

## **Balmoral International Land plc**

### **Proposed Reorganisation of Group Structure and Cancellation of admission to trading on ESM and AIM**

Balmoral International Land plc (“**Balmoral**” or the “**Company**”) announces that, subject to shareholder approval, it intends to reorganise its group structure (the “**Reorganisation**”) and to cancel its admission to trading on ESM and AIM (the “**Cancellation**”). Balmoral is posting a circular today to its shareholders in connection with these proposals (the “**Circular**”).

Under the proposed Reorganisation, it is intended to establish a new group holding company, Balmoral International Land Holdings plc (“**Balmoral Holdings**”), which will hold all of the ordinary shares in the Company. Under ESM and AIM Rules, it is not possible to seek admission to trading of Balmoral Holdings on ESM and AIM; however, it is the intention of the Board to seek admission to trading of the new holding company on a publicly quoted market as soon as this is practically feasible in the future.

Subject to the approval of the Reorganisation and Cancellation, all eligible shareholders on the Balmoral share register at 6.00pm on Tuesday, 23 August 2011, will in due course receive one new share in Balmoral Holdings for each existing Balmoral share held. It is expected that the last day for dealings in Balmoral ordinary shares on ESM and AIM will be 1 September 2011. The expected date of cancellation of admission to trading on ESM and AIM will be at 7.00am on 2 September 2011.

The Circular includes a notice of an extraordinary general meeting of the Company (“**EGM**”) to take place at 11.00am on Thursday, 25 August 2011, in the Morrison Hotel, Ormond Quay, Dublin 1.

#### **Background to and reasons for the Reorganisation and Cancellation**

The global economic downturn, resulting in a major shortage of credit and liquidity, has had an acute negative impact on the property sector, both internationally and locally. This, in turn, has considerably constrained the Company’s ability to operate successfully and has caused the Group to limit its recent activity to the management and improvement of its existing assets and the control of costs. However, the current situation also potentially provides significant market opportunities for those with the resources to take advantage of them.

The Board is committed to protecting and preserving value for shareholders. In order to assist with the stabilisation and development of the Company and to help to optimise returns to shareholders in the long-term, the Board has been considering possible ways of improving the capital base and funding possibilities of the Group.

The Directors believe that, as a precursor to raising new equity and/or securing new medium to long term banking facilities, it is necessary to adopt a new Group structure. The Board has concluded that, in conjunction with seeking to renegotiate its current banking facilities with its existing lenders, a new unencumbered Group holding company is required in order to facilitate, at the appropriate time, the raising of new equity from either current Shareholders and/or new shareholders as well as the arrangement of new banking facilities with either current lenders and/or new lenders. Successful strengthening of the Group’s capital position, will, in turn, underpin its future as well as afford it the possibility of benefitting from present and future opportunities in the property sector.

The completion of the reorganisation will result in the cancellation of admission to trading of the Company’s ordinary shares on ESM and AIM. The current capital constraints on the Group mean that it is not possible under the ESM and AIM Rules to seek admission to trading

on ESM and AIM of the new ordinary shares which will be issued to shareholders pursuant to the Reorganisation.

It is important to note that, following the implementation of the Reorganisation, it is the intention of the Group to continue to follow the same corporate governance standards and business activities as before. Moreover, it is the intention of the Board to seek admission to trading of the new holding company to a publicly quoted market as soon as this is practically feasible in the future and to provide for grey market trading in the meantime.

### **Extraordinary General Meeting**

The Reorganisation and the Cancellation are subject to the approval of Balmoral's shareholders. Accordingly, an EGM has been scheduled to take place at 11.00am on Thursday, 25 August 2011, in the Morrison Hotel, Ormond Quay, Dublin 1.

The Board believes that the proposed Reorganisation and Cancellation to be in the best interests of Balmoral and its shareholders as a whole and is recommending that shareholders vote in favour of the resolutions as set out in the Notice of EGM in the Circular.

### **Availability of Documents**

Copies of the Circular are available for inspection at Arthur Cox Solicitors, Earlsfort Centre, Earlsfort Terrace, Dublin 2. The Circular is also available on the Balmoral website, [www.bilplc.com](http://www.bilplc.com).

Shareholders are recommended to read the whole of the Circular and not rely solely on the summarised information contained in this announcement.

### **Annual General Meeting**

In the interests of containing costs, the Board has decided to hold Balmoral's Annual General Meeting (the "AGM") on the same day as the EGM. Accordingly, the AGM is scheduled to take place at 11.30am on Thursday, 25 August 2011 in the Morrison Hotel, Ormond Quay, Dublin 1, immediately after the EGM.

The Notice convening the AGM has been posted to shareholders along with the Circular and is now available on the Company's website, [www.bilplc.com](http://www.bilplc.com).

### **Trading Update**

Despite some signs of a recovery in activity in some market segments and geographies toward the end of 2010, the first six months of 2011 have proved to be another disappointing period for the property sector. Further declines in values have been recorded in Ireland though these have been partially offset by some improvements in the UK and a generally unchanged position on the Continent. As a result, the Board currently anticipates that the Group's net assets per share at 30 June 2011 will be in the range of €0.043 to €0.046 per share compared to €0.0514 per share at 31 December 2010.

**Balmoral International Land plc**  
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