

# Balmoral International Land Holdings plc

Annual Report 2014



# Annual Report 2014

<i>Contents</i>	<i>Page</i>
Shareholder information	1
Chairman's statement	2
Operating and financial review	3
Directors and secretary	8
Financial statements	9
Five year summary of group results	85
Notice of Annual General Meeting	86

# Balmoral International Land Holdings plc

## Shareholder Information

### Investor relations

Investors requiring further information on the group are invited to contact:

*Niall Quigley  
Balmoral International Land  
Holdings plc  
29 North Anne Street  
Dublin 7  
Ireland  
Telephone: (01) 887 2788  
Email: [nquigley@bilplc.com](mailto:nquigley@bilplc.com)*

### Registrar

Administrative queries about holdings of Balmoral International Land Holdings plc shares can be directed to the company's registrar:

*Computershare Investor Services (Ireland) Limited  
Heron House  
Corrig Road  
Sandyford Industrial Estate  
Dublin 18  
Ireland  
Telephone: ROI (01) 247 5694  
UK (0870) 707 1524  
Facsimile: ROI (01) 216 3151  
Email: [web.queries@computershare.ie](mailto:web.queries@computershare.ie)*

### Website

Further information on Balmoral is available at [www.bilplc.com](http://www.bilplc.com).

### Amalgamation of financial statements

Shareholders receiving multiple copies of company mailings as a result of a number of accounts being maintained in their name should write to the company's registrar, at the above address, to request that their accounts be amalgamated.

### Electronic communications

The company's Articles of Association allow Balmoral to distribute all shareholder communication electronically except where documents are specifically requested in physical form.

# Balmoral International Land Holdings plc

## **Chairman's Statement**

The economic and financial uncertainties that adversely affected the markets over the last number of years have greatly diminished. Balmoral continues to focus on the intense and active management of its assets to optimise its position within the markets in which it operates.

Apart from the ongoing management of its portfolio, there has been a continuous focus on the refinancing of the business which is vital to its future prospects. In September 2015 an agreement was reached with the provider of the general corporate loan facility on a renewal and extension of financing to December 2019.

Over the next few years, rebuilding net assets will be the challenge and we will pursue this energetically. The group has maintained most of its core asset base and is well-placed to continue to benefit from improvements in market conditions and the progression of some of its development assets. With the stabilisation of markets, the group also expects to be in a position to make disposals to pay down debt.

We would like to thank our people for their immense efforts through the last few years when the huge falls in value created a most challenging environment and required drive and determination to see a successful outcome.

We would like to thank our shareholders for their patience and support through this period.

**Carl McCann**

Chairman

17 September 2015

# Balmoral International Land Holdings plc

## Operating and Financial Review

### Operating review

#### Developments during the year

As at 31 December 2014 Net Asset Value per Share of 1.45 cent up from 0.25 cent at December 2013.

Developments during the year include:

- Agreement was reached with the provider of the general corporate facility on a renewal and extension of financing to December 2019.
- The valuation of the group's UK and Ireland property portfolio is broadly unchanged year on year.
- There has been a significant increase in the valuation of our UK investments.
- There has been a decline in the valuation of the Dutch property portfolio.
- We have disposed of industrial warehouses in Bristol and Dublin.

#### Investment property

Total investment property assets at 31 December 2014 amounted to €163.1 million compared to €180.5 million at the start of the year. The movements in values, analysed geographically are 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 2014	53.1	66.4	61.0	180.5
Investments during year	0.3	0.6	0.5	1.4
Disposals during year	(3.8)	(2.9)	(1.1)	(7.8)
Fair value adjustments	0.9	0.1	(16.6)	(15.6)
Translation of sterling denominated properties	-	4.6	-	4.6
<b>Value at 31 December 2014</b>	<b>50.5</b>	<b>68.8</b>	<b>43.8</b>	<b>163.1</b>

# Balmoral International Land Holdings plc

## Equity accounted investees

The total value of the group's equity accounted investments at 31 December 2014 was €21.7 million compared to €7.5 million at the start of the year. The movements in values, analysed geographically, are 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 2014	(0.3)	4.2	3.6	7.5
Investments during year	1.7	-	0.2	1.9
Fair value adjustments	-	12.0	-	12.0
Translation of Sterling denominated investments	-	0.3	-	0.3
<b>Value at 31 December 2014</b>	<b>1.4</b>	<b>16.5</b>	<b>3.8</b>	<b>21.7</b>

## Analysis of property assets by geography and sector

In reviewing the group's investment property portfolio, it is useful to consider the following geographic and sectorial analysis:

	<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>
Industrial/warehouse	42.2	22.2	17.0	81.4
Office	4.5	12.8	26.8	44.1
Mixed use land	3.8	33.8	-	37.6
<b>Total</b>	<b>50.5</b>	<b>68.8</b>	<b>43.8</b>	<b>163.1</b>
<b>Percentage</b>	<b>31%</b>	<b>42%</b>	<b>27%</b>	<b>100%</b>

The group's property portfolio at 31 December 2014 comprised 50% industrial/warehouse, 27% office and 23% mixed use land. In Ireland, 84% was weighted to industrial/warehouse, 7% to mixed use land and 9% to office. In the UK, it is 49% mixed use land, 32% industrial/warehouse and 19% office. In Continental Europe, it is 61% office and 39% industrial/warehouse.

The equity accounted investees portfolio valued at €21.7 million at 31 December 2014 comprised 77% office/retail and 17% mixed use land and 6% industrial/warehouse.

# Balmoral International Land Holdings plc

## **Impact of foreign exchange on movement in net assets**

The movement in the value of the group's UK property assets includes an increase of €4.6 million arising from the strengthening of sterling against the euro during the year. This benefit was offset by a net €7.2 million decrease in net assets arising on the translation of loans and cash denominated in sterling and other movements. The net impact of foreign exchange on the group's net assets for the period was a decrease of €2.6 million.

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

## **Future plans**

The group will continue working to enhance the value of its assets through the pursuit of improved designations, while at the same time seeking to maximise income opportunities and minimise property outgoings and operating costs.



# Balmoral International Land Holdings plc

## Financial review

### Finance

The group has agreed with the provider of the general corporate facility a renewal and extension of financing to December 2019.

The group's other financing arrangements fall into two broad categories. In general, equity accounted investees are financed by separate project-specific debt. The Dutch and Belgian portfolios and the investment in South East Edinburgh Development Company Limited are also funded separately.

In relation to the loan facility of the majority owned Belgian asset, a proposal from the relevant bank to extend the facility to October 2016 has been received and is under negotiation. During 2014, the financing for the Dutch properties was extended to June 2017.

### 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.

### Net rental income

Gross rental and related income for the year was €12.5 million (2013: €11.3 million). Property outgoings were €3.2 million (2013: €2.6 million), giving net rental income of €9.3 million (2013: €8.7 million).

### Administrative expenses

Total administrative expenses for the year were €3.9 million (2013: €3.1 million) comprising continuing administrative expenses of €2.8 million (2013: €2.8 million) and non-recurring expenses of €1.1 million (2013: €0.3 million).

### Net finance income

Net finance income was €1.9 million (2013: net finance expense €1.1 million), comprising a net fair value gain on debt measured at fair value through profit and loss of €12.8 million (see note 16(c) to the consolidated financial statements for further explanation) and a gain on translation of cash and cash equivalents of €0.2 million (2013: loss of €0.1 million) off-set by interest and related charges of €3.7 million (2013: €3.4 million) incurred on bank borrowings and a net loss on translation of sterling loans and financial assets of €7.4 million (2013: gain of €2.3 million).

### Taxation

The tax charge for the year was €1.7 million (2013: €0.1 million). In 2014 there was a €1.7 million charge for deferred taxation comprising a reduction of €1.9 million in the estimate of the value of deferred tax assets and a decrease of €0.2 million in deferred tax liabilities. Deferred tax has been accounted for in accordance with IAS 12 and, accordingly, includes full provision for any tax that might arise 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 €0.0115 (2013: €0.0008).

# Balmoral International Land Holdings plc

## **Dividend**

Consistent with the stated distribution 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 2014 amounted to €8.5 million (2013: €1.5 million), resulting in basic and diluted net asset values per share of €0.0145 (2013: €0.0025).

## **Net borrowings**

The group's net borrowings at 31 December 2014 amounted to €169.1 million (2013: €182.6 million). This figure comprised borrowings of €180.4 million (2013: €189.3 million) less cash balances of €11.3 million (2013: €6.7 million).

## **Conclusion**

Balmoral continues to benefit from an extensive diversified portfolio of assets and the board remains focused on retaining tenants, maximising income, reducing costs, generating cash and adding value wherever feasible and is well placed to benefit from any further improvements in market conditions.

**17 September 2015**

# Balmoral International Land Holdings plc

## Directors and Secretary

**Carl McCann, BBS, MA, FCA, age 62, Chairman**, is also chairman of Total Produce plc. He is a director of a number of other companies. He previously held the role of chairman of Fyffes plc, until 2006. He joined that group in 1980.

**Robert Knox, age 52, Chief Executive**, graduated in estate management in the UK in 1983. He has worked in general practice as an estate agent and valuer and managed mixed portfolios of office, retail and industrial property. He joined Balmoral in May 2006.

**Catherine Ghose, B.Comm, Dip in Prof. Acc, FCA, Diploma in Company Direction, age 53, Finance Director**, was appointed finance director of the group on 1 October 2012. She is managing director of Charles McCann Investments Limited, Honorary Treasurer of the National Maternity Hospital and she is a member of the Institute of Directors.

**Tom Neasy, age 66, Executive Director**, became a director of the group in June 2007. He has had a lengthy career in the property business and has a wealth of experience in project design and management, working with a number of companies in Ireland and other countries. He is a property consultant and an advisor to a number of investors. In 1989, he became a property advisor to the Fyffes group.

**Philip Halpenny, BBS, FCA, age 63, Non-Executive Director**, was finance director and chief operating officer of Balmoral until he retired from his executive roles in September 2012. He remains on the board and continues to provide consultancy services to the group.

**Andrew Kelliher, B.Comm, age 64, Non-Executive Director**, was appointed to the Board in 2006. He has over 30 years' experience in finance and accounting and currently holds a consultative position with a firm of Chartered Accountants specialising in corporate finance, corporate recovery and mergers & acquisitions. He is chairman of the audit committee and a member of the remuneration committee.

**Declan McCourt, BL, MA, MBA, age 69, Non-Executive Director**, was appointed to the board in 2006. He is chief executive of the OHM Group, a leading distributor of automobiles and commercial vehicles. He is a director of Fyffes plc, chairman of the Mater Foundation and UCD Law School and a director of a number of other companies. He is a former director of the Bank of Ireland. He is chairman of the remuneration committee.

**Alan White, BSc, FRICS, age 70, Non-Executive Director**, became a director of the group in March 2006. He has held senior property asset management positions in major UK businesses and has advised several UK government ministries. He is a property consultant and an advisor to a number of universities. He is a member of the audit committee.

**Niall Quigley, FCA, age 50, Company Secretary**, trained as a chartered accountant with Grant Thornton. He joined the Fyffes group in 1989, where he held a variety of senior financial positions based in the UK and in a number of Latin American countries. In May 2006, he joined Balmoral as company secretary and financial controller.

# Balmoral International Land Holdings plc

## Financial statements

Corporate profile	10
Directors' report	11 - 16
Corporate governance statement	17 - 23
Statement of directors' responsibilities in respect of the annual report and the financial statements	24
Independent auditor's report	25 - 26
Consolidated income statement	27
Consolidated statement of comprehensive income	28
Consolidated statement of changes in equity	29
Consolidated balance sheet	30
Consolidated statement of cash flows	31
Notes to the consolidated financial statements	32 – 79
Company statement of changes in equity	80
Company balance sheet	81
Company statement of cashflows	82
Notes to the company financial statements	83 - 84

# Balmoral International Land Holdings plc

## Corporate profile

### Directors

C. McCann (Chairman)  
R. Knox (Chief Executive) (British)  
C. Ghose  
T. Neasy  
P. Halpenny  
A. Kelliher  
D. McCourt  
A. White (British)

### Company Secretary

N. Quigley

### Registered Office

1 Stokes Place  
St. Stephen's Green  
Dublin 2  
Ireland

### Solicitors & Auditor

Arthur Cox	KPMG
Earlsfort Terrace	Chartered Accountants
Dublin 2	1 Stokes Place
Ireland	St. Stephen's Green
	Dublin 2
	Ireland

### Bankers

Allied Irish Banks plc	Royal Bank of Scotland
Bankcentre	London Corporate
Ballsbridge	Service Centre
Dublin 4	Aldgate Union
Ireland	10 Whitechapel High
	Street
	London
	E1 8DX
FGH Bank NV	KBC Bank NV
Leidseveer 50	Havenlaan 2
3500 GE Utrecht	1080 Brussels
The Netherlands	Belgium

### Registrar

Computershare Investor Services (Ireland)  
Limited  
Heron House  
Corrig Road  
Sandyford Industrial Estate  
Dublin 18  
Ireland

### Stockbrokers

Davy  
Davy House  
49 Dawson Street  
Dublin 2  
Ireland

# Balmoral International Land Holdings plc

## Directors' report

The directors present their annual report to the shareholders, together with the audited financial statements, for the year ended 31 December 2014.

### Principal activities and business review

Balmoral International Land Holdings plc ("Balmoral") is a public limited company incorporated in Ireland. Balmoral is an international property business focused on optimising its existing asset base and identifying development opportunities. A detailed business review is included in the operating and financial review on pages 3 to 7.

Balmoral's shares are traded on a grey market operated by Davy Stockbrokers.

### Result for the year

Details of the result for the year ended 31 December 2014 are set out in the consolidated income statement on page 27.

### Dividend

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

### Future developments

A review of future developments in the business is included in the operating and financial review on pages 3 to 7.

### Directors and secretary

In accordance with the Articles of Association of the company, A.White and A. Kelliher offer themselves for re-election at the AGM.

### Interests of directors and secretary

The directors and secretary who held office at 31 December 2014 have the following interests in the shares of the company or group companies.

Directors	Nature of Interest	Ordinary shares held at 31 December 2014	Ordinary shares held at 31 December 2013
C. McCann	Ordinary shares	1,533,163	1,525,864
R. Knox	Ordinary shares	218,315	218,315
C. Ghose	Ordinary shares	-	-
T. Neasy	Ordinary shares	271,000	271,000
P. Halpenny	Ordinary shares	312,284	312,284
A. Kelliher	Ordinary shares	80,000	80,000
D. McCourt	Ordinary shares	110,000	110,000
A. White	Ordinary shares	15,000	15,000
<b>Secretary</b>			
N. Quigley	Ordinary shares	320	320

# Balmoral International Land Holdings plc

## Directors' report *(continued)*

### Substantial holdings

The directors have been notified of the following significant interests in the ordinary share capital of the company at 31 December 2014.

	Number of Ordinary Shares	Percentage
Fyffes plc	233,305,963	40.00%
Rosecastle Ltd	81,414,000	13.96%
Balkan Investment Company and related parties	37,238,334	6.38%

Rosecastle Limited is a wholly owned subsidiary of O'Flynn Construction Company.

Whorlton Limited, a related party of Balkan Investment Company, owns 3.4% of the issued share capital of the company. This holding is included in the Balkan holding above.

The board has not been notified of any other holdings of 3% or more of the issued ordinary share capital of the company.

### Share capital

Details of shares issued are set out in note 15 to the consolidated financial statements.

### Directors' interests in contracts

None of the directors had a beneficial interest in any material contract to which the company or any subsidiaries was a party during the year.

Arising from a common directorship, C. McCann has an indirect interest in the group's investment in a joint venture company. This interest is noted in note 26 to the consolidated financial statements under the heading Related Parties.

### Key performance indicators (KPIs)

The group considers the following measures as being important indicators of the underlying performance of the business:

- *Net asset value*  
The key long term financial objective for the group is growth in its net asset value per share.
- *Net debt to gross property assets*  
A second important financial objective of the group is to establish and maintain an appropriate balance sheet structure that provides it with adequate funding to fulfil its medium to long term objectives while at the same time maintaining a prudent ratio of net debt to gross property assets. The consolidated net debt to gross property assets of the group at 31 December 2014 was 91.5% (2013: 97.1%).

# Balmoral International Land Holdings plc

## Directors' report *(continued)*

### Key performance indicators (KPIs) *(continued)*

- *Returns from properties*

Another important financial objective is to optimise returns from the group's property portfolio. This is achieved by pro-active asset management to maximise net rental yields and through obtaining beneficial re-designations and planning permissions.

### Financial risk management

The group's activities expose it to a variety of financial risks including interest rate, foreign currency, liquidity and credit risks. These financial risks are managed by the group under policies approved by the board, as described in note 23 to the consolidated financial statements.

### Principal risks and uncertainties

The principal risks and uncertainties that the group faces are:

- *General financing*

The global economic environment resulted in constraints on the availability of credit. Such financial conditions have affected the group's ability to raise further finance on acceptable terms or may affect its ability to meet its financial obligations, covenants, loan repayments and operating expenses as they fall due. The board has sought to mitigate these risks through negotiation of appropriate loan facilities, by on-going discussions with its bankers on renewals, extensions and restructuring of those facilities and by maintaining prudent cash balances.

- *Property values*

The performance of the group is determined principally by the values of its property assets, which, in turn, are dependent on a variety of factors applying in the markets in which Balmoral operates, including:

- local economic conditions, generally and in the property sector in particular, as affected by government policy, legislation, economic growth, interest rates and inflation, and
- supply of and demand for property, and their impact on rental levels.

The values of individual properties are determined by their specific usage and locations, the quality of their tenants and the rents paid by them and by their potential for alternative usage or redevelopment. The board mitigates the risks associated with declines in the performance factors above by the employment of an expert professional management team and by adopting appropriate strategic objectives to be pursued (including sectoral and geographic diversification). The group seeks to attract and maintain good quality tenants across the portfolio by means of a pro-active asset management approach to retaining these tenants, including early planning for potential voids.

- *Liquidity risk*

Property assets are relatively illiquid. Such illiquidity may affect the group's ability to vary its portfolio or dispose of or liquidate part of its portfolio in a timely manner and at satisfactory prices. The board mitigates this risk by constantly monitoring and reviewing its cashflow and funding needs, by closely controlling its administration expenditure and, where possible, by selling non-core property assets as required.



# Balmoral International Land Holdings plc

## Directors' report *(continued)*

### Principal risks and uncertainties *(continued)*

- *Development and related funding*  
The group's ability to realise its business strategy is dependent on management's ability to source and exploit opportunities within its property portfolio when considered opportune and to fund these as required. The board has mitigated these risks by the appointment of a suitably qualified management team and by continuing to negotiate appropriate financing arrangements to fund its plans.
- *Currency*  
The group presents its financial information in euro. A significant proportion of its property portfolio is located in the United Kingdom and, consequently, a significant part of its rental income and of its property assets are denominated in sterling. The board has mitigated this risk by financing arrangements at least equivalent in value to these sterling assets.

### Accounting records

The directors believe that they have complied with the requirements of Chapter 2 Part 6 of the Companies Act, 2014, with regard to accounting records by employing accounting personnel with appropriate expertise and by providing adequate resources to the financial function. The accounting records of the company are maintained at 29 North Anne Street, Dublin 7, Ireland.

### Going concern

In preparing the financial statements, the directors are required to make an assessment of the group's ability to continue in operational existence as a going concern. The directors have concluded, after making appropriate enquires including consideration of the matters referred to in this Annual Report, that there is a reasonable expectation that the group and company will have adequate resources to continue in operational existence for the foreseeable future. Further details are set out in the basis of preparation and judgements and estimates policy note 1(a) to the consolidated financial statements on page 33.

### Political donations

The group and company did not make any donations during the year disclosable in accordance with the Electoral Act, 1997.

### Auditor

In accordance with Section 383(2) of the Companies Act, 2014, the auditor, KPMG, Chartered Accountants, will continue in office.

### Subsidiaries and equity accounted investees

Information on the group's significant subsidiaries and equity accounted investees is set out in note 28 to the consolidated financial statements.

### Notice of Annual General Meeting

Your attention is drawn to the notice of the AGM of the company which will be held at the Hilton Dublin Airport Hotel, Northern Cross, Malahide Road, Dublin 17 on Wednesday, 21 October at 12.00 midday.

# Balmoral International Land Holdings plc

## **Directors' report** *(continued)*

### **Special business at the Annual General Meeting**

In addition to the usual business to be transacted at the AGM (as set out in resolutions 1 to 3 of the notice of the meeting), there are five items of special business proposed which are described further below.

The first two items of special business (Resolutions 4 and 5) are being proposed in response to the new Companies Act 2014 which became law on 1 June 2015. The purpose of these resolutions is to amend the Memorandum and Articles of Association of the Company in order to bring them into line with the provisions of the Companies Act 2014 and make some consequential and housekeeping changes. An explanation of the changes which will be made by these resolutions is set out in the Appendix to the Notice of the AGM. A copy of the Memorandum and Articles of Association in the form amended by these resolutions is available on the Company's website and will also be available for inspection at the registered office of the Company during business hours on any business day up to and including the date of the Annual General Meeting as well as being available at the Annual General Meeting on the 21st October 2015.

Under the third item of special business (Resolution 6), shareholders are being asked to renew, until the date of the Annual General Meeting to be held in 2016 or 21 January 2017 (whichever is the earlier), the authority of the Directors to allot new shares. This authority will be limited to the allotment of up to an aggregate amount of €1,924.77 in nominal value of ordinary shares (being approximately 33.3% of the nominal value of the company's issued ordinary share capital).

Under the fourth item of special business (Resolution 7), shareholders are being asked to renew the authority to disapply the strict statutory pre-emption provisions in the event of a rights issue or in any other issue up to an aggregate amount of €583.27 in nominal value of ordinary shares, representing 10% of the nominal value of the company's issued ordinary share capital for the time being.

Under the final item of special business (Resolution 8), shareholders are being asked to grant authority to the Directors to establish the 2015 Long Term Incentive Plan, the rules of which will be available on the company's website and for inspection at the Annual General Meeting on the 21st October 2015.

### **Further action**

A Form of Proxy for use at the AGM is enclosed. You are requested to complete, sign and return the Form of Proxy as soon as possible whether or not you propose to attend the meeting in person. To be valid, the Form of Proxy should be returned by hand or by post to the Registrar of the Company, Computershare Investor Services (Ireland) Limited, P.O. Box 954, Sandyford, Dublin 18, or by facsimile transmission to the facsimile number printed on the Form of Proxy, to arrive not less than 48 hours before the time appointed for the holding of the meeting. The completion and return of a Form of Proxy will not preclude you from attending and voting at the meeting should you so wish. You may also appoint a proxy electronically by logging on to the website of the registrars, Computershare Investor Services (Ireland) Limited: [www.eproxyappointment.com](http://www.eproxyappointment.com). You will be asked to enter the Shareholder Reference Number and PIN Number as printed on your Form of Proxy and agree to certain conditions.

# Balmoral International Land Holdings plc

## **Directors' report** *(continued)*

### **Recommendation**

Your board believes that the resolutions to be proposed at the AGM are in the best interests of the Company and its shareholders. Accordingly, your Directors unanimously recommend you to vote in favour of the resolutions as they intend to do in respect of all the ordinary shares which can be voted by them.

### **On behalf of the board**

**Carl McCann**  
Chairman

**Catherine Ghose**  
Finance Director

17 September 2015

# Balmoral International Land Holdings plc

## Corporate governance statement

The directors of Balmoral are committed to maintaining high standards of corporate governance and have implemented the following corporate governance procedures.

### The board

While day to day responsibility for the conduct of the group's operations is delegated to the executive management team within predefined authority limits, the board is ultimately responsible for the leadership and control of the company.

The board agrees a schedule of regular meetings to be held in each calendar year and also meets on other occasions as necessary. There is a schedule of matters specifically reserved for decision at board meetings, which include:

- approval of strategic plans for the group
- approval of annual statutory financial statements and annual budget.
- review of operational and financial performance
- approval of major property acquisitions and investments
- review of the group's internal controls and risk management processes
- appointments of senior members of the management team
- approval of the financing arrangements of the group

The board has delegated authority to management for decisions taken in the normal course of business, subject to specified authority limits. The board is currently comprised of four executive directors and four non-executive directors. Biographical details of the directors are set out on page 8.

The board considers that between them, the directors bring the range of skills, knowledge and experience necessary to lead the company.

### Operation of the board

The board meets regularly throughout the year. The directors receive quarterly management accounts and full board papers are sent to each member on a timely basis prior to each board meeting to enable them to discharge their duties.

# Balmoral International Land Holdings plc

## Corporate governance statement *(continued)*

Attendance at scheduled board and relevant committee meetings of the group's parent company during the year ended 31 December 2014, was as follows:

Number of meetings	Board	Audit	Remuneration
	5	2	3
C. McCann	5	N/A	N/A
R. Knox	5	N/A	N/A
C. Ghose	5	2*	N/A
T. Neasy	5	N/A	N/A
P. Halpenny	5	N/A	N/A
A. Kelliher	5	2	3
D. McCourt	4	N/A	3
A. White	4	2	N/A

*\* In attendance only*

### Terms of appointment

Non-executive directors have been invited to join the board for a three year period, subject to re-election by shareholders as provided for in the company's Articles of Association.

Insurance cover is in place to protect board members and officers against liability arising from legal actions taken against them in the course of their duties.

Effective governance is achieved by the separation of the roles of the chairman and the chief executive, as this division of responsibilities at the head of the group ensures a balance of power and authority. The chairman has overall responsibility for ensuring that the group endeavours to achieve a satisfactory return on investment for shareholders; he oversees the orderly operation of the board and ensures appropriate interaction between it, executive management and the company's shareholders. The chief executive is responsible for developing and delivering the group's strategy and is accountable for its overall performance and day to day management.

The appointment and removal of the company secretary is a matter for the board. All directors have access to the advice and services of the company secretary.

# Balmoral International Land Holdings plc

## **Corporate governance statement** *(continued)*

### **Independence of directors**

All the directors bring independent judgement to bear in the course of performance of their duties. The board has determined that each of the non-executive directors is independent. In particular, the board reviewed the position of D. McCourt and determined that, notwithstanding his directorship of Fyffes plc, a significant shareholder, he executed his powers in an independent manner throughout the financial year. Like each of the other non-executive directors, he discharges his duties in a proper and consistently independent manner and constructively and appropriately challenges the executive directors and the board.

### **Evaluation of the performance of the board, its committees and individual directors**

In November 2014, as part of an annual process, the board undertook an evaluation of its own performance, and that of its committees and of each director throughout the year. In assessing the performance of the board, the directors considered such matters as the appropriateness of its composition, its effectiveness in developing group strategy, its contribution to managing the group's business and operational risks, its response to developing issues and its communications with the group's stakeholders. In assessing the performance of the committees of the board, the directors considered the appropriateness of their composition and terms of reference, their effectiveness in fulfilling their roles and their interactions with the board. The assessment of the performance of individual directors included consideration of their contribution to the effective functioning of the board, the appropriateness of their knowledge, skill and experience levels and their commitment to their roles. The chairman summarised the results of these evaluation processes and reported them to the board. Following consideration of the results of these processes, the directors concluded that the performance of the board, its committees and individual directors were satisfactory throughout the year.

### **Board committees**

The board has established two committees, an audit committee and a remuneration committee, to assist it in the execution of its duties.

#### **Audit committee**

The audit committee comprises two non-executive directors, A. Kelliher (chairman) and A. White, both of whom are considered independent.

The purpose of the audit committee is to oversee the financial reporting processes and internal control systems of Balmoral. The committee held two meetings during the year which were attended by all members.

The board believes that A. Kelliher has the requisite recent relevant financial experience to chair the audit committee. It is also satisfied that A. White is sufficiently knowledgeable in relevant financial matters to enable him to fulfil his responsibilities on the committee.

# Balmoral International Land Holdings plc

## **Corporate governance statement** *(continued)*

### **Audit committee** *(continued)*

In the course of its meetings, the audit committee reviewed the accounting policies adopted by the company, the annual financial statements and reports of the external auditor. The committee also evaluated the need for an internal audit function in the group and concluded that such was not necessary at this time. The committee has reviewed the group's system of risk management and internal controls and determined that these operated effectively during the reporting year.

The audit committee also satisfied itself that employees can raise concerns about possible improprieties in matters of financial reporting or other matters in confidence.

It also reviewed the external auditor's independence and the effectiveness of its planning for audit.

The audit committee adopted appropriate policies regarding the provision of non-audit services by the external auditor. The auditor is permitted to provide non-audit services that are not in conflict with auditor independence where they are considered by the committee to be the most appropriate to provide the services in the best interests of the group. The engagement of the auditor to perform non-audit services is authorised by the committee or pre-approved in accordance with policies and procedures established by the committee.

The external auditor has full and unrestricted access to the audit committee.

### **Remuneration committee**

The remuneration committee comprises two non-executive directors, D. McCourt (chairman) and A. Kelliher, both of whom are considered independent. The committee met three times during the year to determine the emoluments of executive directors and senior management, including basic salaries and the parameters for any possible bonus payments. The objective is to ensure that individuals are rewarded appropriately relative to their responsibility, experience and value to the group. Remuneration policy reflects the need to ensure that the group can attract, retain and motivate executives to perform at the highest levels of expectation.

### **Nominations**

The board plans for its own succession and that of management. In view of the current size of the company, the board has not established a nominations committee. Directorships and senior management appointments are considered and recommended by the full board.

### **Internal controls**

The board has overall responsibility for the group's system of internal control and for monitoring its effectiveness. The system of internal control applied by the group is designed to allow reasonable but not absolute assurance against material misstatement or loss. The board has established an organisational structure with clear operating and reporting procedures, lines of responsibility, authorisation limits, segregation of duties and delegated authority.

# Balmoral International Land Holdings plc

## **Corporate governance statement** *(continued)*

### **Internal controls** *(continued)*

The board has reviewed the effectiveness of the group's systems of internal controls, covering all material controls, including financial, operational and compliance controls and risk management systems.

On a regular basis, the board receives reports on the key risks facing the business and the steps taken to manage such risks. It further considers whether those risks are being identified, evaluated and appropriately managed, having regard to the balance of risk, cost and opportunity.

The audit committee regularly meets with and receives reports from the external auditors. The chairman of the audit committee reports to the board on all significant issues considered by the committee and the minutes of its meetings are circulated to all directors.

### **Communications with shareholders**

The company's Annual General Meeting affords individual shareholders the opportunity to question the chairman and members of the board. Notice of the Annual General Meeting is sent to shareholders at least 21 clear days before the meeting. At the meeting, after each resolution has been dealt with, details are given of the proxy voting in respect of each resolution.

Reports and press releases are available on the company's website [www.bilplc.com](http://www.bilplc.com).

### **Accountability and audit**

The contents of the Operating and Financial Review, the Directors' Report and Financial Statements have been reviewed by the board in order to ensure a balanced presentation so that the group's position and results may be properly appreciated by shareholders.

A summary of directors' responsibilities in respect of the financial statements is given on page 24. The system of internal controls and risk management established to safeguard the company's assets is set out above. The audit committee, whose composition and functions are described on pages 19 - 20, has considered, and discussed with the external auditor, the accounting policies adopted in the financial statements and has evaluated the internal controls that have been established within the group.



# Balmoral International Land Holdings plc

## Corporate governance statement *(continued)*

### Directors' remuneration

2014	Basic salary and fees €'000	Other benefits €'000	Other payments €'000	Total €'000
<i>Executive directors</i>				
C. McCann	-	-	165	165
R. Knox	309	-	-	309
C. Ghose	-	-	245	245
T. Neasy	102	-	-	102
	411	-	410	821
<i>Non-executive directors</i>				
P. Halpenny	-	-	55	55
A. Kelliher	37	-	-	37
D. McCourt	37	-	-	37
A. White	37	-	-	37
	111	-	55	166
			Sub-total	987
Retirement benefit contributions and life assurance				44
Total directors' remuneration				1,031

2013	Basic salary and fees €'000	Other benefits €'000	Other payments €'000	Total €'000
<i>Executive directors</i>				
C. McCann	-	-	164	164
R. Knox	304	-	-	304
C. Ghose	-	-	245	245
T. Neasy	102	-	-	102
	406	-	409	815
<i>Non-executive directors</i>				
P. Halpenny	-	-	55	55
A. Kelliher	37	-	-	37
D. McCourt	37	-	-	37
A. White	37	-	-	37
	111	-	55	166
			Sub-total	981
Retirement benefit contributions and life assurance				44
Total directors' remuneration				1,025

# Balmoral International Land Holdings plc

## Corporate governance statement *(continued)*

### Directors' remuneration *(continued)*

C. McCann, chairman of Balmoral, was also chairman of Total Produce plc throughout 2013 and 2014. In accordance with an agreement between the parties, Total Produce charges Balmoral a portion of C. McCann's employment costs to reflect the allocation of his time between these two roles and other payments to him. Charges incurred under this arrangement in 2014 amounted to €165,000 (2013: €164,000).

R. Knox is UK based - his remuneration is agreed and paid in sterling and was €309,000 in 2014 (2013: €304,000).

C. Ghose was finance director of Balmoral and was also managing director of Charles McCann Investments Limited throughout 2013 and 2014. In accordance with an agreement between the parties, another company in the Charles McCann Investments Limited Group charges an agreed portion of C. Ghose's employment costs to Balmoral to reflect the allocation of her time between these two roles. Charges incurred relating to her time under this arrangement in 2014 amounted to €245,000 (2013: €245,000).

T. Neasy's remuneration in 2014 of €102,000 (2013: €102,000) reflects the portion of his employment costs that are attributable to Balmoral, after recharges to Total Produce plc and the Tilder Group.

P. Halpenny retired from his executive roles in September 2012. He remains a member of the board and provides consultancy services to the company. Consultancy fees incurred under this arrangement amounted to €55,000 in 2014 (2013: €55,000).

The directors' remuneration disclosures above are intended to satisfy the requirements of the Companies Act 2014 (see note 7 to the consolidated financial statements). These details are subject to audit.

### Retirement benefit contributions and life assurance

Retirement benefits and life assurance are provided for certain executive directors. Under the arrangements with Total Produce referred to above regarding C. McCann, a charge was incurred in respect of retirement related benefits and life assurance which, in 2014, amounted to €1,000 (2013: €1,000). In the case of R. Knox, contributions are made to a defined contribution scheme giving rise to a charge for 2014 of €43,000 (2013: €43,000).

### Service contracts and letters of appointment

No service contracts exist between the company or any subsidiaries and any executive or non-executive director.

None of the directors had a beneficial interest in any material contract to which the company or any subsidiaries were a part during the current or preceding financial year.

Fees for non-executive directors are determined by the board on an annual basis.

# Balmoral International Land Holdings plc

## Statement of directors' responsibilities in respect of the annual report and the financial statements

The directors are responsible for preparing the annual report and the group and company financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare group and company financial statements for each financial year. Under that law, the directors have elected to prepare the group and company financial statements in accordance with International Financial Reporting Standards as adopted by the EU and applicable law.

Under company law the directors must not approve the group and company financial statements unless they are satisfied that they give a true and fair view of the assets, liabilities and financial position of the group and company and of the group's profit or loss for that year.

In preparing each of the group and company financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state that the financial statements comply with IFRS as adopted by the EU; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and company will continue in business.

The directors are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the company and which enable them to ensure that the financial statements of the group are prepared in accordance with applicable IFRS, as adopted by the EU, and comply with the provisions of the Companies Act, 2014. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.

The directors are also responsible for preparing a directors' report that complies with the requirement of the Companies Act, 2014.

The directors have also elected to prepare a corporate governance statement.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in Ireland governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

### On behalf of the board

**Carl McCann**  
Chairman

**Catherine Ghose**  
Finance Director

17 September 2015

# Balmoral International Land Holdings plc

## **Independent auditor's report to the members of Balmoral International Land Holdings plc**

We have audited the Group and Company financial statements ("financial statements") of Balmoral International Land Holdings plc for the year ended 31 December 2014 which comprise the consolidated income statement, the consolidated and parent company statements of comprehensive income, the consolidated and parent company statements of changes in equity, the consolidated and parent company balance sheets, the consolidated and parent company statements of cash flows and the related notes. The financial reporting framework that has been applied in their preparation is Irish law and International Financial Reporting Standards (IFRS) as adopted by the European Union, and, as regards the Company financial statements, as applied in accordance with the provisions of the Companies Act 2014.

### **Opinions and conclusions arising from our audit**

#### ***1 Our opinion on the financial statements is unmodified***

In our opinion:

- the group financial statements give a true and fair view of the assets, liabilities and financial position of the group as at 31 December 2014 and of its profit for the year then ended;
- the company statement of financial position gives a true and fair view of the assets, liabilities and financial position of the company as at 31 December 2014;
- the group financial statements have been properly prepared in accordance with IFRS as adopted by the European Union;
- the company statement of financial position has been properly prepared in accordance with IFRS as adopted by the European Union, as applied in accordance with the provisions of the Companies Act 2014; and
- the group financial statements and company balance sheet have been properly prepared in accordance with the requirements of the Companies Act 2014.

#### ***2 Our conclusions on other matters on which we are required to report by the Companies Act 2014 are set out below***

We have obtained all the information and explanations which we considered necessary for the purposes of our audit.

In our opinion the accounting records of the Company were sufficient to permit the financial statements to be readily and properly audited and the financial statements are in agreement with the accounting records.

In our opinion the information given in the Directors' Report is consistent with the financial statements.

#### ***3 We have nothing to report in respect of matters on which we are required to report by exception***

ISAs (UK & Ireland) require that we report to you if, based on the knowledge we acquired during our audit, we have identified information in the annual report that contains a material inconsistency with either that knowledge or the financial statements, a material misstatement of fact, or that is otherwise misleading.

In addition, the Companies Act 2014 requires us to report to you if, in our opinion, the disclosures of directors' remuneration and transactions required by sections 305 to 312 of the Act are not made.

# Balmoral International Land Holdings plc

## **Independent auditor's report to the members of Balmoral International Land Holdings Plc** *(continued)*

### **Basis of our report, responsibilities and restrictions on use**

As explained more fully in the Statement of Directors' Responsibilities set out on page 24 the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view and otherwise comply with the Companies Act 2014. Our responsibility is to audit and express an opinion on the financial statements in accordance with Irish law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's Ethical Standards for Auditors.

An audit undertaken in accordance with ISAs (UK & Ireland) involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Whilst an audit conducted in accordance with ISAs (UK & Ireland) is designed to provide reasonable assurance of identifying material misstatements or omissions it is not guaranteed to do so. Rather the auditor plans the audit to determine the extent of testing needed to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements does not exceed materiality for the financial statements as a whole. This testing requires us to conduct significant audit work on a broad range of assets, liabilities, income and expense as well as devoting significant time of the most experienced members of the audit team, in particular the engagement partner responsible for the audit, to subjective areas of the accounting and reporting.

Our report is made solely to the Company's members, as a body, in accordance with section 391 of the Companies Act 2014. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.



**P. Carroll**  
**for and on behalf of**  
**KPMG**  
**Chartered Accountants, Statutory Audit Firm**  
*1 Stokes Place*  
*St. Stephen's Green*  
*Dublin 2*

*17 September 2015*

# Balmoral International Land Holdings plc

## Consolidated income statement

for the year ended 31 December 2014

		2014 €'000	2013 €'000
<b>Continuing operations</b>	<i>Notes</i>		
<b>Gross rental and related income</b>	3	12,498	11,317
Property outgoings	4	<u>(3,202)</u>	<u>(2,601)</u>
<b>Net rental and related income</b>		9,296	8,716
Net property valuation movement	5	<u>(11,001)</u>	<u>(4,022)</u>
<b>Net property and related (expense)/income</b>		(1,705)	4,694
Administrative expenses	6	<u>(3,912)</u>	<u>(3,053)</u>
<b>Result from operating activities</b>	7	(5,617)	1,641
Share of result of equity accounted investees	12	11,996	(7)
Finance income	8	13,025	2,399
Finance expense	8	<u>(11,149)</u>	<u>(3,493)</u>
Net finance expense		<u>1,876</u>	<u>(1,094)</u>
<b>Result before tax</b>		8,255	540
Income tax expense			
- current	9	(37)	(45)
- deferred	9	<u>(1,707)</u>	<u>(6)</u>
Net income tax		<u>(1,744)</u>	<u>(51)</u>
<b>Result for the year</b>		<u>6,511</u>	<u>489</u>
Attributable to:			
Equity shareholders of the company		6,690	487
Non-controlling interest		<u>(179)</u>	<u>2</u>
<b>Result for the year</b>		<u>6,511</u>	<u>489</u>
Basic & diluted result per share (euro cent)	20	<u>1.15</u>	<u>0.08</u>

### On behalf of the board

**Carl McCann**  
Chairman

**Catherine Ghose**  
Finance Director

17 September 2015

# Balmoral International Land Holdings plc

## Consolidated statement of comprehensive income

for the year ended 31 December 2014

	2014 €'000	2013 €'000
<b>Result for the year</b>	<b>6,511</b>	<b>489</b>
<b>Other comprehensive income</b>		
<i>Items that will or may be reclassified to profit or loss:</i>		
Foreign currency translation gain/(loss) on equity accounted investees	296	(75)
<b>Total comprehensive income for the year</b>	<b>6,807</b>	<b>414</b>
<b>Attributable to:</b>		
Shareholders of the company	6,986	412
Non-controlling interest	(179)	2
<b>Total comprehensive income for the year</b>	<b>6,807</b>	<b>414</b>
<b>On behalf of the board</b>		

**Carl McCann**  
Chairman

**Catherine Ghose**  
Finance Director

17 September 2015

# Balmoral International Land Holdings plc

## Consolidated statement of changes in equity for the year ended 31 December 2014

	31 December 2014					
	Attributable to equity holders of the parent					
	Share capital €'000	Retained earnings €'000	Currency translation reserve €'000	Other reserve €'000	Non-controlling interest €'000	Total equity €'000
Balance at 31 December 2013	39	(198,053)	(7,378)	206,879	121	1,608
Total comprehensive income	-	6,690	296	-	(179)	6,807
Balance at 31 December 2014	39	(191,363)	(7,082)	206,879	(58)	8,415

	31 December 2013						
	Attributable to equity holders of the parent						
	Share capital €'000	Retained earnings €'000	Currency translation reserve €'000	Other reserve €'000	Total €'000	Non-controlling interest €'000	Total equity €'000
Balance at 31 December 2012	39	(198,540)	(7,303)	206,879	1,075	119	1,194
Total comprehensive income	-	487	(75)	-	412	2	414
Balance at 31 December 2013	39	(198,053)	(7,378)	206,879	1,487	121	1,608



# Balmoral International Land Holdings plc

## Consolidated balance sheet

at 31 December 2014

	Notes	2014 €'000	2013 €'000
<b>Assets</b>			
<b>Non-current assets</b>			
Investment property	10	163,096	180,451
Property, plant and equipment	11	18	16
Investments in equity accounted investees	12	21,660	7,488
Deferred tax assets	19	1,015	2,940
<b>Total non-current assets</b>		<b>185,789</b>	<b>190,895</b>
<b>Current assets</b>			
Trade and other receivables	13	2,137	2,904
Cash and cash equivalents	14	11,322	6,699
<b>Total current assets</b>		<b>13,459</b>	<b>9,603</b>
<b>Total assets</b>		<b>199,248</b>	<b>200,498</b>
<b>Equity</b>			
Issued share capital	15	39	39
Other reserves		8,434	1,448
Total equity attributable to equity shareholders of the company		8,473	1,487
Non-controlling interest		(58)	121
<b>Total equity</b>		<b>8,415</b>	<b>1,608</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Loans and borrowings	16	29,905	3,243
Deferred tax liabilities	19	4,303	4,521
<b>Total non-current liabilities</b>		<b>34,208</b>	<b>7,764</b>
<b>Current liabilities</b>			
Trade and other payables	18	6,130	5,062
Employee benefits	17	44	44
Loans and borrowings	16	150,451	186,020
<b>Total current liabilities</b>		<b>156,625</b>	<b>191,126</b>
<b>Total liabilities</b>		<b>190,833</b>	<b>198,890</b>
<b>Total liabilities and equity</b>		<b>199,248</b>	<b>200,498</b>
<b>Net asset value per share (euro cent):</b>	21	<b>1.45</b>	<b>0.25</b>

On behalf of the board

Carl McCann  
Chairman

Catherine Ghose  
Finance Director

17 September 2015

# Balmoral International Land Holdings plc

## Consolidated statement of cash flows

for the year ended 31 December 2014

	Notes	2014 €'000	2013 €'000
<b>Result before tax</b>		<b>8,255</b>	540
<i>Adjustments for:</i>			
Net property valuation movement	5	11,001	4,022
Depreciation	11	5	3
Finance income	8	(12,787)	(26)
Finance expense	8	3,699	3,420
Share of result of equity accounted investees	12	(11,996)	7
Exchange difference on non-property monetary net assets	8	7,212	(2,300)
<b>Operating result before changes in working capital</b>		<b>5,389</b>	5,666
Decrease in trade and other payables		(14)	(362)
Decrease/(increase) in trade and other receivables		827	(15)
<b>Cash generated from operations</b>		<b>6,202</b>	5,289
Interest paid		(3,723)	(3,724)
Income tax (paid)/received		(37)	18
<b>Net cash inflow from operating activities</b>		<b>2,442</b>	1,583
<b>Cash flows from investing activities</b>			
Additions to investment property		(1,237)	(796)
Net cash outflow from additional investment in equity accounted investees		(1,880)	(257)
Proceeds from disposal of investment property		7,620	-
Interest received		14	26
<b>Net cash inflow/(outflow) from investing activities</b>		<b>4,517</b>	(1,027)
<b>Cash flows from financing activities</b>			
Repayment of borrowings		(2,573)	(1,471)
<b>Net cash outflow from financing activities</b>		<b>(2,573)</b>	(1,471)
Net increase/(decrease) in cash and cash equivalents		4,386	(915)
Cash and cash equivalents at beginning of year		6,699	7,687
Foreign exchange gain/(loss) on cash and cash equivalents		237	(73)
<b>Cash and cash equivalents at end of year</b>	14	<b>11,322</b>	6,699

# Balmoral International Land Holdings plc

## Notes to the consolidated financial statements

### 1 Statement of accounting policies in relation to the consolidated and company financial statements

#### Reporting entity

Balmoral International Land Holdings plc is a company incorporated in Ireland. The consolidated financial statements of the company for the year ended 31 December 2014 are comprised of the financial statements of the company and its subsidiaries together referred to as the “group” and the group’s interests in equity accounted investees. The consolidated and company financial statements (together “the financial statements”) were authorised for issue by the directors on 17 September 2015.

The financial statements have been prepared in accordance with Irish company law and 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 2014.

#### Significant accounting policies

##### (a) Basis of preparation and significant judgements and estimates

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

The accounting policies set out herein have been applied consistently by all group companies and to all periods presented for the purposes of the consolidated financial statements.

##### *New accounting standards and interpretations adopted in 2014*

The following are the new accounting standards that were effective for the group’s financial year ending 31 December 2014:

- IFRS 10 *Consolidated Financial Statements*
- IFRS 11 *Joint Arrangements*
- IFRS 12 *Disclosure of Interests in Other Entities*
- IAS 27 *Separate Financial Statements (2011) (Amended)*
- IAS 28 *Investment in Associates and Joint Ventures (2011)*
- IAS 32 *Financial Instruments: Presentation (Amended)*

The adoption of other new standards, interpretations and amendments that become effective for the year ended 31 December 2014 did not have any significant impact on the consolidated financial statements, except for certain additional disclosures.

##### *Significant estimates, judgements 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.

# Balmoral International Land Holdings plc

## Notes to the consolidated financial statements *(continued)*

### 1 Statement of accounting policies in relation to the consolidated and company financial statements *(continued)*

#### (a) Basis of preparation and estimates *(continued)*

The estimates and underlying assumptions are reviewed on an on-going 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.

Information about significant areas of estimation, uncertainty and critical judgements in applying accounting policies that have the most significant effect on amounts recognised in the consolidated financial statements is included in note 27 to the consolidated financial statements.

#### *Going Concern*

In September 2015, the board approved a revised facility with the provider of the group's principal financing arrangements. The facility is agreed to December 2019 and contains other material provisions related to the provision of security, costs, new covenants and certain other terms to which the group must adhere. Taking this into consideration, together with the group's other financing arrangements and the group's planned activities and associated cash flow projections for the next 18 months, the directors have a reasonable expectation that Balmoral will have adequate resources to continue in operation for the foreseeable future. For these reasons, the directors continue to adopt the going concern basis in preparing the financial statements.

#### (b) Basis of consolidation

The group's financial statements consolidated the financial statements of the parent and of all subsidiary undertakings together with the group's shares of the results and net assets of associate and joint ventures made up to 31 December 2014.

#### *Control*

As a result of the introduction of IFRS 10 *Consolidated Financial Statements*, the group has changed its accounting policy for determining whether it has control over and consequently whether it consolidates its investees. IFRS 10 introduces a new control model which focuses on whether the group has power over an investee, exposure or rights to variable returns from its involvement with the investee and ability to use its power to affect those returns. In particular, IFRS 10 requires the group to consolidate investees that it controls on the basis of de facto control.

In accordance with IFRS 10, the group reassessed the control conclusion for its investees at 1 January 2014. There were no changes in the accounting previously applied to Balmoral subsidiary and joint arrangement interests as a result of the adoption of IFRS 10.

# Balmoral International Land Holdings plc

## Notes to the consolidated financial statements *(continued)*

### 1 Statement of accounting policies in relation to the consolidated and company financial statements *(continued)*

#### (b) Basis of consolidation *(continued)*

##### ***Subsidiaries***

Subsidiaries are entities controlled by Balmoral International Land Holdings plc (“Balmoral”). Control exists when Balmoral is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of the subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

In the parent financial statements, investments in subsidiaries are carried at cost less any impairment charges.

##### ***Joint arrangements***

As a result of the introduction of IFRS 11 *Joint Arrangements*, the group has changed its accounting policy for its interests in joint arrangements. Under IFRS 11, the Group classifies its interests in joint arrangements as either joint operations or joint ventures depending on the group’s rights to the assets and obligations for the liabilities of the arrangements. When making this assessment, the group considers the structure of the arrangements, the legal form of any separate vehicles, the contractual terms of the arrangement and other facts and circumstances.

##### ***Joint operations***

Joint operations are those undertakings in which the group is deemed to have joint control of the arrangement and has rights to the assets and obligations for the liabilities of the arrangement. Accordingly, the group’s share of assets, liabilities, revenues, expenses and other comprehensive income are recognised in the respective consolidated financial statements.

##### ***Joint ventures***

Joint venture undertakings (joint ventures) are those undertakings over which Balmoral exercises control jointly with another party, whereby the group has rights to the net assets of the arrangement rather than rights to its assets and obligations for its liabilities.

Joint ventures are accounted for using the equity method of accounting. Under the equity method, the group’s share of the profits after tax of joint ventures is included in the consolidated income statement after results from operating activities. The group’s share of items and other comprehensive income is shown in the statement of comprehensive income.

The group’s interests in the net assets or liabilities of joint ventures are included as investments in joint ventures on the face of the consolidated balance sheet at an amount representing the group’s share of the fair values of the net assets at acquisition plus goodwill, acquisition costs, the group’s share of post acquisition retained income and expenses less any impairment provision.

Where the company’s share of losses exceeds its interest in an equity accounted investee, the carrying amount of that interest is reduced to nil and the recognition of further losses is discontinued except to the extent that the company has a present obligation to make further payments.

# Balmoral International Land Holdings plc

## Notes to the consolidated financial statements *(continued)*

### 1 Statement of accounting policies in relation to the consolidated and company financial statements *(continued)*

#### (b) Basis of consolidation *(continued)*

##### ***Joint ventures (continued)***

The amounts included in the consolidated financial statements in respect of post acquisition results of joint ventures are taken from their latest audited financial statements made up to the group's balance sheet date.

In the parent financial statements, investments in joint ventures are carried at cost less any impairment charges.

The group has re-evaluated its involvement in joint arrangements and has confirmed that these investments met the criteria of joint ventures which continue to be accounted for using the equity method; accordingly there has been no impact on recognised assets, liabilities and comprehensive income of the group.

##### ***Associates***

Entities other than joint arrangements and subsidiaries in which the group has a participating interest, and over whose operating and financial policies the group is in a position to exercise significant influence but not control or joint control, are accounted for as associates using the equity method and are included in the consolidated financial statements from the date on which significant influence is deemed to arise until the date on which such influence ceases to exist.

In the parent financial statements, investments in associates are carried at cost less any impairment changes.

##### ***Transactions eliminated on consolidation***

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

##### ***Company investments***

Investments in subsidiaries and equity accounted investees are shown in the company balance sheet as non-current assets and are valued at cost less provisions for impairments in value.

##### ***Business combinations***

A business combination is the bringing together of separate businesses into one reporting entity, in which one entity obtains control of another entity.

On acquisition by the acquiring entity, the group measures the identifiable assets and liabilities of the acquired entities at their fair values at the acquisition date in accordance with IFRS 3 (Revised) *Business Combinations* which is known as the acquisition method.

# Balmoral International Land Holdings plc

## Notes to the consolidated financial statements *(continued)*

### 1 Statement of accounting policies in relation to the consolidated and company financial statements *(continued)*

#### (c) Foreign currency

##### *Foreign currency transactions*

Transactions in foreign currencies are translated to the respective functional currencies of the group entities at the foreign exchange rate ruling at the date on which the transaction took place. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated into the functional currency at the foreign exchange rate ruling at that date.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated into the functional currency using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated to the functional currency at foreign exchange rates ruling at the dates the fair values were determined. Foreign exchange differences arising on translation are recognised in the income statement.

Euro has been determined to be the functional currency of all group companies.

##### *Net investment in foreign operations*

Exchange differences arising from the translation of the net investment in equity accounted investees in foreign operations are taken to the currency translation reserve within equity. They are reclassified to the income statement upon disposal of the foreign operations.

#### (d) Investment property

Investment properties are properties which are held either to earn rental income or for capital appreciation or both. Investment properties are stated at fair value.

Under IFRS 13 *Fair Value Measurement*, fair value is considered to be the price that would be received if the asset were sold in an orderly transaction between market participants.

In general, external independent valuers, having appropriate recognised professional qualifications and recent experience in the locations and categories of property being valued, value the portfolio at each reporting date.

The valuations are prepared by considering comparable market transactions for sales and lettings. In the case of let properties, this includes considering the aggregate of the net annual rents receivable from the properties and associated rental costs when relevant. A yield which reflects the specific risks inherent in the net cash flows is then applied to the net annual rentals to arrive at the property valuation.

Valuations reflect, as appropriate; the type of tenants actually in occupation or responsible for meeting lease commitments or likely to be in occupation after letting of vacant accommodation and the market's general perception of their credit-worthiness; the allocation of maintenance and insurance responsibilities between lessor and lessee; and the remaining economic life of the property.

# Balmoral International Land Holdings plc

## Notes to the consolidated financial statements *(continued)*

### 1 Statement of accounting policies in relation to the consolidated and company financial statements *(continued)*

#### (d) Investment property *(continued)*

Any gain or loss arising from a change in fair value is recognised in the income statement.

Where investment property is held for sale as defined in IFRS 5 *Non current assets held for sale and discontinued operations*, a balance sheet reclassification from non-current to current assets is performed.

#### (e) Leasehold property

Leasehold properties that are leased to tenants under operating leases are classified as investment properties and are included in the balance sheet at fair value.

A leasehold interest under an operating lease is classified and accounted for as an investment property when it is held to earn rentals or for capital appreciation or both. Any such property interest under an operating lease classified as investment property is carried at fair value.

The group utilises an insignificant portion of an investment property as its head office. The property accordingly remains accounted for as an investment property.

#### (f) Property, plant and equipment

##### (i) *Owned assets*

Items of plant and equipment are measured at cost less accumulated depreciation and impairment losses.

##### (ii) *Depreciation*

The charge for depreciation is calculated to write down the cost of the property, plant and equipment or an identifiable part thereof, to their estimated residual values by equal annual instalments over their expected useful lives which are as follows:

5 years	Fixtures and fittings
3 years	Computer equipment

The residual value of plant and equipment is reassessed annually.

#### (g) Intangible assets and goodwill

All business combinations are accounted for by applying the acquisition method. Goodwill is recognised in acquisitions of subsidiaries and equity accounted investees and represents the difference between the cost of the acquisition and the fair value of the net identifiable assets acquired. Goodwill arising on the acquisition of equity accounted investees is included in the carrying amounts of the investments.



# Balmoral International Land Holdings plc

## Notes to the consolidated financial statements *(continued)*

### 1 Statement of accounting policies in relation to the consolidated and company financial statements *(continued)*

#### (h) Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequent to initial recognition are measured at amortised cost less impairment losses.

#### (i) Cash and cash equivalents

Cash and cash equivalents comprise of cash balances and call deposits with an original maturity of three months or less. Bank overdrafts that are repayable on demand and form an integral part of the group's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

#### (j) Derivative financial instruments and financial guarantees

The group may use derivative financial instruments, principally interest rate swaps, to manage its exposure to interest rate risks arising from financing activities. In accordance with its treasury policy, the group does not hold or issue derivative financial instruments for trading purposes. Derivative financial instruments are recognised initially at fair value. Subsequent to initial recognition, derivative financial instruments are stated at fair value. Any gain or loss on re-measurement to fair value at period end is recognised immediately in the income statement.

The fair value of interest rate swaps is the estimated amount that is calculated based on the present value of future cash-flows discounted at the market rate of interest at the reporting date.

The group has elected to account for financial guarantees between group entities and with joint ventures as insurance contracts in accordance with IFRS 4 *Insurance Contracts*.

#### (k) Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are generally stated at amortised cost using the effective interest rate method.

Certain financial liabilities may be measured at fair value through profit and loss if doing so eliminates or significantly reduces an accounting mismatch which would otherwise arise. Such mismatches typically arise where the company has borrowed debt which has cash flows specifically linked (or ring-fenced) to particular property assets which are measured at fair value under IAS 40 *Investment Properties*.

#### (l) Employee benefits

##### *Defined contribution retirement benefit plans*

Obligations for contributions to defined contribution retirement benefit plans are recognised as an expense in the income statement as incurred.

# Balmoral International Land Holdings plc

## Notes to the consolidated financial statements *(continued)*

### 1 Statement of accounting policies in relation to the consolidated and company financial statements *(continued)*

#### (m) Share capital

##### *Ordinary share capital*

Ordinary shares are classified as equity. External costs directly attributable to the issue of new shares are shown as a deduction from equity, net of tax.

#### (n) Revenue

##### *(i) Rental income*

Rental income from investment properties leased out under operating leases is recognised in the income statement on a straight-line basis over the term of the leases. Lease incentives granted are recognised as an integral part of the total rental income over the term of the leases.

Management has considered the potential transfer of risks and rewards of ownership for all properties leased to tenants and have determined that all such leases are operating leases.

##### *(ii) Services rendered*

Revenue from property related services rendered to tenants is recognised in the income statement as the services are provided.

##### *(iii) Interest income*

Interest income is recognised in the income statement as it accrues, using the effective interest method.

#### (o) Expenses

##### *(i) Service costs and property operating expenses*

Service costs and property operating expenses are expensed as incurred.

##### *(ii) Finance costs*

Finance costs recognised in the income statement comprise of interest payable on borrowings calculated using the effective interest rate method, net of foreign exchange gains and losses on borrowings.

# Balmoral International Land Holdings plc

## Notes to the consolidated financial statements *(continued)*

### 1 Statement of accounting policies in relation to the consolidated and company financial statements *(continued)*

#### (p) Income tax

Income tax on the profit or loss for the year presented comprises of current and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised in Other Comprehensive Income (OCI) or directly in equity, in which case it is recognised in OCI or equity, respectively.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: goodwill not deductible for tax, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit; differences relating to investments in subsidiaries to the extent that they are unlikely to reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

Deferred tax is not provided on temporary differences arising on investments in subsidiaries and equity accounted investees where the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

# Balmoral International Land Holdings plc

## Notes to the consolidated financial statements *(continued)*

### 1 Statement of accounting policies in relation to the consolidated and company financial statements *(continued)*

#### (q) New accounting standards and interpretations not adopted

- Annual improvements to IFRSs 2010-2012 Cycle and Annual Improvements to IFRSs 2011-2013 Cycle – will be applied from their effective dates

As part of its annual improvements process, the IASB has published non-urgent but necessary amendments to IFRS (EU endorsed standards only). Together, the two cycles cover a total of nine standards, with consequential amendments to other standards. The amendments apply prospectively for annual periods beginning on or after 1 July 2014. The topics covered in these revisions are listed below.

#### *Annual Improvements to IFRSs 2010-2012 Cycle (effective date 1 February 2015)*

- IFRS 2 *Share-based Payment*: definition of a vesting condition.
- IFRS 3 *Business Combinations*: accounting for contingent consideration in a business combination.
- IFRS 8 *Operating Segments*: (i) aggregation of operating segments and (ii) reconciliation of the total of the reportable segments' assets to the entity's assets.
- IFRS 13 *Fair Value Measurement*: short-term receivables and payables.
- IAS 16 *Property, Plant and Equipment*: revaluation method – proportionate restatement of accumulated depreciation.
- IAS 24 *Related Party Disclosures*: key management personnel services.
- IAS 38 *Intangible Assets*: revaluation method; proportionate restatement of accumulated amortisation.

#### *Annual Improvements to IFRSs 2011-2013 Cycle (effective date 1 January 2015)*

- IFRS 1 *First-time adoption of IFRS*: meaning of 'effective IFRSs'.
- IFRS 3 *Business Combinations*: scope exceptions for joint ventures.
- IFRS 13 *Fair Value Measurement*: scope of paragraph 52 (portfolio exception).
- IAS 40 *Investment Property*: clarifying the interrelationship between IFRS 3 and IAS 40 when classifying property as investment property or owner-occupied property.

The impact of these amendments are currently being assessed by management but are not expected to have a material impact on these financial statements.

# Balmoral International Land Holdings plc

## Notes to the consolidated financial statements *(continued)*

### 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 believes 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.

#### *(a) Geographical segments*

<b>Income statement</b>	<b>Ireland</b>	<b>UK</b>	<b>Continental Europe</b>	<b>Consolidated</b>
<i>for the year ended 31 December 2014</i>	<b>€'000</b>	<b>€'000</b>	<b>€'000</b>	<b>€'000</b>
Gross rental income	3,613	3,067	4,276	10,956
Service charge income	167	936	439	1,542
Property operating expenses	(515)	(982)	(1,705)	(3,202)
Net rental and related income	3,265	3,021	3,010	9,296
Valuation movement on investment properties	850	4,695	(16,546)	(11,001)
Operating result	4,115	7,716	(13,536)	(1,705)
Share of result of equity accounted investees	(72)	12,068	-	11,996
Operating result before corporate expenses, finance expenses & income tax	4,043	19,784	(13,536)	10,291

#### *Reconciliation to result for the year*

Administrative expenses	(3,912)
Net finance income/(expense)	1,876
Net income tax expense	(1,744)
Result for year	6,511

# Balmoral International Land Holdings plc

## Notes to the consolidated financial statements *(continued)*

### 2 Operating segments *(continued)*

#### *(a) Geographical segments (continued)*

<b>Income statement</b>	<b>Ireland</b>	<b>UK</b>	<b>Continental Europe</b>	<b>Consolidated</b>
<i>for the year ended 31 December 2013</i>	<b>€'000</b>	<b>€'000</b>	<b>€'000</b>	<b>€'000</b>
Gross rental income	3,333	2,994	4,498	10,825
Service charge income	132	154	206	492
Property operating expenses	(556)	(723)	(1,322)	(2,601)
Net rental and related income	2,909	2,425	3,382	8,716
Valuation movement on investment properties	125	(2,980)	(1,167)	(4,022)
Operating result	3,034	(555)	2,215	4,694
Share of result of equity accounted investees	(727)	720	-	(7)
Operating result before corporate expenses, finance expenses & income tax	2,307	165	2,215	4,687
<i>Reconciliation to result for the year</i>				
Administrative expenses				(3,053)
Net finance income/(expense)				(1,094)
Net income tax expense				(51)
Result for year				489

Depreciation expense incurred does not relate to a segment and is further set out in note 11 to the consolidated financial statements. Administrative expenses principally relate to head office administration expenses. The group has two significant tenants from which it derived a total of 31% of its revenue in the current year (2013: 33%).

# Balmoral International Land Holdings plc

## Notes to the consolidated financial statements *(continued)*

### 2 Operating segments *(continued)*

#### *(a) Geographical segments (continued)*

#### **Balance sheet**

*for the year ended 31 December 2014*

<b>Segment assets</b>	<b>Ireland</b>	<b>UK</b>	<b>Continental Europe</b>	<b>Consolidated</b>
	<b>€'000</b>	<b>€'000</b>	<b>€'000</b>	<b>€'000</b>
Investment property	50,525	68,771	43,800	163,096
Investment in equity accounted investees	1,423	16,578	3,659	21,660
Trade and other receivables	475	525	1,137	2,137
	<u>52,423</u>	<u>85,874</u>	<u>48,596</u>	<u>186,893</u>

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

Deferred tax asset	1,015
Property, plant and equipment	18
Cash and cash equivalents	<u>11,322</u>
Total assets	<u><u>199,248</u></u>

<b>Segment liabilities</b>	<b>Ireland</b>	<b>UK</b>	<b>Continental Europe</b>	<b>Consolidated</b>
	<b>€'000</b>	<b>€'000</b>	<b>€'000</b>	<b>€'000</b>
Loans and borrowings	140,163	2,911	37,282	180,356
Trade and other payables	3,414	1,416	1,300	6,130
	<u>143,577</u>	<u>4,327</u>	<u>38,582</u>	<u>186,486</u>

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

Deferred tax liabilities	4,303
Employee benefits	<u>44</u>
Total liabilities	<u><u>190,833</u></u>

# Balmoral International Land Holdings plc

## Notes to the consolidated financial statements *(continued)*

### 2 Operating segments *(continued)*

#### *(a) Geographical segments (continued)*

#### **Balance sheet**

*for the year ended 31 December 2013*

<b>Segment assets</b>	<b>Ireland €'000</b>	<b>UK €'000</b>	<b>Continental Europe €'000</b>	<b>Consolidated €'000</b>
Investment property	53,140	66,356	60,955	180,451
Investment in equity accounted investees	(334)	3,476	4,346	7,488
Trade and other receivables	389	1,517	998	2,904
	<u>53,195</u>	<u>71,349</u>	<u>66,299</u>	<u>190,843</u>

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

Deferred tax asset	2,940
Property, plant and equipment	16
Cash and cash equivalents	<u>6,699</u>
Total assets	<u>200,498</u>

<b>Segment liabilities</b>	<b>Ireland €'000</b>	<b>UK €'000</b>	<b>Continental Europe €'000</b>	<b>Consolidated €'000</b>
Loans and borrowings	132,970	3,039	53,254	189,263
Trade and other payables	1,648	2,215	1,199	5,062
	<u>134,618</u>	<u>5,254</u>	<u>54,453</u>	<u>194,325</u>

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

Deferred tax liabilities	4,521
Employee benefits	<u>44</u>
Total liabilities	<u>198,890</u>



# Balmoral International Land Holdings plc

## Notes to the consolidated financial statements *(continued)*

### 2 *Operating segments (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:

<b>2014</b>	<b>Ireland</b>	<b>UK</b>	<b>Continental Europe</b>	<b>Total</b>
	<b>€'000</b>	<b>€'000</b>	<b>€'000</b>	<b>€'000</b>
Industrial/warehouse	42,175	22,182	17,000	81,357
Office	4,500	12,832	26,800	44,132
Mixed use land	3,850	33,757	-	37,607
<b>Total</b>	<b>50,525</b>	<b>68,771</b>	<b>43,800</b>	<b>163,096</b>

<b>2013</b>	<b>Ireland</b>	<b>UK</b>	<b>Continental Europe</b>	<b>Total</b>
	<b>€'000</b>	<b>€'000</b>	<b>€'000</b>	<b>€'000</b>
Industrial/warehouse	46,290	22,856	18,410	87,556
Office	3,200	11,965	42,545	57,710
Mixed use land	3,650	31,535	-	35,185
<b>Total</b>	<b>53,140</b>	<b>66,356</b>	<b>60,955</b>	<b>180,451</b>

# Balmoral International Land Holdings plc

## Notes to the consolidated financial statements (continued)

### 3 Gross rental income

	2014 €'000	2013 €'000
Gross lease payments collected/accrued	10,956	10,825
Service charge income	1,542	492
	<u>12,498</u>	<u>11,317</u>

The group leases out the majority of its investment property by way of operating leases.

### 4 Net service charge income and property operating expenses

	Vacant* €'000	Rented out €'000	Total €'000
<i>Year ended 31 December 2014</i>			
Service charge income	286	1,256	1,542
Property operating expense	(255)	(2,947)	(3,202)
	<u>31</u>	<u>(1,691)</u>	<u>(1,660)</u>
<i>Year ended 31 December 2013</i>			
Service charge income	-	492	492
Property operating expense	(256)	(2,345)	(2,601)
	<u>(256)</u>	<u>(1,853)</u>	<u>(2,109)</u>

Service charge income represents income receivable from tenants for the services of utilities, caretakers and other property related expenses.

\*Income from vacant properties relates to dilapidation income received from previous tenants.

### Property operating expense

	2014 €'000	2013 €'000
Property taxes, fees, rates and ground rent	992	762
Utilities and waste management	136	145
Management, security and insurance	654	850
Property maintenance and repairs	879	844
Provision for impairment of trade receivables	541	-
<b>Total property operating expenses</b>	<u>3,202</u>	<u>2,601</u>

### 5 Net property valuation movement

	2014 €'000	2013 €'000
<b>Net property valuation movement</b>	<u>11,001</u>	<u>(4,022)</u>

# Balmoral International Land Holdings plc

## Notes to the consolidated financial statements (continued)

### 5 Net property valuation movement (continued)

Net property valuation movement of €11,001,000 (2013: €4,022,000) includes a valuation loss of €15,595,000 (2013: €2,568,000), of which a gain of €129,000 (2013: loss of €1,526,000) relates to the UK properties, and it also includes foreign currency gains in respect of UK properties held of €4,594,000 (2013: losses of €1,454,000). The foreign exchange gain or loss on UK properties is calculated as being the difference between the previous carrying value of the properties at the previous year end exchange rate and the current market value of the properties at the year-end exchange rate. (See note 10 to the consolidated financial statements for further details on our investment property portfolio).

### 6 Administration expenses

	2014 €'000	2013 €'000
<b>Continuing</b>		
Remuneration and related expenditure (a)	1,997	1,944
Non-executive directors' fees	111	111
Property related professional fees	91	42
Other professional fees	318	448
Office, travel and administration	121	82
Corporate expenses	208	200
	<b>2,846</b>	<b>2,827</b>
<b>Non – recurring</b>		
Other professional fees	1,066	226
Total administration expenses	<b>3,912</b>	<b>3,053</b>

#### (a) Staff numbers and costs

The average number of persons employed during the year, including executive directors, was as follows:

	2014	2013
Corporate management and administration	11	11

The aggregate payroll costs of these persons for the years ended 31 December 2014 and 31 December 2013 were as follows:

	2014 €'000	2013 €'000
<b>Continuing</b>		
Wages and salaries	1,723	1,665
Contributions to retirement benefit plans	125	127
Compulsory social security contributions	149	152
	<b>1,997</b>	<b>1,944</b>

Details of directors' remuneration are set out in the corporate governance statement.

# Balmoral International Land Holdings plc

## Notes to the consolidated financial statements *(continued)*

### 7 Statutory and other information

The result from operating activities for the financial year is stated after charging:

	<b>2014</b>	<b>2013</b>
	<b>€'000</b>	<b>€'000</b>
Depreciation on property, plant & equipment	5	3
Auditor's remuneration:		
- Audit of company and group financial statements	36	36
- Other assurance services	34	34
- Tax advisory	71	127
- Other non-audit services	374	268
Operating leases - office buildings	79	116
Operating leases - ground rents	49	63
Executive and non-executive director's remuneration:		
- fees	111	111
- other remuneration – continuing	920	914

### 8 Net finance expense

	<b>2014</b>	<b>2013</b>
	<b>€'000</b>	<b>€'000</b>
Interest receivable on bank deposits	14	16
Foreign currency translation gain on cash and cash equivalents	237	-
Foreign currency translation gain on borrowings	-	2,279
Foreign currency translation gain on other monetary assets and liabilities	1	94
Net fair value adjustment of debt	12,772	-
Other finance income	1	10
Finance income	<b>13,025</b>	<b>2,399</b>
Foreign currency translation loss on borrowings	<b>(7,394)</b>	-
Foreign currency loss on cash and cash equivalents	-	(73)
Foreign currency loss on other monetary assets and liabilities	<b>(56)</b>	-
Interest payable on borrowings	<b>(3,682)</b>	(3,408)
Other finance expense	<b>(17)</b>	(12)
Finance expense	<b>(11,149)</b>	<b>(3,493)</b>
<b>Net finance expense</b>	<b>1,876</b>	<b>(1,094)</b>

# Balmoral International Land Holdings plc

## Notes to the consolidated financial statements (continued)

### 9 Income tax expense

	2014 €'000	2013 €'000
<b><i>Current tax expense</i></b>		
Corporation tax on result for the year:		
<i>Current year</i>		
- Overseas	39	50
<i>Adjustment in respect of prior year</i>		
- Overseas	(2)	(5)
Total current tax expense	37	45
<b><i>Deferred tax expense</i></b>		
Origination and reversal of temporary differences	1,707	388
Effect of change in tax rate on opening balances	-	(38)
Adjustment in respect of prior periods	-	(344)
Total deferred tax expense	1,707	6
<b>Total income tax expense</b>	<b>1,744</b>	<b>51</b>
<b>Reconciliation of effective tax rate</b>	<b>2014 €'000</b>	<b>2013 €'000</b>
Result before tax	8,255	540
Less: share of result of equity accounted investees	(11,996)	7
	(3,741)	547
Income tax using domestic corporation tax rate (25%)	(935)	137
Difference between expenses and deductions for taxation purposes and amounts charged in the financial statements	(2,873)	148
Unrecognised deferred tax assets	5,776	663
Difference in tax rates	353	62
Additional tax allowance	(542)	(476)
Other items	(33)	(134)
Adjustment in respect of prior year	(2)	(349)
	1,744	51

# Balmoral International Land Holdings plc

## Notes to the consolidated financial statements *(continued)*

### 10 Investment property

	2014 €'000	2013 €'000
Balance at beginning of the year	180,451	183,619
Additions in the year	1,396	854
Disposals of property in the year	(7,750)	-
Fair value movement	(15,595)	(2,568)
Foreign currency movement	4,594	(1,454)
Balance at end of the year	<u>163,096</u>	<u>180,451</u>

The movements in fair value, including the foreign currency movement, are categorised as level 3 under IFRS 13 and all impact on the consolidated income statement.

### Measurements of fair value

The carrying amount of investment property is the fair value of the property which, in general, is determined by external independent valuers 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.

The fair value measurement for investment property of €163.1 million (2013: €180.5 million) has been categorised as a level 3 fair value based on the inputs to the valuation technique used. All investment property movements in each year, consequently, are considered level 3 movements.

### Valuation technique and significant unobservable inputs

The following table shows the valuation techniques used in measuring the fair value of investment property, as well as the significant unobservable inputs used. The comparable market transactions method based on a price per hectare is used for land held for sale or development. The comparable market transactions method based on an estimated ERV per square metre and equivalent yield % is used for properties held for letting to third parties.

### Analysis of carrying value by valuation technique

	2014 €'000	2013 €'000
Comparable market transactions - Land held for sale or development	43,188	40,165
Comparable market transactions - Properties held for letting	119,908	140,286
	<u>163,096</u>	<u>180,451</u>

# Balmoral International Land Holdings plc

## Notes to the consolidated financial statements (continued)

### 10 Investment property (continued)

Valuation technique	Significant unobservable inputs	Inter-relationship between unobservable inputs and fair value measurement
<b>Comparable market transactions - Land held for sale or development</b>		
The value is based on comparable market transactions after discussions with independent registered property appraisers.	<b>Ireland</b>	The estimated fair value would increase/(decrease) if: <ul style="list-style-type: none"><li>Comparable market prices were higher/(lower)</li></ul>
	<ul style="list-style-type: none"><li>Comparable market prices of €12,900 - €208,000 per acre (2013:€12,900 - €209,000 per acre) (weighted average €37,000 per acre (2013:€34,000 per acre))</li></ul>	
	<b>UK</b>	
	<ul style="list-style-type: none"><li>Comparable market prices of £19,000 - £524,000 per acre (2013: £19,000- £501,000 per acre) (weighted average £63,000 per acre (2013: £62,000 per acre))</li></ul>	
<b>Comparable market transactions - Properties held for letting</b>		
This valuation model considers the estimated total net market rental value per square metre of the property and a capitalisation.	<b>Ireland</b>	The estimated fair value would increase/(decrease) if: <ul style="list-style-type: none"><li>Expected market rental income was higher/(lower)</li><li>Capitalisation yields were (higher)/lower</li></ul>
	<ul style="list-style-type: none"><li>Net market rental income of €2.50 - €21.10 per sq. ft. per annum (2013: €2.50 - €21.10 per sq. ft. per annum) (weighted average of €4.70 per sq. ft. (2013: 5.50 per sq. ft.)</li><li>Capitalisation yields of 7.0% - 16.0% (2013: 6.8% - 15.4%) (weighted average 9.5% (2013: 10.8%))</li></ul>	
	<b>UK</b>	
	<ul style="list-style-type: none"><li>Net market rental income of £2.20-£13.75 per sq. ft. per annum (2013: £2.20-£13.75 per sq. ft. per annum) (weighted average of £5.80 per sq. ft. (2013: £5.80 per sq. ft.)</li><li>Capitalisation yields of 9.0% - 22.0% (2013: 9.0% - 22.0%) (weighted average 11.6% (2013: 11.7%))</li></ul>	
<b>Continental Europe</b>		
	<ul style="list-style-type: none"><li>Net market rental income of €71- €150 per sq. m. per annum (2013: €17- €162 per sq. m. per annum) (weighted average of €105 per sq. m.(2013: €100 per sq. m.))</li><li>Capitalisation yields of 9.4% - 20.6% (2013: 7.8% - 9.1%) (weighted average 11.6% (2013: 8.9%))</li></ul>	

# Balmoral International Land Holdings plc

## Notes to the consolidated financial statements *(continued)*

### 10 Investment property *(continued)*

There has been no change in the valuation techniques used for the above property categories year on year.

Attention is drawn to the risks associated with the valuation of investment properties. Investments in properties are relatively illiquid, which can affect the group's ability to realise their value in cash in the short term. The fair values of the group's investment properties have been determined 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>2014</b>	<b>2013</b>
	<b>€'000</b>	<b>€'000</b>
Lisney (Ireland)	<b>50,525</b>	53,140
Lambert Smith Hampton, Colliers International (UK)	<b>68,771</b>	66,356
Delta State, CBRE (Continental Europe)	<b>43,800</b>	60,955
	<hr/>	<hr/>
	<b>163,096</b>	180,451
	<hr/>	<hr/>

Further detail with regard to the geographical and sectoral analysis of the portfolio has been provided within the operating and financial review and in note 2 to the consolidated financial statements. That information should be read in conjunction with this note.



# Balmoral International Land Holdings plc

## Notes to the consolidated financial statements *(continued)*

### 11 Property, plant and equipment

#### Year ended 31 December 2014

	Computer equipment €'000	Fixtures & fittings €'000	Total €'000
<b>Cost</b>			
At beginning of year	43	136	179
Additions in year	3	4	7
Cost at end of year	46	140	186
<b>Depreciation</b>			
At beginning of year	43	120	163
Charge for year	-	5	5
At end of year	43	125	168
<b>Net book value</b>			
At 31 December 2014	3	15	18

#### Year ended 31 December 2013

	Computer equipment €'000	Fixtures & fittings €'000	Total €'000
<b>Cost</b>			
At beginning and end of year	43	136	179
<b>Depreciation</b>			
At beginning of year	43	117	160
Charge for year	-	3	3
At end of year	43	120	163
<b>Net book value</b>			
At 31 December 2013	-	16	16

# Balmoral International Land Holdings plc

## Notes to the consolidated financial statements *(continued)*

### 12 Investments in equity accounted investees

<b>At 31 December 2014</b>	<b>Equity €'000</b>	<b>Loans €'000</b>	<b>Total €'000</b>
Balance at the beginning of the year	1,700	5,788	7,488
Currency translation adjustment	-	296	296
Additional investment	-	1,880	1,880
Share of result after taxation	12,068	(72)	11,996
<b>At end of year</b>	<b>13,768</b>	<b>7,892</b>	<b>21,660</b>

#### *Comprised of:*

Investments in joint ventures	1,700	4,555	6,255
Investments in associates	12,068	3,337	15,405
	<b>13,768</b>	<b>7,892</b>	<b>21,660</b>

<b>At 31 December 2013</b>	<b>Equity €'000</b>	<b>Loans €'000</b>	<b>Total €'000</b>
Balance at the beginning of the year	1,700	5,613	7,313
Currency translation adjustment	-	(75)	(75)
Additional investment	-	257	257
Share of result after taxation	-	(7)	(7)
<b>At end of year</b>	<b>1,700</b>	<b>5,788</b>	<b>7,488</b>

#### *Comprised of:*

Investments in joint ventures	1,700	2,669	4,369
Investments in associates	-	3,119	3,119
	<b>1,700</b>	<b>5,788</b>	<b>7,488</b>

#### *Evaluation of equity accounted investees*

For those entities where significant commercial and operational decisions about the relevant activities that significantly affect the returns that are generated require the joint approval of both shareholders it is determined that joint control exists and that Balmoral participates in joint ventures and consequently classified such entities as joint ventures.

For those entities where the parties that collectively control the entity through decisions that are determined on an aggregate voting interest that can be achieved by several combinations of the parties, joint control does not exist and Balmoral is deemed to have significant influence over the entities and classifies these as associate investments.

# Balmoral International Land Holdings plc

## Notes to the consolidated financial statements *(continued)*

### 12 Investments in equity accounted investees *(continued)*

Share of result after taxation represents the net movement in the valuation of equity accounted investees.

The following represents a summary of the group's share of the results for the year of its equity accounted investees.

#### *Income statement for the year ended 31 December 2014*

	<b>Operating result before movement on investment properties €'000</b>	<b>Movement on investment properties and other €'000</b>	<b>Result for year €'000</b>
Ireland	-	(72)	(72)
UK	-	12,068	12,068
Continental Europe	-	-	-
<b>Total</b>	<b>-</b>	<b>11,996</b>	<b>11,996</b>

#### *Income statement for the year ended 31 December 2013*

	<b>Operating result before movement on investment properties €'000</b>	<b>Movement on investment properties and other €'000</b>	<b>Result for year €'000</b>
Ireland	-	(727)	(727)
UK	-	720	720
Continental Europe	-	-	-
<b>Total</b>	<b>-</b>	<b>(7)</b>	<b>(7)</b>

The group's share of the trading results of our material joint venture, amounted to €nil (2013: €nil) and the group's share of the results after investment property valuation movements is €nil (2013: €nil).

The group's share of the trading results of our material associate, amounted to €nil and the group's share of the results after investment property valuation movements is €12,068,000 (2013: €720,000).

# Balmoral International Land Holdings plc

## Notes to the consolidated financial statements *(continued)*

### 12 Investments in equity accounted investees *(continued)*

The following represents a summary of the group's share of the assets and liabilities of its equity accounted investees.

*Share of equity accounted investees' assets and liabilities as at 31 December 2014*

	Investment & development properties at valuation €'000	Cash and other assets €'000	Borrowings €'000	Other liabilities €'000	Adjustment* €'000	Total net assets/ (liabilities) €'000
Ireland	4,937	1,541	(24,169)	(542)	19,656	1,423
UK	35,937	8	(20,359)	(23)	1,015	16,578
Continental Europe	16,188	823	(12,697)	(264)	(391)	3,659
<b>Total</b>	<b>57,062</b>	<b>2,372</b>	<b>(57,225)</b>	<b>(829)</b>	<b>20,280</b>	<b>21,660</b>

*Material associate and joint venture:*

	Investment & development properties at valuation €'000	Cash and other assets €'000	Borrowings €'000	Other liabilities €'000	Adjustment* €'000	Total net assets/ (liabilities) €'000
Balmoral share	34,815	-	(20,358)	-	770	15,227
Balmoral share	16,188	824	(12,697)	(264)	(392)	3,659

*Share of equity accounted investees' assets and liabilities as at 31 December 2013*

	Investment & development properties at valuation €'000	Cash and other assets €'000	Borrowings €'000	Other liabilities €'000	Adjustment* €'000	Total net assets €'000
Ireland	4,775	1,512	(23,769)	(209)	17,357	(334)
UK	22,271	16	(19,020)	(16)	945	4,196
Continental Europe	16,700	932	(13,139)	(302)	(565)	3,626
<b>Total</b>	<b>43,746</b>	<b>2,460</b>	<b>(55,928)</b>	<b>(527)</b>	<b>17,737</b>	<b>7,488</b>

# Balmoral International Land Holdings plc

## Notes to the consolidated financial statements (continued)

### 12 Investments in equity accounted investees (continued)

Share of equity accounted investees' assets and liabilities as at 31 December 2013 (continued)

Material associate and joint venture:

	Investment & development properties at valuation €'000	Cash and other assets €'000	Borrowings €'000	Other liabilities €'000	Adjustment* €'000	Total net assets €'000
Balmoral share	21,419	-	(19,020)	-	-	2,399
Balmoral share	16,700	932	(13,139)	(301)	(565)	3,627

\*The adjustment is made to reflect the net investment or obligation of the group in its equity accounted investees.

Details of the group's significant investments in equity accounted investees are included in note 28 to the consolidated financial statements.

Details of certain of the group's other investments in equity accounted investees by geographical location are as follows:

#### Ireland

##### *Rolat Limited*

Rolat Limited has a 50% interest in certain land in North Dublin.

##### *Tilder JV*

The group holds a 50% interest in certain land near Dublin.

#### UK

##### *Silverfields LLP*

The group holds a 50% interest in Silverfields LLP. In February 2015, Silverfields LLP disposed of its property asset.

Risks associated with the valuation of investment properties held within these investments are outlined in note 10 to the consolidated financial statements.

# Balmoral International Land Holdings plc

## Notes to the consolidated financial statements *(continued)*

### 13 Trade and other receivables

	2014 €'000	2013 €'000
Trade and other receivables	214	787
Prepayments	1,923	2,117
	<b>2,137</b>	<b>2,904</b>

The group's exposure to credit and foreign currency risks and impairment losses related to trade and other receivables is disclosed in note 23 to the consolidated financial statements.

### 14 Cash and cash equivalents

	2014 €'000	2013 €'000
Bank current balances	7,245	1,477
Bank deposit balances	4,077	5,222
Cash and cash equivalents in the statement of cash flows	<b>11,322</b>	<b>6,699</b>

The group's exposure to interest rate risk and a sensitivity analysis for financial assets and liabilities is disclosed in note 23 to the consolidated financial statements.

### 15 Capital and reserves

#### *Authorised share capital*

	2014 €'000	2013 €'000
90,000,000,000 ordinary shares of €0.00001 each	900	900
5,000,000,000 non-voting redeemable deferred shares of €0.00001 each	50	50
5,000,000 non-voting deferred shares of €0.01 each	50	50
At 31 December	<b>1,000</b>	<b>1,000</b>

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the company. The non-voting redeemable deferred shares and the non-voting deferred shares do not entitle the shareholder to receive a dividend, to receive notice of or vote at any general meeting of the company. They do entitle the shareholder to a return of capital, on a winding up or otherwise, of the nominal value paid up on the shares.

#### *Issued share capital*

	2014 €'000	2013 €'000
3,316,736 non-voting deferred shares of €0.01 each	33	33
583,264,908 ordinary shares of €0.00001 each	6	6
At 31 December	<b>39</b>	<b>39</b>

# Balmoral International Land Holdings plc

## Notes to the consolidated financial statements *(continued)*

### 15 Capital and reserves *(continued)*

#### *Other reserves*

During 2011, the group reorganised its structure, incorporating a new company, Balmoral International Land Holdings plc, which became the ultimate parent undertaking after gaining control of the old parent company, Balmoral International Land plc, on 2 September 2011. Other reserves consist of the share premium of Balmoral International Land plc at the date of reorganisation of €201,084,500, €33,167 of a capital redemption reserve arising from the repurchase of shares and the difference between the nominal value of the shares issued by the company and the nominal value of the issued share capital of Balmoral International Land plc at the date of reorganisation of €5,760,833.

#### *Dividends*

No dividends were paid by the group in the current or previous financial periods.

#### *Currency translation reserve*

Exchange differences arising from the translation of sterling denominated net investments in equity accounted investees are taken to the translation reserve. They will be reclassified into the income statement upon disposal of the related investments.

#### *Capital management*

The board's policy is to maintain medium to long term arrangements with financiers with a view to placing the group in the best possible position when market conditions improve. The board does not anticipate payment of dividends in the medium term.

The board seeks to maintain appropriate net debt to gross asset ratios and a balance between growth from investment and a sound capital position to meet the day to day needs of the group.

The group may purchase its own shares on an ad-hoc basis. The principal forms of capital considered critical with regard to the management of the company are issued share capital, other reserves, retained earnings and interest bearing loans and borrowings.

# Balmoral International Land Holdings plc

## Notes to the consolidated financial statements *(continued)*

### 16 Loans and borrowings

This note provides information about the contractual terms of the group's interest-bearing loans and borrowings. See note 16 (a) below for further information on the renewal and extension of the group's unsecured bank loans. For more information about the group's exposure to interest rates and foreign currency risk, see note 23 to the consolidated financial statements.

	2014 €'000	2013 €'000
<b>Non-current liabilities</b>		
Secured bank loans	29,368	2,719
Other payables	537	524
	<b>29,905</b>	<b>3,243</b>
<b>Current liabilities</b>		
Unsecured bank loans	140,163	132,970
Secured bank loans	10,288	53,050
	<b>150,451</b>	<b>186,020</b>

Included within non-current liabilities above is €26,800,000 of loans held at fair value. The movement on the loans held at fair value in the year was as follows:

	€'000
<b>Movement on loans held at fair value:</b>	
Opening value of modified loan as of February 2014	42,447
Other movements	(204)
Fair value adjustment in period	(13,728)
Repayments in year	(1,715)
Balance at 31 December 2014	<b>26,800</b>

As of February 2014, the existing Dutch loan facilities were substantially modified with the result that a substantial extinguishment of the original debt and re-issuance of new debt was deemed to have occurred. This new debt is provided on a non-recourse basis and is secured on certain Dutch property and other assets. As the new debt is ring-fenced to these assets, the company has elected to account for this new arrangement at fair value through profit and loss, because doing so significantly reduces measurement inconsistency which arises between the associated properties which are measured at fair value in accordance with the group's general accounting policy for investment properties, and the associated non-recourse debt which would otherwise be measured at amortised cost. Details related to the methodology regarding this fair value calculation and other associated disclosures are given in note 23 to the consolidated financial statements.

All other loans are recorded at amortised cost at present.



# Balmoral International Land Holdings plc

## Notes to the consolidated financial statements (continued)

### 16 Loans and borrowings (continued)

In thousands of euro	Currency	Interest rate basis	See note below	31 December 2014		31 December 2013	
				Fair Value	Carrying amount	Fair value	Carrying amount
				€'000	€'000	€'000	€'000
Unsecured bank loan	Euro	Variable	(a)	29,220	30,734	29,235	30,734
Unsecured bank loan	GBP	Variable	(a)	105,501	109,429	98,484	102,236
Secured bank loan	Euro	Variable	(b)	10,071	9,945	10,076	10,283
Secured bank loan	Euro	Variable	(c)	26,800	26,800	41,084	42,447
Secured bank loan	GBP	Variable	(d)	2,542	2,911	2,656	3,039
				<b>174,134</b>	<b>179,819</b>	<b>181,535</b>	<b>188,739</b>

### Terms and debt repayment schedule

	2014 €'000	2013 €'000
<b>Repayable by instalments:</b>		
Repayable within 1 year	10,288	10,603
Repayable within 2 years	342	320
Repayable within 2 to 5 years	1,028	960
Repayable after 5 years	1,198	1,439
<b>Repayable other than by instalments:</b>		
Repayable within 1 year	140,163	175,417
Repayable within 2 years	26,800	-
<b>Total</b>	<b>179,819</b>	<b>188,739</b>

Variable rate bank loans incur interest based on interbank market rates plus an agreed margin.

The maximum amount due per the bank agreements is €193,547,000, however as certain loans are carried at fair value, the carrying value of loans and borrowings in the balance sheet is lower than this maximum amount.

- (a) As at 31 December 2014, bank loans of €140,163,000 (2013: €132,970,000) are guaranteed by certain nominated subsidiaries and are subject to a loan to value covenant. These loans of €30,734,000 and £85,234,000 were repayable in full five years from the date of drawdown. The balances outstanding at 31 December 2014 matured at various dates from 22 November 2011 to 12 June 2013. Interest is payable at the relevant interbank market rate plus a margin.

In September 2015, the group agreed with the bank a renewal and an extension of this facility to December 2019. The loans under this facility are €44,800,000 and £75,200,000 and are repayable in full by December 2019. Interest that is payable under this facility is at the relevant interbank market rate plus a margin. The agreement contains a repayment covenant that will be tested annually and the bank has security over, inter alia, all property in Ireland and the UK which was otherwise unsecured.

# Balmoral International Land Holdings plc

## Notes to the consolidated financial statements *(continued)*

### 16 Loans and borrowings *(continued)*

- (b) A secured bank loan of €9,945,000 (2013: €10,282,500) drawn down by a subsidiary is secured by certain investment properties in Belgium. The loan is denominated in euro and is repayable in quarterly capital repayments, with the balance due in September 2015. Interest is payable at the 3 month Euribor rate plus a margin. A proposal from the bank to extend the facility, on similar terms, to October 2016, is under negotiation.
- (c) Secured bank loans of €26,800,000 (2013: €42,447,000) drawn down by a subsidiary are secured by certain investment properties in the Netherlands and by a fixed guarantee from Balmoral International Land Limited (see note 24 to the consolidated financial statements for further details). In February 2014 agreement was reached for the extension of these facilities to June 2017 and this amendment was reflected as an extinguishment of old debt and the issuance of a new facility because of the particular terms and conditions of the extension. Cash of €883,000 (2013: €679,000) held with the lending bank, is netted against the loan balance in the balance sheet at 31 December 2014 as per a netting agreement which governs this arrangement. The gross amount due under this facility is €41,411,000, however, as noted in note 1(k) to the consolidated financial statements, this facility has been fair valued through profit and loss with effect from the current year, because its cash flows are secured on a non-recourse basis on certain associated assets.
- (d) A secured loan drawn down by a subsidiary of €2,911,000 (2013: €3,039,000) is secured by certain lands in Scotland and by a guarantee from Balmoral International Land Limited (see note 24 to the consolidated financial statements for further details). The loan is denominated in sterling and is repayable in quarterly capital repayments until 2023. Interest is payable at the relevant interbank market rate plus a margin.

### 17 Employee benefits

As at 31 December 2014, the group had a liability of €44,000 (2013: €44,000) for retirement benefit contributions not paid.

#### *Defined contribution retirement benefit plan*

The group provides employee benefits under various arrangements, including a defined contribution retirement benefit plan. The expense recognised in the consolidated income statement consists of the company's retirement benefit contributions for the year ended 31 December 2014 as disclosed in note 6 to the consolidated financial statements.

### 18 Trade and other payables

	2014 €'000	2013 €'000
Trade and other payables	764	754
Accruals	4,012	2,020
Deferred income	1,000	1,891
Other taxation and social security	354	397
	<b>6,130</b>	<b>5,062</b>

# Balmoral International Land Holdings plc

## Notes to the consolidated financial statements *(continued)*

### 19 Deferred tax assets and liabilities

#### *Recognised deferred tax amounts*

Deferred tax amounts are attributable to the following items:

#### *At 31 December 2014*

	<b>Liabilities</b>	<b>Assets</b>
	<b>2014</b>	<b>2014</b>
	<b>€'000</b>	<b>€'000</b>
Investment property revaluation gains	4,133	-
Tax value of losses carried forward	-	(1,015)
Tax value of accrued rental income	170	-
Tax liabilities/(assets)	<u>4,303</u>	<u>(1,015)</u>
Net tax liabilities	<u>3,288</u>	

#### *At 31 December 2013*

	<b>Liabilities</b>	<b>Assets</b>
	<b>2013</b>	<b>2013</b>
	<b>€'000</b>	<b>€'000</b>
Investment property revaluation gains	4,384	-
Tax value of losses carried forward	-	(2,940)
Tax value of accrued rental income	137	-
Tax liabilities/(assets)	<u>4,521</u>	<u>(2,940)</u>
Net tax liabilities	<u>1,581</u>	

#### *Deferred tax*

The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities (i.e. whether through use or sale), using the estimated average annual effective income tax rate for the period in which the gain or loss is expected to be settled. The primary components of the group's deferred tax liabilities relate to valuation uplifts on the group's properties over their tax carrying values. The deferred tax assets arise primarily from trading losses forward that can be utilised over a reasonably foreseeable period. The group anticipates recovering this deferred tax asset based on forecast results over the next number of years.

# Balmoral International Land Holdings plc

## Notes to the consolidated financial statements *(continued)*

### 19 Deferred tax assets and liabilities *(continued)*

#### Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items:

	<b>2014</b> <b>€'000</b>	<b>2013</b> <b>€'000</b>
Deductible temporary differences	<b>25,155</b>	21,398
	<b>25,155</b>	21,398

Deferred tax assets have not been recognised in respect of these items on the grounds that there is insufficient evidence that the assets will be recoverable. In the event that sufficient profits are generated in the relevant jurisdictions in the future, these assets may be recovered.

No deferred tax has been recognised on the unremitted earnings of overseas subsidiaries and equity accounted investees as there is no current intention to distribute those reserves.

#### Movement in temporary differences during the year ended 31 December 2014

	<b>Balance at beginning of year €'000</b>	<b>Recognised in income €'000</b>	<b>Balance at end of year €'000</b>
Investment property gain	4,384	(251)	4,133
Tax value of losses carried forward	(2,940)	1,925	(1,015)
Tax value of accrued rental income	137	33	170
	<b>1,581</b>	<b>1,707</b>	<b>3,288</b>

#### Movement in temporary differences during the year ended 31 December 2013

	<b>Balance at beginning of year €'000</b>	<b>Recognised in income €'000</b>	<b>Balance at end of year €'000</b>
Investment property gain	4,343	41	4,384
Tax value of losses carried forward	(3,082)	142	(2,940)
Tax value of accrued rental income	314	(177)	137
	<b>1,575</b>	<b>6</b>	<b>1,581</b>

# Balmoral International Land Holdings plc

## Notes to the consolidated financial statements *(continued)*

### 20 Results per share

#### ***Basic result per share***

The calculation of basic result per share for the year ended 31 December 2014 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>2014</b> <b>€'000</b>	<b>2013</b> <b>€'000</b>
Result attributable to equity shareholders	<u><b>6,690</b></u>	<u><b>487</b></u>
	<b>2014</b>	<b>2013</b>
	<i>In thousands of shares</i>	
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>1.15</b></u>	<u><b>0.08</b></u>

#### ***Diluted result per share***

The calculations of diluted result per share for the years ended 31 December 2014 and 31 December 2013 were the same as the basic result per share for the same period, as there were no potentially dilutive instruments in issue.

### 21 Net asset value per share

The calculations of net asset value per share at 31 December 2014 and 31 December 2013 were based upon the total equity attributable to the shareholders of the company at 31 December 2014 and 31 December 2013 and the number of ordinary shares outstanding at 31 December 2014 and 31 December 2013 as follows:

	<b>2014</b> <b>€'000</b>	<b>2013</b> <b>€'000</b>
Total equity attributable to shareholders of company	<u><b>8,473</b></u>	<u><b>1,487</b></u>
	<b>2014</b>	<b>2013</b>
	<i>In thousands of shares</i>	
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>1.45</b></u>	<u><b>0.25</b></u>

# Balmoral International Land Holdings plc

## Notes to the consolidated financial statements *(continued)*

### 22 Leases

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 rent 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 2014 the market value of land and property assets held under operating leases classified as investment property was €43,974,000 (2013: €47,554,000). Further geographical analysis of the group's properties is provided in note 2 to the consolidated financial statements.

#### *Operating leases with tenants*

The group leases out certain of its investment properties. The average term to expiry of leases is 4 years (2013: 5 years). The future aggregate minimum rentals receivable under non-cancellable operating leases are as follows:

	<b>2014</b>	<b>2013</b>
	<b>€'000</b>	<b>€'000</b>
Less than one year	<b>9,693</b>	11,108
Between one and five years	<b>12,615</b>	16,670
More than five years	<b>6,396</b>	10,096
	<b>28,704</b>	37,874

#### *Obligations under operating leases*

Certain of the group's investment properties are held under long term leasehold arrangements, under which the group pays annual ground rents under head leases ranging from 64 years to 92 years. The total amounts due under these operating lease agreements are as follows:

	<b>Minimum lease payments 2014 €'000</b>	<b>Minimum lease payments 2013 €'000</b>
Less than one year	<b>32</b>	30
From one to five years	<b>127</b>	121
From five to 25 years	<b>636</b>	603
After 25 years	<b>2,063</b>	2,100
	<b>2,858</b>	2,854

The present value of future lease payments is €273,000 for the group (2013: €259,000), discounted at 6% per annum (2013: 6%), which was the weighted average effective yield of the leases at their inception.

# Balmoral International Land Holdings plc

## Notes to the consolidated financial statements *(continued)*

### 23 Financial instruments

#### Financial risk management objectives and policies

The group's activities are exposed to a variety of financial and market risks including interest rate risk, foreign currency risk, liquidity risk and credit risk. These risks are managed by the group under policies approved by the board of directors and are explained below.

#### Interest rate risk

The group's exposure to market risk for changes in interest rate arises from its floating rate borrowings and fixed rate deposit accounts. The group's policy is to review each acquisition that it makes and to finance it in a manner most appropriate to the strategic objectives of that investment. There has been no amendment to the group's policy in the current financial year.

The group reviews and considers interest rate alternatives with financial institutions on a regular basis.

The interest rate applicable to the variable rate loans are re-priced on a periodic basis to ensure the interest rate being charged is consistent with the market.

Available cash and cash equivalents are placed on higher interest deposits for periods of less than 3 months, depending on cash demands for the group and market conditions.

#### Interest rate profile

At the reporting date, the interest rate profile of the group's interest-bearing financial instruments was:

	<b>Carrying Amount 2014 €'000</b>	<b>Carrying Amount 2013 €'000</b>
<b>Variable rate instruments</b>		
Cash and cash equivalents	11,322	6,699
Financial liabilities	(179,819)	(188,739)
	<b>(168,497)</b>	<b>(182,040)</b>

#### Fair value sensitivity analysis for fixed rate instruments

The group does not have any fixed rate financial assets and liabilities. Therefore, the impact of a change in interest rates at the reporting date on fixed rate instruments would not affect profit or loss for the year or shareholders' equity.

#### Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have increased/(decreased) the result by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. This analysis is performed on the same basis for 2013.

# Balmoral International Land Holdings plc

## Notes to the consolidated financial statements *(continued)*

### 23 Financial instruments *(continued)*

#### Cash flow sensitivity analysis for variable rate instruments *(continued)*

	Profit or loss		Other equity	
	100 bp increase €'000	100 bp decrease €'000	100 bp increase €'000	100 bp decrease €'000
<b>31 December 2014</b>				
Cash and cash equivalents	41	(41)	-	-
Financial liabilities	(1,799)	1,799	-	-
Cash flow sensitivity	<u>(1,758)</u>	<u>1,758</u>	<u>-</u>	<u>-</u>
<b>31 December 2013</b>				
Cash and cash equivalents	52	(52)	-	-
Financial liabilities	(1,887)	1,887	-	-
Cash flow sensitivity	<u>(1,835)</u>	<u>1,835</u>	<u>-</u>	<u>-</u>

#### Foreign currency risk

The group operates in sterling and euro and has significant property assets in the United Kingdom partly financed by sterling denominated borrowings.

Board policy is to match, to a significant extent, sterling rentals and sterling interest costs, while also financing a significant portion of the UK portfolio by borrowing in sterling.

The group's exposure to foreign currency risk for financial instruments was as follows:

	31 December 2014		31 December 2013	
	Euro €'000	Stg £'000	Euro €'000	Stg £'000
Trade and other receivables	1,612	410	1,386	1,265
Cash and cash equivalents	6,654	3,636	4,484	1,847
Loans to equity accounted investees	3,758	12,913	1,592	3,498
Loans and borrowings (see note 16)	(67,479)	(87,501)	(83,464)	(87,768)
Other non-current payables	(537)	-	(524)	-
Trade and other payables	(764)	-	(700)	(45)
Accruals	(3,807)	(939)	(2,018)	(1,578)
Other taxation and social security	(55)	(232)	(86)	(260)
Gross balance sheet exposure	<u>(60,618)</u>	<u>(71,713)</u>	<u>(79,330)</u>	<u>(83,041)</u>
Add investment property	94,325	53,565	114,095	55,321
Net balance sheet exposure	<u>33,707</u>	<u>(18,148)</u>	<u>34,765</u>	<u>(27,720)</u>
Gross rental & related income	8,495	3,226	8,129	2,668
Property outgoings	(2,219)	(779)	(1,878)	(607)
Net rental income exposure	6,276	2,447	6,251	2,061
Net interest expense	11,510	(8,810)	(1,864)	(1,286)
Net profit & loss exposure	<u>17,786</u>	<u>(6,363)</u>	<u>4,387</u>	<u>775</u>



# Balmoral International Land Holdings plc

## Notes to the consolidated financial statements *(continued)*

### 23 Financial instruments *(continued)*

#### Foreign currency risk *(continued)*

The following significant exchange rates applied during the year:

	Spot Rate		Average Rate	
	2014	2013	2014	2013
GBP 1:	<b>1.28</b>	1.25	<b>1.23</b>	1.19

#### Sensitivity analysis

A 10 per cent strengthening of the euro against sterling would have increased/(decreased) equity and profit (or loss) by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for 2013.

	Other equity €'000	Profit or loss €'000
<b>31 December 2014</b>		
GBP	<b>1,658</b>	<b>(3,972)</b>
<b>31 December 2013</b>		
GBP	420	(3,626)

The other equity impact balance above relates to the foreign currency risk on translation of equity accounted investees. The profit and loss impact balance above includes the foreign exchange risk on retranslation of properties held in sterling.

A 10 per cent weakening of the euro would have had the equal but opposite effect, on the basis that all other variables remain constant.

# Balmoral International Land Holdings plc

## Notes to the consolidated financial statements *(continued)*

### 23 Financial instruments *(continued)*

#### Liquidity risk

The group's policy on funding capacity is to ensure that the group has sufficient own funding and bank facilities in place to meet foreseeable requirements.

The following are the contractual maturities of financial liabilities, including interest payments.

#### At 31 December 2014

Financial liabilities:	Carrying amount	Contractual cash flows	6 months or less	6 – 12 months	1 – 2 years	2 – 5 years	More than 5 years
	€'000	€'000	€'000	€'000	€'000	€'000	€'000
GBP floating loan	109,429	111,393	110,411	982	-	-	-
Euro floating loan	30,734	30,956	30,845	111	-	-	-
Euro floating loan (subsidiaries)	36,745	53,333	345	10,740	574	41,674	-
GBP floating note (subsidiaries)	2,911	3,053	188	188	384	1,104	1,189
Other non-current payables	537	537	537	-	-	-	-
Accruals	3,738	3,738	3,738	-	-	-	-
Finance lease liabilities	273	2,823	15	16	31	92	2,669
Other taxation and social security	354	354	354	-	-	-	-
Trade and other payables	764	764	764	-	-	-	-
<b>Total</b>	<b>185,485</b>	<b>206,951</b>	<b>147,197</b>	<b>12,037</b>	<b>989</b>	<b>42,870</b>	<b>3,858</b>

#### At 31 December 2013

Financial liabilities:	Carrying amount	Contractual cash flows	6 months or less	6 – 12 months	1 – 2 years	2 – 5 years	More than 5 years
	€'000	€'000	€'000	€'000	€'000	€'000	€'000
GBP floating loan	102,236	103,984	103,110	874	-	-	-
Euro floating loan	30,734	30,972	30,853	119	-	-	-
Euro floating loan (subsidiaries)	52,730	53,572	365	53,207	-	-	-
GBP floating note subsidiaries	3,039	3,503	190	190	393	1,155	1,575
Other non-current payables	524	524	524	-	-	-	-
Accruals	1,761	1,761	1,761	-	-	-	-
Finance lease liabilities	259	2,854	15	16	31	92	2,700
Other taxation and social security	397	397	397	-	-	-	-
Trade and other payables	754	754	754	-	-	-	-
<b>Total</b>	<b>192,434</b>	<b>198,321</b>	<b>137,969</b>	<b>54,406</b>	<b>424</b>	<b>1,247</b>	<b>4,275</b>

# Balmoral International Land Holdings plc

## Notes to the consolidated financial statements *(continued)*

### 23 Financial instruments *(continued)*

#### Credit risk

The group has two significant tenants from which it derived a total of 31% of its revenue in rental income in the current year (2013: 33%). See note 26 to the consolidated financial statements for further details.

The group has a concentration of credit risk in relation to its cash and cash equivalents which are cash and short term bank deposits, the majority of which are invested with institutions with a minimum credit rating of A.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date is set out below, in addition to guarantees given as outlined in note 24 to the consolidated financial statements.

	<b>Carrying amount</b>	
	<b>2014</b>	<b>2013</b>
	<b>€'000</b>	<b>€'000</b>
Trade and other receivables	214	787
Loans to equity accounted investees	19,960	5,788
Cash and cash equivalents	11,322	6,699
<b>Total</b>	<b>31,496</b>	<b>13,274</b>

All of the group's trade receivables relate to rental and related income.

The maximum exposure to credit risk for financial assets at the reporting date by geographic region was:

	<b>Carrying amount</b>	
	<b>2014</b>	<b>2013</b>
	<b>€'000</b>	<b>€'000</b>
Ireland	4,754	(950)
Continental Europe	4,316	4,276
United Kingdom	22,426	9,948
<b>Total</b>	<b>31,496</b>	<b>13,274</b>

The amount owed by the group's two most significant customers at 31 December 2014 was €8,000 (2013: €11,000).

The ageing of trade and other receivables at the reporting date was:

	<b>Carrying amount</b>	
	<b>2014</b>	<b>2013</b>
	<b>€'000</b>	<b>€'000</b>
Not past due	185	353
Past due 0-30 days	3	-
Past due 31-120 days	3	-
Past due >120 days	23	434
<b>Total</b>	<b>214</b>	<b>787</b>

# Balmoral International Land Holdings plc

## Notes to the consolidated financial statements *(continued)*

### 23 Financial instruments *(continued)*

#### Credit risk *(continued)*

The balance of past due >120 days relates to amounts due from tenants in the normal course of business.

#### Impairment

The charge arising in the year included a provision of €170,000 against a receivable balance as the debtor is in administration.

Based on past experience, the group believes that no further provisions are necessary in respect of trade receivables.

#### Fair values

The fair values of financial assets and liabilities, together with carrying amounts shown in the balance sheet, are as follows:

	31 December 2014		31 December 2013	
	Carrying Amount €'000	Fair Value €'000	Carrying Amount €'000	Fair Value €'000
<b><i>Loans and receivables</i></b>				
Trade and other receivables	2,137	-	2,904	-
Loans to equity accounted investees	7,892	-	5,788	-
<b><i>Cash and cash equivalents:</i></b>				
GBP current account	591	-	247	-
GBP deposit	4,077	-	1,967	-
Euro deposit	-	-	3,255	-
Euro current account	6,654	-	1,230	-
<b><i>Other liabilities at amortised cost (all level 3)</i></b>				
<b><i>Bank loans:</i></b>				
GBP floating loan	(109,429)	(105,501)	(102,236)	(98,484)
Euro floating loan	(30,734)	(29,220)	(30,734)	(29,235)
Euro floating loan subsidiaries	(9,945)	(10,071)	(52,730)	(51,161)
GBP floating loan subsidiaries	(2,911)	(2,542)	(3,039)	(2,656)
Other non-current payables	(537)	-	(524)	(524)
Trade and other payables	(764)	-	(754)	-
Finance lease liabilities	(273)	-	(259)	-
Accruals	(3,738)	-	(1,761)	-
Other taxation and social security	(354)	-	(397)	-
<b><i>Loans at fair value through profit and loss (level 3):</i></b>				
Euro floating loan subsidiaries	(26,800)	(26,800)	-	-

# Balmoral International Land Holdings plc

## Notes to the consolidated financial statements *(continued)*

### 23 Financial instruments *(continued)*

#### Fair value *(continued)*

The following summarises the major methods and assumptions used in estimating the fair values of financial instruments reflected in the table above.

#### Loans and borrowings at amortised cost

For the majority of loans, fair value is calculated based on discounted expected future principal and interest cash flows. The discount rates used were between 5% and 6%. These rates are estimated market borrowing rates as at the balance sheet date and do not reflect the group's external borrowing costs which are outlined in note 16 to these financial statements.

#### Loans and borrowings measured at fair value

Certain of the group's loans are carried at fair value as their cash flows are secured solely on cash flows arising from associated investment property assets measured at fair value through profit and loss. In this case, fair value has been determined based on third party valuations of the associated assets, adjusted for any other relevant creditor market factors. Key assumptions used to drive these valuations were expected market rental income and capitalisation of yields (see note 10 to the consolidated financial statements).

#### *Sensitivity analysis*

An increase/decrease in the value of the underlying investment properties of 1% increases/decreases the fair value of the loan. The resulting impact on the profit for the period is a decrease/increase of €268,000.

#### Other

The majority of the group's remaining financial assets and liabilities are relatively short-term in nature and accordingly have carrying amounts which approximate their fair value.

### 24 Contingencies and guarantees

The main group contingencies and guarantees are as follows:

- (a) Balmoral International Land Limited has provided a maximum guarantee of €1.5 million in respect of the bank borrowings of certain subsidiaries in relation to the financing of the properties in the Netherlands. Certain amounts of expenditure were permitted to be offset against this guarantee thereby reducing the remaining maximum exposure to €0.9 million at year end.
- (b) South East Edinburgh Development Company ("SEEDCo") acquired a substantial parcel of land south of Edinburgh during 2007. In 2010, the group 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. Balmoral International Land Limited has provided a guarantee in respect of the capital and interest on the bank borrowings of SEEDCo.

# Balmoral International Land Holdings plc

## Notes to the consolidated financial statements *(continued)*

### 24 Contingencies and guarantees *(continued)*

- (c) Overton Farm Development Limited owns a substantial piece of land west of Edinburgh. Additional consideration may become payable to the vendor of part of the land therein, calculated to 50% of its open market value, net of all costs, when planning consents have been received.
- (d) BL Slade Green Limited acquired land at Richmer Road, Erith. Additional consideration becomes payable on the expiry of the challenge period following the grant of planning permission or commencement of development whichever is the earlier. The maximum additional consideration is limited to £2 million.

### 25 Capital commitments

At 31 December 2014, the company had no unprovided capital commitments.

### 26 Related parties

The group has related party relationships with its subsidiaries and equity accounted investees, with its directors, with Fyffes plc and Total Produce plc.

#### *Transactions with key management personnel*

Key management personnel who comprise the executive and non-executive directors of the group receive compensation in the form of short-term employee benefits and retirement benefits. Key management personnel received total compensation of €1,031,000 (2013: €1,025,000) for the year ended 31 December 2014. Total remuneration is included in “administration expenses” (see note 6 to the consolidated financial statements). Outside of the director group, no other members of the management team are considered to be key in the context of this disclosure.

Key management personnel compensation (including non-executive directors’ fees) is analysed as follows:

	<b>2014</b>	2013
	<b>€’000</b>	€’000
Short term employee benefits	<b>987</b>	981
Post-employment benefits – continuing	<b>44</b>	44
	<b>1,031</b>	1,025

Further details of director compensation are provided in the corporate governance statement.

# Balmoral International Land Holdings plc

## Notes to the consolidated financial statements *(continued)*

### 26 Related parties *(continued)*

#### *Other company related party transactions*

##### *Fyffes plc*

Fyffes plc is a 40% shareholder in the company and there also is one common non-executive director. It is therefore considered a related party for the purposes of IAS 24 *Related Party Disclosures*.

During the year ended 31 December 2014, the group recognised the following rental income and expenses with Fyffes plc.

	2014 €'000	2013 €'000
Rental income & service charges	2,076	2,116
Expenses	70	85

Expenses charged by Fyffes plc relate to costs incurred by Fyffes plc on behalf of the group, including recharges in respect of administration expenses.

The amount owed by Fyffes plc at the year-end was €7,000 (2013: €11,000) and the amount owed to Fyffes was €Nil (2013: €Nil).

In 2014 the group sold a building for €2,325,000 in the UK that Fyffes plc had been leasing. Fyffes plc also terminated a lease with Balmoral on another building in the UK.

##### *Total Produce plc*

Total Produce plc and the group have one director in common and therefore they are considered a related party for the purposes of IAS24 *Related Party Disclosures*. During the year, the group recognised the following rental income and expenses from transactions with Total Produce plc.

	2014 €'000	2013 €'000
Rental income	1,551	1,551
Expenses	225	237

Expenses charged by Total Produce plc relate to costs incurred by Total Produce plc on behalf of the group, including recharges in respect of administration expenses and a portion of the employment costs of and other payments to the Chairman.

The amount owed by Total Produce at the year-end was €1,000 (2013: €Nil) and the amount owed to Total Produce was €65,000 (2013: €Nil).

# Balmoral International Land Holdings plc

## Notes to the consolidated financial statements *(continued)*

### 26 Related parties *(continued)*

#### *Total Produce plc (continued)*

The group has a 50% interest in a joint venture company with Total Produce plc. The company was formed in 2007. The group provided funding in the amount of €180,000 (2013: €209,000) during the year to the joint venture company including payments totalling €107,000 (2013: €133,000) in respect of a guarantee in favour of the joint venture company for its share of any interest shortfall on bank borrowings. The maximum payable under this guarantee at the year-end date is €376,000 (2013: €483,000).

#### *Transactions with subsidiaries and equity accounted investees*

Information on the group's significant subsidiaries and equity accounted investees is set out in note 28 to the consolidated financial statements. For additional information surrounding transactions with equity accounted investees, see note 12 to the consolidated financial statements.

### 27 Accounting estimates and judgements

Preparation of financial statements pursuant to EU IFRS requires a significant number of judgemental assumptions and estimates to be made. These impact on the income and expenses contained within the income statement and the valuation of the assets and liabilities in the balance sheet. Such estimates and judgements are based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances and are subject to continual re-evaluation. It should be noted that the impact of valuation in some assumptions and estimates can have a material impact on the reported results.

- Judgements made in relation to the assessment of going concern for the group are set out in the basis of preparation and estimates policy in note 1(a) to the consolidated financial statements.
- Critical accounting policies and estimates related to the group's investment property portfolio are set out in note 1(d) to the consolidated financial statements and are also outlined further in note 10 to the consolidated financial statements.
- Judgements made in assessing the carrying value of the group's various equity accounted investees which also contain investment property risk have been set out in note 12 to the consolidated financial statements.
- Judgements made in relation to the accounting for contingencies and guarantees are reviewed on an on-going basis as outlined in the basis of preparation and estimates policy in note 1(a) to the consolidated financial statements.
- Judgements made in the assessment of the deferred tax asset recovery are set out in note 19 to the consolidated financial statements.
- An assessment of other financial risks is set out in note 23 to the consolidated financial statements and in particular this deals with key estimates relating to the fair value of certain liabilities.



# Balmoral International Land Holdings plc

## Notes to the consolidated financial statements *(continued)*

### 28 Group entities

The group controls a number of subsidiary entities, registered in various jurisdictions, as more fully set out below. It also has an interest in certain equity accounted investees as also set out below.

#### *Significant subsidiaries*

	Registered office	Group share %	Principal activity
<sup>Δ</sup> Balmoral International Land Ltd	7	100	Holding company
Balmoral Land Holding Ltd	1	100	Investment holding company
Swords Property Investments Ltd	1	100	Property investment
Swords Property Developments Ltd	1	100	Property investment
Optiplex Ltd	1	100	Property investment
Balmoral Land Beresford Ltd	1	100	Property investment
Balmoral Land Naul Ltd	1	100	Land dealing & development
Balmoral Land Swords (P) Ltd	1	100	Property investment
Ramparts Property Ltd	1	100	Property investment
BL Balmoral Ltd	2	100	Property investment
Balmoral Land Brickhill Ltd	2	100	Property investment
Balmoral Land Continental Ltd	2	100	Investment holding company
BL St. Albans Ltd	2	100	Property investment
Balmoral Land Jersey Ltd	2	100	Investment holding company
Overton Farm Development Ltd	8	100	Property development company
Balmoral International Land UK Ltd	3	100	Property management
South East Edinburgh Development Company Ltd	8	100	Property development
Balmoral International Land Property Holdings BV	4	100	Investment holding company
Balmoral International Land Group Finance B. V.	4	100	Finance holding company
<sup>#</sup> Afaia Sarl	5	90	Investment holding company

<sup>Δ</sup> Denotes subsidiary owned directly by Balmoral International Land Holdings plc.

<sup>#</sup> The group's shareholding in Afaia Sarl, a company registered and operating in Belgium, carries 90% of the total voting rights and control of the board; the non-controlling interest holds 10% of the total voting rights. Balmoral therefore has control of Afaia Sarl and consolidates it as a subsidiary. The net liabilities consolidated into the group's balance sheet at 31 December 2014 amounted to €582,000 and the loss for the year then ended consolidated into the group's results amounted to €1,610,000.

# Balmoral International Land Holdings plc

## Notes to the consolidated financial statements *(continued)*

### 28 Group entities *(continued)*

#### *Significant equity accounted investees*

	Registered office	Group share %	Principal activity
Rolat Ltd	1	50	Land dealing and development
Tilder Holdings Ltd	7	50	Investment holding company
Duo Capital Sarl	5	50	Investment holding company
Cornerstone City Development S.A	6	37.5	Property investment
Silverfields LLP	8	50	Property investment

1) 29 North Anne Street, Dublin 7, Ireland

2) Barette Commercial Centre, Route du Mont Mado, St. John, Jersey, JE3 4DS, Channel Islands

3) Suite 5, Silverstone House, 46 Newport Road, Woolstone, Milton Keynes, MK15 0AA, United Kingdom

4) Claude Debussylaan 24, 1082 MD Amsterdam, The Netherlands

5) 16 Allée Marconi, L2120 Luxembourg

6) 12 Rue Léon Thyès, L2636 Luxembourg

7) 1 Stokes Place, St. Stephen's Green, Dublin 2, Ireland

8) 20 Castle Terrace, Edinburgh, EH1 2EN, Scotland

A full list of subsidiaries and equity accounted investees is included with the company's annual return filed with the Companies Registration Office, Dublin, Ireland.

### 29 Post balance sheet events

In September 2015, the board approved a renewal and extension of the facility with the provider of the group's principal financing arrangements. The facility is extended for a further five years, and contains other material provisions related to the provision of security, costs, new covenants and certain other terms to which the group must adhere. For further information see notes 16 and 23 to the consolidated financial statements.

**30** These financial statements were approved by the board on 17 September 2015.

# Balmoral International Land Holdings plc

## Company statement of changes in equity for the year ended 31 December 2014

	Share capital	Attributable to equity holders of the parent		Total equity
	€'000	Retained earnings	Other reserve	€'000
Balance at 31 December 2013	39	(23,191)	24,639	1,487
Total comprehensive income	-	(16)	-	(16)
Balance at 31 December 2014	39	(23,207)	24,639	1,471

## for the year ended 31 December 2013

	Share capital	Attributable to equity holders of the parent		Total equity
	€'000	Retained earnings	Other reserve	€'000
Balance at 31 December 2012	39	(21,740)	24,639	2,938
Total comprehensive income	-	(1,451)	-	(1,451)
Balance at 31 December 2013	39	(23,191)	24,639	1,487

# Balmoral International Land Holdings plc

## Company balance sheet

at 31 December 2014

	Notes	2014 €'000	2013 €'000
<b>Assets</b>			
<b>Non-current assets</b>			
Investment in subsidiary	C	<u>1,489</u>	1,489
<b>Total non-current assets</b>		<b>1,489</b>	1,489
<b>Current assets</b>			
Cash and cash equivalents		<u>1</u>	21
<b>Total current assets</b>		<b>1</b>	21
<b>Total assets</b>		<b>1,490</b>	1,510
<b>Equity</b>			
Issued share capital	E	39	39
Other reserves	E	<u>1,432</u>	1,448
<b>Total equity - all attributable to equity shareholders</b>		<b>1,471</b>	1,487
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	F	<u>19</u>	23
<b>Total current liabilities</b>		<b>19</b>	23
<b>Total liabilities</b>		<b>19</b>	23
<b>Total liabilities and equity</b>		<b>1,490</b>	1,510

On behalf of the board

**Carl McCann**  
Chairman

**Catherine Ghose**  
Finance Director

17 September 2015

# Balmoral International Land Holdings plc

## Company statement of cash flows

for the year ended 31 December 2014

	2014 €'000	2013 €'000
<b>Result before tax</b>	<b>(16)</b>	<b>(1,451)</b>
<i>Adjustments for:</i>		
Provision for impairment of investment in subsidiary	-	1,427
<b>Operating loss before changes in working capital</b>	<b>(16)</b>	<b>(24)</b>
Increase in trade and other payables	<b>(4)</b>	<b>6</b>
<b>Net cash inflow from operating activities</b>	<b>(20)</b>	<b>(18)</b>
Net decrease in cash and cash equivalents	<b>(20)</b>	<b>(18)</b>
Cash and cash equivalents at beginning of year	<b>21</b>	<b>39</b>
<b>Cash and cash equivalents at end of year</b>	<b>1</b>	<b>21</b>

# Balmoral International Land Holdings plc

## Notes to the company financial statements

### A) Result for the year

The result attributable to equity shareholders in the financial statements of the company was a loss of €16,000 (2013: €1,451,000). In accordance with Section 304(1) and 304(2) of the Companies Act, 2014, the company is availing of the exemption from presenting its individual income statement which forms part of the approved financial statements of the company to the Annual General Meeting and from filing it with the Registrar of Companies.

### B) Employees

The company had no employees in the period and incurred no employee costs.

### C) Investment in subsidiary

	2014 €'000	2013 €'000
Balance at beginning of year	1,489	2,916
Provision for impairment of investment in subsidiary	-	(1,427)
Balance at end of year	<u>1,489</u>	<u>1,489</u>

During 2011 the company acquired the entire issued ordinary shares in Balmoral International Land plc ("BIL") since renamed to Balmoral International Land Limited. The investment was initially recorded at the carrying value of the net assets of BIL at the date of acquisition and was subsequently written down to the market capitalisation of BIL as at the date of the acquisition. A charge of €24,639,000 was accounted for in the 2011 income statement to reflect this. The directors reviewed the carrying value of the investment in subsidiary at 31 December 2014 and are satisfied that no impairment is required.

### D) Financial instruments and risk management

The company's financial assets and liabilities, comprising cash and cash equivalents and trade and other payables are short term in nature and accordingly, have carrying amounts that are reflective of fair value.

### E) Share capital

For details, please see note 15 to the consolidated financial statements.

### Other reserves

During 2011, the company acquired 100% of the share capital of Balmoral International Land plc ("BIL") as part of a group reorganisation. On the date of acquisition the carrying value of the net assets of BIL was €27,555,000 with a market capitalisation of the BIL at that date of €2,916,000. The company issued ordinary shares to the existing shareholders of BIL with a nominal value of €5,833 and the difference arising between the nominal value of the shares issued and the market capitalisation of BIL of €2,910,000 at the date of acquisition was accounted for in retained earnings within equity. At the date of acquisition, other reserves comprised the difference between the market capitalisation of BIL and the carrying value of its net assets of €24,639,000.

# Balmoral International Land Holdings plc

## Notes to the company financial statements *(continued)*

### F) Trades and other payables

	2014 €'000	2013 €'000
Amounts owed to group companies	19	23
	<u>19</u>	<u>23</u>

All amounts above are due within one year.

G) These financial statements were approved by the board on 17 September 2015.

# Balmoral International Land Holdings plc

## Five year summary of group results

	Year ended Dec 2014 €m	Year ended Dec 2013 €m	Year ended Dec 2012 €m	Year ended Dec 2011 €m	Year ended Dec 2010 €m
Operating profit before net gain on investment	5.4	5.6	7.7	6.0	10.9
Net property valuation movement	(11.0)	(4.0)	(11.6)	(13.2)	(27.4)
<b>Result from operating activities</b>	<b>(5.6)</b>	<b>1.6</b>	<b>(3.9)</b>	<b>(7.2)</b>	<b>(16.5)</b>
Net finance income/(expense)	2.6	(1.1)	(6.6)	(8.1)	(9.8)
Share of result of equity accounted investees	11.3	-	(1.0)	0.4	(3.1)
<b>Result before tax</b>	<b>8.3</b>	<b>0.5</b>	<b>(11.5)</b>	<b>(14.8)</b>	<b>(29.4)</b>
Basic and diluted result per share (euro cent)	1.15	0.08	(2.41)	(2.56)	(5.17)
Total property assets	184.8	188.0	190.9	202.6	213.7
Equity shareholders' funds	8.4	1.5	1.1	15.1	30.0
Net asset value per share (euro cent)	1.45	0.25	0.18	2.59	5.14



# Balmoral International Land Holdings plc

## NOTICE OF ANNUAL GENERAL MEETING

### BALMORAL INTERNATIONAL LAND HOLDINGS PLC (the “company”)

**Year ended 31 December 2014**

**NOTICE IS HEREBY GIVEN** that the Annual General Meeting (“AGM”) of Balmoral International Land Holdings plc will be held at Hilton Dublin Airport Hotel, Northern Cross, Malahide Road, Dublin 17 on Wednesday, 21st October 2015 at 12.00 midday for the following purposes:-

1. To receive and consider the Company’s Financial Statements for the year ended 31 December 2014 and the reports of the Directors and auditors thereon, and to review the company’s affairs.
2. By separate resolutions, to re-elect as Directors the following who retire in accordance with the Articles of Association and, being eligible, offer themselves for re-election:
  - (A) Alan White (Resolution 2(A))
  - (B) Andrew Kelliher (Resolution 2(B))
3. To authorise the Directors to fix the remuneration of the auditors for the year ending 31 December 2015.

**As special business to consider and, if thought fit, pass the following resolutions:-**

**4. AS A SPECIAL RESOLUTION:**

“That the memorandum of association, in the form produced to the meeting and initialled by the Chairman for the purposes of identification, be adopted in substitution for, and to the exclusion of, the existing memorandum of association of the company.”

**5. AS A SPECIAL RESOLUTION:**

“That the articles of association, in the form produced to the meeting and initialled by the Chairman for the purposes of identification, be adopted in substitution for, and to the exclusion of, the existing articles of association of the company.”

**6. AS AN ORDINARY RESOLUTION:**

“That the Directors are hereby unconditionally authorised to exercise all the powers of the Company to allot relevant securities (within the meaning of Section 1021 of the Companies Act 2014) up to an aggregate nominal amount of €1,924.77 (192,477,419) shares, representing 33.3% of the nominal value of the issued ordinary share capital) provided that this authority shall expire at the earlier of the close of business on the date of the next AGM after the passing of this resolution or 21 January 2017 provided however that the company may before such expiry make an offer or agreement which would or might require relevant securities to be allotted after such expiry and the Directors may allot relevant securities in pursuance of such offer or agreement as if the authority hereby conferred had not expired.”

**7. AS A SPECIAL RESOLUTION:**

“That pursuant to Article 8(d) of the Articles of Association (as amended by Resolution 5 above in the notice of this meeting) and Sections 1022 and 1023 of the Companies Act 2014, the Directors are hereby empowered to allot equity securities (as defined by 1023 of that Act) for

# Balmoral International Land Holdings plc

cash pursuant to the authority to allot relevant securities conferred on the Directors by Resolution 6 above in the notice of this meeting as if sub-section (1) of Section 1022 of that Act did not apply to any such allotment provided that this power shall be limited to the matters provided for in Article 8(d)(i) and (ii) of the Articles of Association and provided further that the aggregate nominal value of any shares which may be allotted pursuant to Article 8(d)(ii) may not exceed €583.27 (58,326,490 shares) representing 10% of the nominal value of the issued ordinary share capital.”

## 8. AS AN ORDINARY RESOLUTION:

“That approval be and is hereby given for the establishment by the Directors of the 2015 Long Term Incentive Plan (the “**Plan**”), the rules of which are contained in the document produced to the Meeting and initialled by the Chairman of the Meeting for the purpose of identification; and that the Directors be and are hereby authorised to:

- (a) take all such action or steps (including the making of amendments to the Plan and the rules thereof as may be necessary) to implement or give effect to the Plan; and
- (b) establish further plans in other jurisdictions similar in substance to the Plan but modified to take account of local tax, exchange control or securities laws in overseas territories, provided that any shares made available under any such further plans will be treated as counting towards any limits on individual or overall participation under the Plan.”

## For and on behalf of the Directors

**N. Quigley**  
Secretary  
1 Stokes Place,  
Dublin 2

21 September 2015

## Notes:

1. Any member entitled to attend, speak and vote at the meeting is entitled to appoint a proxy (who need not be a member of the company) to attend, speak and vote in his/her place. Completion of a Form of Proxy will not affect the right of a member to attend, speak and vote at the meeting in person. A Shareholder may appoint more than one proxy to attend and vote at the meeting provided each proxy is appointed to exercise rights attached to different shares held by that Shareholder. Should you wish to appoint more than one proxy, please read carefully the explanatory notes accompanying the Form of Proxy. A member may appoint a proxy or proxies electronically by logging onto the website of the registrars, Computershare Investor Services (Ireland) Limited: [www.eproxyappointment.com](http://www.eproxyappointment.com). Shareholders will be asked to enter the Shareholder Reference Number and PIN Number as printed on your Form of Proxy and agree to certain conditions.
2. As a Shareholder, you have several ways to exercise your right to vote:
  - A. By attending the Annual General Meeting in person;
  - B. By appointing (either electronically or by returning a completed Form of Proxy) the Chairman or another person as a proxy to vote on your behalf; or
  - C. By appointing a proxy via the CREST System if you hold your shares in CREST
3. To be valid, Forms of Proxy duly signed together with the power of attorney or such other authority (if any) under which they are signed (or a certified copy of such power or authority) must be lodged with the Company’s registrar, Computershare Investor Services (Ireland) Limited, P.O. Box 954, Sandyford, Dublin 18 by not later than 12.00

# Balmoral International Land Holdings plc

midday on Monday, 19<sup>th</sup> October 2015. In the case of joint holders, the vote of the senior who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the votes of the other registered holder(s) and, for this purpose, seniority will be determined by the order in which names stand in the register of members.

4. The Company, pursuant to Regulation 14 of the Companies Act 1990 (Uncertified Securities) Regulations, 1996, specifies that only those shareholders registered in the register of members of the company at 6.00pm on Monday, 19<sup>th</sup> October 2015 (or in the case of adjournment as at 6pm on the day which is two days before the time of the adjourned meeting) shall be entitled to attend and vote at the meeting in respect of the number of shares registered in their names at the time. Changes to entries in the register after that time will be disregarded in determining the right of any person to attend and/or vote at the meeting.
5. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the Meeting and any adjournment(s) thereof by using the procedures described in the CREST Manual. CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), who will be able to take appropriate action on their behalf. In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST Proxy Instruction must be properly authenticated in accordance with Euroclear (UK and Ireland) Limited's specifications and must contain the information required for such instructions, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by Computershare Services (Ireland) Limited (ID 3RA50) BY 12.00 midday on Monday, 19<sup>th</sup> October 2015. For this purpose, the time of receipt will be taken to be the time (as determined by the time stamp applied to the message by the CREST Applications Host) from which Computershare Services (Ireland) Limited is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means. CREST members and, where applicable, their CREST sponsors or voting service providers should note that Euroclear (UK and Ireland) Limited does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or had appointed a voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings. The company may treat as invalid a CREST Proxy Instruction in the circumstances set out in regulation 35 (5) (a) of the CREST regulations
6. Biographical details for the Directors standing for re-election at the AGM are set out in the Annual Report.

# Balmoral International Land Holdings plc

## APPENDIX

### Resolutions 4 and 5

#### Explanation of Proposed Amendments to the Memorandum and Articles of Association

##### 1. Introduction

The Companies Act 2014 became effective on 1 June 2015. As a result, many provisions in the existing companies legislation in Ireland were altered. The purpose of Special Resolutions 4 and 5 is to make certain amendments to the Memorandum and Articles of Association in order to ensure that these changes to Irish company law will not have an unintended effect on the Memorandum and Articles of Association by altering how the provisions in the Memorandum and Articles of Association are to be applied.

As all of the changes described below are intended to preserve the status quo, it is therefore not considered necessary to vote separately on each amendment to the Memorandum and Articles of Association.

##### 2. Special Resolution 4

This special resolution is being proposed in order to make minor amendments to Paragraphs 2 and 3(i) and (y) of the Memorandum of Association so as to update the statutory references in this paragraph in order to be consistent with the Companies Act 2014.

##### 3. Special Resolution 5

Under this resolution, it is proposed to make the following amendments to the Articles of Association:-

- (c) Articles 1, 7, 8, 35, 86, 92 and 120 contain references to sections in the previous companies legislation. This resolution will amend these statutory references in order to ensure that they are consistent with the corresponding provisions in the new Companies Act 2014.
- (d) The Companies Act 2014 adopts a new approach in regard to the articles of association of all companies. Instead of making provisions for a model set of articles of association as was done with Table A in the Companies Act 1963, the Companies Act 2014 now contains specific sections which apply to all companies unless the articles of association specifically exclude them. As these provisions deal with matters which are already specified in the Articles of Association of the company, it is necessary to include a new provision in the opening clause of the Articles in order to disapply these optional sections of the Companies Act 2014. As Table A is no longer relevant, it is no longer necessary to continue with its disapplication in Article 1. A summary of each of the provisions which are therefore being specifically excluded by the new Article 1 is set out below:
  - (i) Sections 77 to 81 deal with the making of calls in respect of unpaid amounts due on shares issued by the company. These sections are being disappplied as the matter is already covered by Articles 18 to 30;
  - (ii) Section 95(1)(a) is being disappplied as the Directors discretion to decline a transfer of shares is dealt with more restrictively in Article 36;
  - (iii) Section 95(2)(a) is being disappplied as otherwise it would allow the Directors to charge a fee when registering the transfer of a share;

# Balmoral International Land Holdings plc

- (iv) Section 96 deals with the transmission of shares in the company. This section is being disappplied as the matter is already covered by Articles 42 to 44;
- (v) Section 124 deals with the declaration and payment of dividends by the Company. This section is being disappplied as the matter is already covered by Articles 109 to 118;
- (vi) Section 125(3) deals with the use of cheques, negotiable instruments and bank transfers for the payment of dividends by the company. This section is being disappplied as the matter is already covered by Article 114;
- (vii) Sections 144(3) and 144(4) deal with the appointment of Directors. These sections are being disappplied as the matter is already covered by Articles 88 to 93;
- (viii) Section 148(2) deals with how the office of a Director may be vacated early. This section is being disappplied as the matter is already covered by Articles 92 and 93;
- (ix) Section 158(3) deal with the borrowing powers of the Directors. This section is being disappplied as the matter is already covered by Article 86;
- (x) Sections 159 to 165 deal with the appointment of a managing Director, the establishment of board committees, matters relating to board procedure and the appointment of alternate Directors. These sections are being disappplied as these matters are already covered by Articles 81 and 82 to 85 and 94;
- (xi) Section 181(1) deals with the notice period required to convene a meeting of the company. This section is being disappplied as the matter is already covered by Article 55;
- (xii) Sections 182(2) and (5) deal with the quorum required for a meeting of the company. These sections are being disappplied as the matter is already covered by Article 56;
- (xiii) Section 183(3) is being disappplied as otherwise it would prohibit the appointment of multiple proxies which is already permitted by Article 71;
- (xiv) Section 187 deals with the conduct of the meetings of the company. This section is being disappplied as the matter is already covered by Articles 56 to 63;
- (xv) Section 188 deals with voting at the meetings of the company. This section is being disappplied as the matter is already covered by Articles 64 to 75A;
- (xvi) Section 218(5) deals with timing of a deemed receipt of a notice. This section is being disappplied as the matter is already covered by Articles 124 to 128;
- (xvii) Section 229, 230 and 1113 deal with the interests of Directors. These sections are being disappplied as the matter is already covered by Article 95 to 97;
- (xviii) Sections 338(5) and 338(6) deal with the delivery of the financial statements via the website of the company. This sections is being disappplied as the matter is already covered by Article 119;

# Balmoral International Land Holdings plc

- (xix) Section 618(1)(b) deals with the distribution of property on a winding up of the company. This section is being disappplied as the matter is already covered by Article 129;
  - (xx) Section 1090 deals with the rotation of Directors. This section is being disappplied as the matter is already covered by Articles 88 to 91; and
  - (xxi) Section 1092 deals with the remuneration of the Directors. This section is being disappplied as the matter is already covered by Articles 78 to 80.
- 
- (e) In various places in the Articles of Association, the expression “undenominated capital” is being inserted as this expression is now used in the Companies Act 2014 to refer to that part of a Company's issued share capital which is not represented by the nominal value paid up on the issued shares.
  - (f) Article 57 is being amended in order to ensure that it will be consistent with Section 186 which specifies what constitutes the ordinary business of the Company's annual general meeting.
  - (g) The reference to an ordinary resolution in Article 82 is being deleted and replaced by the requirement for a special resolution in order to reflect Section 158(1)(c).
  - (h) Section 228(1)(d) is an entirely new restriction regarding the use of company property by Directors. A new Article 80(b) is therefore being adopted in order to ensure that Directors can continue to use company property in accordance with the company's fair usage policies and their terms and conditions of employment.
  - (i) Sections 228(1)(e) and 228(2) are entirely new. It is proposed therefore to include a new Article 96(d) in order to make it clear that Section 228(1)(e) will not restrict anything which may be done by any Director in accordance with the prior authorisation of the board or a board committee. In addition, the new article prohibits any individual Director entering into any commitment which might otherwise be permitted by Section 228(2) without the prior approval of the board or a committee of the board.
  - (j) Article 119 has been amended in order to take account of the new requirements regarding the maintenance of accounting records set out in Chapter 2 of Part 6 of the Companies Act 2014. In Article 120 the Directors may use the power provided for in the Companies Act 2014 to send shareholders summary financial statements in lieu of the full statutory financial statements of the company. However, where the Directors elect to do so, any shareholder may request a full copy of the financial statements of the company to be sent to him or her.
  - (k) The reference to "Irish Pounds" in Article 114 has been deleted and replaced with "Euro" to reflect the currency of the State.



