end 31 December 2009 *(continued)*

### *Estimates and Assumptions*

The preparation of financial statements in conformity with EU IFRSs requires management to make judgements, estimates and assumptions that may affect the application of accounting policies and the reported amounts of assets and liabilities and income and expenses. The estimates and associated assumptions are based on experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future years.

### *Financing*

The directors have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future. In particular, in arriving at this view, the board has had regard to the current financing arrangements and its planned activities for the next 18 months. Blackrock currently anticipates having sufficient resources to meet its ongoing requirements and accordingly the directors consider that the going concern basis continues to be appropriate for these financial statements.

The group's financing arrangements fall into three broad categories. In general, equity accounted investees are financed by separate project-specific debt. Similarly, the Dutch and Belgian portfolios are funded on a stand-alone basis. The group's remaining property assets are financed by borrowings amounting to €26.7 million that are subject to a loan-to-value covenant. The year end balance sheet shows the relevant ratio on this facility at 76% compared to the stipulated 50%. Blackrock has been engaged in extensive discussions with the lender on the loan arrangements. The bank has currently proposed new facilities to the company providing for an extended term and a relaxation of the loan-to-value covenant in exchange for a higher margin and the provision of security over a proportion of the relevant assets. This proposal is presently under consideration and would be subject to detailed documentation and appropriate approval procedures by both parties.

Consequent on the year end loan-to-value ratio, the related borrowings are required to be shown as current liabilities in the group's balance sheet and have been presented as such herein.

## **2 Operating segments**

Segment information is presented in the consolidated financial statements in respect of the group's geographical segments which represent the principal basis by which the group manages its business. Information regarding the result of each reportable segment is included below. Performance is measured based on segment results as included in the internal management reports that are reviewed by the group chief operating decision makers which management believe is the most relevant information when evaluating the results of certain segments relative to other entities that operate within the industry. There are no significant inter segment transactions.

Notes to Preliminary Results for year end 31 December 2009 *(continued)*

**2 Operating segments** *(continued)*

*(a) Geographical segments*

**Income statement**

	<b>Ireland</b>	<b>UK</b>	<b>Continental</b>	
	<b>€000</b>	<b>€000</b>	<b>Europe</b>	<b>Consolidated</b>
			<b>€000</b>	<b>€000</b>
<i>for the year ended 31 December 2009</i>				
Gross rental and related income	<u>5,485</u>	<u>4,628</u>	<u>6,811</u>	<u>16,924</u>
Net rental and related income	4,602	4,159	4,798	13,559
Valuation movement on investment properties	<u>(61,763)</u>	<u>(10,360)</u>	<u>(7,197)</u>	<u>(79,320)</u>
Operating result	<u>(57,161)</u>	<u>(6,201)</u>	<u>(2,399)</u>	<u>(65,761)</u>
Share of result of equity accounted investees	<u>(15,817)</u>	<u>(388)</u>	<u>(5,092)</u>	<u>(21,297)</u>
Operating result before finance costs & income tax	<u>(72,978)</u>	<u>(6,589)</u>	<u>(7,491)</u>	<u>(87,058)</u>
<i>Reconciliation to result for the year</i>				
Corporate expenses				(4,355)
Net finance expense				(13,979)
Net income tax credit				<u>15,533</u>
Result for year				<u>(89,859)</u>
	<b>Ireland</b>	<b>UK</b>	<b>Continental</b>	
	<b>€000</b>	<b>€000</b>	<b>Europe</b>	<b>Consolidated</b>
			<b>€000</b>	<b>€000</b>
<i>for the year ended 31 December 2008</i>				
Gross rental and related income	<u>5,953</u>	<u>5,281</u>	<u>6,633</u>	<u>17,867</u>
Net rental and related income	4,440	4,551	4,755	13,746
Valuation movement on investment properties	<u>(25,532)</u>	<u>(35,851)</u>	<u>(3,282)</u>	<u>(64,665)</u>
Operating result	<u>(21,092)</u>	<u>(31,300)</u>	1,473	<u>(50,919)</u>
Share of result of equity accounted investees	<u>(10,030)</u>	<u>(26,357)</u>	<u>(1,337)</u>	<u>(37,724)</u>
Operating result before finance costs & income tax	<u>(31,122)</u>	<u>(57,657)</u>	<u>136</u>	<u>(88,643)</u>
<i>Reconciliation to result for the year</i>				
Corporate expenses				(5,000)
Net finance income				14,787
Net income tax credit				<u>4,085</u>
Result for year				<u>(74,771)</u>

Notes to Preliminary Results for year end 31 December 2009 *(continued)*

**2 Operating segments** *(continued)*

*(a) Geographical segments (continued)*

**Balance sheet**

*for the year ended 31 December 2009*

<b>Segment assets</b>	<b>Ireland</b>	<b>UK</b>	<b>Continental</b>	<b>Consolidated</b>
	<b>€000</b>	<b>€000</b>	<b>Europe</b>	<b>€000</b>
			<b>€000</b>	
Investment property	94,885	66,192	75,990	<b>237,067</b>
Investment in equity accounted investees	6,356	351	-	<b>6,707</b>
Trade and other receivables	<u>943</u>	<u>783</u>	<u>1,348</u>	<b>3,074</b>
	<u>102,184</u>	<u>67,326</u>	<u>77,338</u>	<b>246,848</b>

*Reconciliation to total assets as reported in the group balance sheet*

Deferred tax asset				<b>4,492</b>
Property, plant and equipment				<b>69</b>
Cash and cash equivalents				<u><b>4,409</b></u>
Total assets				<u><b>255,818</b></u>

**Segment liabilities**

<b>Segment liabilities</b>	<b>Ireland</b>	<b>UK</b>	<b>Continental</b>	<b>Consolidated</b>
	<b>€000</b>	<b>€000</b>	<b>Europe</b>	<b>€000</b>
			<b>€000</b>	
Loans and borrowings	30,734	95,974	58,740	<b>185,448</b>
Trade and other payables	2,595	1,536	3,005	<b>7,136</b>
Other	<u>-</u>	<u>-</u>	<u>395</u>	<u><b>395</b></u>
	<u>33,329</u>	<u>97,510</u>	<u>62,140</u>	<b>192,979</b>

*Reconciliation to total liabilities as reported in the group balance sheet*

Deferred tax liabilities				<b>2,412</b>
Employee benefits				<u><b>104</b></u>
Total liabilities				<u><b>195,495</b></u>

Notes to Preliminary Results for year end 31 December 2009 *(continued)*

**2 Operating segments** *(continued)*

*(a) Geographical segments (continued)*

**Balance sheet**

*for the year ended 31 December 2008*

Segment assets	Continental			Consolidated €000
	Ireland €000	UK €000	Europe €000	
Investment properties	156,630	75,958	82,748	<b>315,336</b>
Investment in equity accounted investees	20,718	(117)	4,338	<b>24,939</b>
Trade and other receivables	<u>1,585</u>	<u>1,455</u>	<u>1,990</u>	<b><u>5,030</u></b>
	<u>178,933</u>	<u>77,296</u>	<u>89,076</u>	<b><u>345,305</u></b>

*Reconciliation to total assets as reported in the group balance sheet*

Deferred tax asset				<b>3,856</b>
Property, plant and equipment				<b>103</b>
Cash and cash equivalents				<b><u>6,986</u></b>
Total assets				<b><u>356,250</u></b>

**Segment liabilities**

Segment liabilities	Continental			Consolidated €000
	Ireland €000	UK €000	Europe €000	
Loans and borrowings	30,734	89,485	60,235	<b>180,454</b>
Trades and other payables	2,378	1,188	4,197	<b>7,763</b>
Other	-	-	395	<b>395</b>
	<u>33,112</u>	<u>90,673</u>	<u>64,827</u>	<b><u>188,612</u></b>

*Reconciliation to total liabilities as reported in the group balance sheet*

Deferred tax liabilities				<b>17,379</b>
Employee benefits				<b><u>91</u></b>
Total liabilities				<b><u>206,082</u></b>

Notes to Preliminary Results for year end 31 December 2009 *(continued)*

**2 Operating segment** *(continued)*

*(b) Categories of property assets*

The group manages its business principally on the basis of geographical segments. Supplementary information based on the following categorisations has also been provided as this is also used by the chief operating decision makers incorporating:

- Investment properties are properties that are held either to earn rental income or for capital appreciation or for both.
- Development properties are properties from which there is no current investment return but that are held with a view to future development.

Total asset data included below reconciles to the sum of the total investment property and investment in equity accounted investees on the balance sheet for 2009 and 2008.

	<b>Ireland</b>	<b>UK</b>	<b>Continental</b>	<b>Total</b>
<b>2009</b>	<b>€000</b>	<b>€000</b>	<b>Europe</b>	<b>€000</b>
			<b>€000</b>	<b>€000</b>
<b>Investment</b>				
Office	6,900	14,841	55,410	77,151
Industrial	<u>76,835</u>	<u>22,481</u>	<u>20,580</u>	<u>119,896</u>
	<u>83,735</u>	<u>37,322</u>	<u>75,990</u>	<u>197,047</u>
<b>Development</b>				
Industrial	12,356	7,516	-	19,872
Retail	2,000	-	-	2,000
Residential	<u>3,150</u>	<u>21,705</u>	-	<u>24,855</u>
	<u>17,506</u>	<u>29,221</u>	-	<u>46,727</u>
<b>Total</b>	<b><u>101,241</u></b>	<b><u>66,543</u></b>	<b><u>75,990</u></b>	<b><u>243,774</u></b>
<b>2008</b>	<b>€000</b>	<b>€000</b>	<b>Europe</b>	<b>€000</b>
			<b>€000</b>	<b>€000</b>
<b>Investment</b>				
Office	9,475	19,561	63,703	92,739
Industrial	<u>122,015</u>	<u>23,497</u>	<u>23,343</u>	<u>168,855</u>
	<u>131,490</u>	<u>43,058</u>	<u>87,046</u>	<u>261,594</u>
<b>Development</b>				
Industrial	33,297	11,520	-	44,817
Retail	6,300	-	-	6,300
Residential	<u>6,300</u>	<u>21,264</u>	-	<u>27,564</u>
	<u>45,897</u>	<u>32,784</u>	-	<u>78,681</u>
<b>Total</b>	<b><u>177,387</u></b>	<b><u>75,842</u></b>	<b><u>87,046</u></b>	<b><u>340,275</u></b>

Notes to Preliminary Results for year end 31 December 2009 *(continued)*

**3 Net financing costs**

	<b>2009</b>	<b>2008</b>
	<b>€000</b>	<b>€000</b>
Foreign currency translation gain on borrowings	-	24,983
Interest receivable on bank deposits	<b>51</b>	443
Interest receivable on loans to equity accounted investees	<b>255</b>	898
Foreign currency translation gain on cash and cash equivalents	<u>-</u>	<u>226</u>
Finance income	<u><b>306</b></u>	<u>26,550</u>
Foreign currency translation loss on borrowings	<b>(6,417)</b>	-
Foreign currency loss on cash and cash equivalents	<b>(182)</b>	-
Interest payable on borrowings	<u><b>(7,686)</b></u>	<u>(11,763)</u>
Finance expense	<u><b>(14,285)</b></u>	<u>(11,763)</u>
Net finance (expense)/income	<u><b>(13,979)</b></u>	<u>14,787</u>
<b>Foreign currency amounts accounted for through the Statement of Comprehensive Income</b>	<b>2009</b>	<b>2008</b>
	<b>€000</b>	<b>€000</b>
Foreign currency translation loss on equity accounted investees	<u><b>14</b></u>	<u>(5,496)</u>

Notes to Preliminary Results for year end 31 December 2009 *(continued)*

**4 Income tax expense**

	<b>2009</b>	<b>2008</b>
	<b>€000</b>	<b>€000</b>
<i><b>Current tax expense</b></i>		
Corporation tax on profit for the year:		
- Ireland	-	-
- Overseas	<u>70</u>	<u>100</u>
<i>Total current tax</i>	<b>70</b>	<b>100</b>
<i><b>Deferred tax expense</b></i>		
Arising from change in tax rates	-	(1,886)
Origination and reversal of temporary differences	<u>(15,603)</u>	<u>(2,299)</u>
<b>Total income tax (credit)</b>	<b><u>(15,533)</u></b>	<b><u>(4,085)</u></b>
<b>Reconciliation of effective tax rate</b>		
	<b>2009</b>	<b>2008</b>
	<b>€000</b>	<b>€000</b>
Result before tax	<b>(105,392)</b>	(78,856)
Less share of result of equity accounted investees	<u>21,297</u>	<u>37,724</u>
	<b>(84,095)</b>	(41,132)
Income tax using domestic corporation tax rate (25%)	<b>(21,024)</b>	(10,283)
Non deductible expenses	<b>3,469</b>	3,042
Unrecognised tax losses	<b>590</b>	1,720
Difference in tax rates	<b>1,469</b>	1,886
Additional tax allowance	<b>(250)</b>	(384)
Other items	<u>213</u>	<u>(66)</u>
	<b><u>(15,533)</u></b>	<b><u>(4,085)</u></b>

**5 Investment property**

	<b>2009</b>	<b>2008</b>
	<b>€000</b>	<b>€000</b>
Balance at beginning of the year	<b>315,336</b>	380,740
Additions in the year	<b>1,051</b>	-
Disposals of property in the year	-	(739)
Fair value movement	<b>(84,822)</b>	(39,316)
Foreign currency movement	<u>5,502</u>	<u>(25,349)</u>
Balance at end of the year	<b><u>237,067</u></b>	<b><u>315,336</u></b>

Notes to Preliminary Results for year end 31 December 2009 *(continued)*

**5 Investment property** *(continued)*

The carrying amount of investment property is the fair value of the property which, in general, is determined by registered independent appraisers having appropriate recognised professional qualifications and recent experience in the locations and categories of the property being valued. Fair values were determined having regard to recent market transactions and market rents for similar properties in the same location, where such information was available.

Attention is drawn to the risks associated with the valuation of investment properties, particularly in the current economic climate. Investments in properties are relatively illiquid, which can affect the group's ability to realise their value in cash in the short term. The year end property valuations have been arrived at in a period of significant market uncertainty. The continuing difficulties being experienced in the world's financial markets have resulted in reduced numbers of property transactions in the markets in which the group operates, with virtually no activity in some areas. This lack of comparable evidence has decreased the degree of certainty in valuations compared to those arrived at in more stable conditions with a normal level of market evidence. Nonetheless, in general, the group has estimated fair value for its investment properties on the basis of advice from independent professional appraisers as more fully set out below.

The principal property valuation advisors to the group are as follows:

	<b>2009</b>	<b>2008</b>
	<b>€000</b>	<b>€000</b>
Lisney (Republic of Ireland)	<b>94,885</b>	156,630
BTW Shiells, Lambert Smith Hampton, Brown & Lee (UK)	<b>66,192</b>	75,958
Jones Lang La Salle, Delta State (Continental Europe)	<b><u>75,990</u></b>	<u>82,748</u>
	<b><u>237,067</u></b>	<u>315,336</u>

In accordance with IAS 40, a property interest under an operating lease is classified and accounted for as an investment property on a property-by-property basis when the group holds it to earn rentals or for capital appreciation or both. Any such property interest under an operating lease classified as an investment property is carried at fair value. At 31 December 2009 the market value of land and property assets held under operating leases classified as investment property was €62,074,000 (2008: €78,759,000). Further geographical analysis of the group's properties is provided in note 2.

Further detail with regard to the sector analysis of the portfolio has been provided within the operating and financial review and should be read in conjunction with this note.

Notes to Preliminary Results for year end 31 December 2009 *(continued)*

## 6 Loans and borrowings

This note provides information about the contractual terms of the group's interest-bearing loans and borrowings, all of which are held at amortised cost.

	<b>2009</b>	<b>2008</b>
	<b>€000</b>	<b>€000</b>
<b>Non-current liabilities</b>		
Unsecured bank loans	-	120,219
Secured bank loans	57,215	58,740
Other payables	<u>395</u>	<u>395</u>
	<b><u>57,610</u></b>	<b><u>179,354</u></b>
<b>Current liabilities</b>		
Unsecured bank loans	126,708	-
Secured bank loans	<u>1,525</u>	<u>1,495</u>
	<b><u>128,233</u></b>	<b><u>1,495</u></b>

Terms and conditions of outstanding loans were as follows:

				<b>2009</b>	<b>2008</b>
<b>In thousands of euro</b>	<b>Currency</b>	<b>Interest rate arrangement</b>	<b>Year of maturity</b>	<b>Carrying amount €000</b>	<b>Carrying amount €000</b>
Unsecured bank loan	Euro	Variable	2011-2012	30,734	30,734
Unsecured bank loan	GBP	Variable	2011-2013	95,974	89,485
Secured bank loan	Euro	Variable	2011	11,430	11,580
Secured bank loan	Euro	Fixed	2011	17,860	18,430
Secured bank loan	Euro	Fixed	2011	<u>29,450</u>	<u>30,225</u>
				<b><u>185,448</u></b>	<b><u>180,454</u></b>

### Terms and debt repayment schedule

	<b>2009</b>	<b>2008</b>
	<b>€000</b>	<b>€000</b>
<b>Repayable by instalments:</b>		
Repayable within 1 year	1,525	1,495
Repayable within 2 years	57,215	1,525
Repayable within 2 to 5 years	-	57,215
Repayable after 5 years	-	-
<b>Repayable other than by instalments:</b>		
Repayable within 1 year	126,708	-
Repayable within 2-5 years	-	120,219
<b>Total</b>	<b><u>185,448</u></b>	<b><u>180,454</u></b>

Variable rate bank loans incur interest based on interbank market rates plus an agreed margin. Fixed rate bank loans incur interest at rates between 5.4% and 5.5%.

**6 Loans and borrowings** *(continued)*

- (a) Bank loans of €126,708,000 (2008: €20,219,000) are guaranteed by certain nominated subsidiaries and subject to a loan to value covenant.

The year end balance sheet shows that the relevant ratio on the related facilities was 76% compared to the stipulated 50% and, as a result, they are shown as repayable within one year. However, the bank has proposed new facilities providing for an extended term and a relaxation of the loan-to-value covenant in exchange for a higher margin and the provision of security over a proportion of the relevant assets. This proposal is presently under consideration and would be subject to detailed documentation and appropriate approval procedures by both parties.

These loans, denominated in both pounds sterling and euro are, in any event, repayable in full five years from the date of drawdown. The loans outstanding at 31 December 2009 are due to mature at various dates from 5 June 2011 to 12 June 2013. Interest is payable at the relevant interbank market rate plus a margin.

- (b) A secured bank loan drawn down by a subsidiary of €1,430,000 (2008: €1,580,000) is secured by certain investment properties in Belgium. The loan is denominated in euro, and is repayable in quarterly capital repayments over the next three years. Interest is payable at a 3 months Euribor rate plus margin.
- (c) Secured bank loans drawn down by a subsidiary of €47,310,000 (2008: €48,655,000) are secured by certain investment properties in the Netherlands and by a guarantee from the company.

The loans are denominated in euro and repayable in quarterly capital repayments over the next three years. The remaining capital payment is due in January 2011. Interest is payable at fixed interest rates between 5.4% and 5.5%.

Notes to Preliminary Results for year end 31 December 2009 (*continued*)

**7 Result per share**

*Result per share*

The calculation of basic result per share for the year ended 31 December 2009 is based on the result attributable to equity shareholders in the year and the weighted average number of equity shares outstanding during the year calculated as follows:

	<b>2009</b>	<b>2008</b>
	<b>€000</b>	<b>€000</b>
Result attributable to equity shareholders	<u><b>(89,780)</b></u>	<u><b>(74,856)</b></u>

**Weighted average number of ordinary shares**

	<i>In thousands of shares</i>	
	<b>2009</b>	<b>2008</b>
At beginning of year	<b>583,265</b>	583,265
Weighted number of ordinary shares outstanding during year	<u><b>583,265</b></u>	<u><b>583,265</b></u>
Basic result per share (euro cent)	<u><b>(15.39)</b></u>	<u><b>(12.83)</b></u>

*Diluted result per share*

The calculations of diluted result per share for the years ended 31 December 2009 and 31 December 2008 were based on the results attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding during the years ended 31 December 2009 and 31 December 2008 as calculated for basic result per share above, as there were no potentially dilutive instruments in issue.

**8 Net asset value per share**

The calculations of net asset value per share at 31 December 2009 and 31 December 2008 were based upon the total equity attributable to the shareholders of the company at 31 December 2009 and 31 December 2008 and the number of ordinary shares outstanding at 31 December 2009 and 31 December 2008 as follows:

	<b>2009</b>	<b>2008</b>
	<b>€000</b>	<b>€000</b>
Total equity attributable to shareholders of company	<u><b>60,176</b></u>	<u><b>149,942</b></u>
	<i>In thousands of shares</i>	
	<b>2009</b>	<b>2008</b>
Total number of ordinary shares outstanding at year end	<u><b>583,265</b></u>	<u><b>583,265</b></u>
Net asset value per share (euro cent)	<u><b>10.32</b></u>	<u><b>25.71</b></u>

## **9 Contingencies and guarantees**

The main group contingencies and guarantees are as follows:

- (a) The company has provided a guarantee of €5.4m in respect of the bank borrowings of the joint venture companies involved in the development of property at Navan, Ireland.
- (b) The company has provided a guarantee of €1.5 million in respect of the bank borrowings of Blackrock International Land Vida BV in relation to the financing of a building in Amsterdam.
- (c) South East Edinburgh Development Company (SEEDCo), acquired approximately 300 acres of agricultural land south of Edinburgh during 2007. Since the year end the group has acquired the remaining 50% of this company that it did not previously own. Additional consideration may become payable to the vendor, calculated as 50% of the open market value net of all costs of the land, when planning consents have been received. The company has provided a guarantee for the bank borrowings of SEEDCo.