

Annual Report 2017

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Balmoral International Land Holdings plc

Shareholder Information

Investor relations

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

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Balmoral International Land
Holdings plc
29 North Anne Street
Dublin 7
Ireland
Telephone: (01) 887 2788
Email: 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 +353 1 2475694
Facsimile: ROI (01) 447 5572
Email: web.queries@computershare.ie*

Website

Further information on Balmoral is available at 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 communications electronically except where documents are specifically requested in physical form.

Balmoral International Land Holdings plc

Chairman's Statement

Balmoral continued to make solid progress during 2017. The Group recorded a significant increase in net assets for the year, resulting principally from a number of successful disposals at values in excess of book value.

Group net assets at 31 December 2017 were €59.7m, an uplift of €23.0m on the previous year end. This equates to net assets per share of 7.68 cent.

While Balmoral recorded significant growth in its net assets position in 2016 and 2017, it is not anticipating any material increase in the value of its properties during 2018, with a likely modest increase in Ireland expected to be offset by a probable decline in the UK. The Group does not foresee any notable sales in 2018 having already concluded most of its near term disposal programme. "Brexit" remains a significant concern with scenarios ranging from a neutral impact to a potentially material negative.

In addition to the day-to-day management of its asset portfolio, management continues to maintain a constant focus on the financing of the business and on meeting its commitments to its various lenders. During the year, the Group discharged its borrowings in the Netherlands relating to its Dutch properties at a substantial discount to face value. This settlement necessitated the raising of new equity at the end of 2016 together with some short term debt. Balmoral has since successfully concluded a number of disposals from this portfolio. These transactions contributed significantly to the increase in net assets in the year.

Almost half of the Group's bank debt due to its principal lender has been repaid in accordance with the terms of the related loan agreement.

Looking forward, Balmoral will consider raising additional equity depending on its future requirements.

Balmoral's team has worked hard to improve its net assets position and to meet its ongoing financial commitments. The Group will continue to concentrate on the intensive management of its assets so as to optimise its position and to capitalise on opportunities.

The board greatly appreciates the commitment and dedication of our first class people as they continually strive to move the Group forward and expresses its sincere thanks to them for their achievements.

Carl McCann

Chairman

10 May 2018

Balmoral International Land Holdings plc

Operating and Financial Review

Operating review

Developments during the year

Net Asset Value per Share of 7.68 cent at 31 December 2017 was up from 4.72 cent at 31 December 2016.

Developments during the year include:

- At December 2017, the group had debt of €81.2 million (2016: €122.8 million) and net asset value of €59.7 million (2016: €36.7 million).
- The group's net borrowings at 31 December 2017 amounted to €63.4 million (2016: €95.2 million).
- An improvement in the net debt to gross asset ratio from 67.2% to 50.8%.
- Net rental and related income declined by 7% compared to 2016.
- The net proceeds of disposal of investment properties amounted to €13.2 million in the UK and €16.3 million in the Netherlands, which exceeded their 2016 valuation.
- Increases in the year end valuations of the group's Continental European and Ireland portfolios and a decline in the year end valuations of the properties in the UK.

Investment property

Total investment property assets at 31 December 2017 amounted to €119.4 million compared to €136.5 million at the start of the year. The movements in values, analysed geographically, were as follows:

| | Ireland | UK | Continental Europe | Total |
|---|----------------|-------------|-------------------------------|--------------|
| | €'m | €'m | €'m | €'m |
| Value at 1 January 2017 | 48.5 | 50.6 | 37.4 | 136.5 |
| Investments during year | - | 0.2 | - | 0.2 |
| Disposals during year | - | (16.4) | (16.4) | (32.8) |
| Fair value adjustments | 5.6 | 6.9 | 4.7 | 17.2 |
| Translation of sterling denominated properties | - | (1.7) | - | (1.7) |
| Value at 31 December 2017 | 54.1 | 39.6 | 25.7 | 119.4 |

Balmoral International Land Holdings plc

Equity accounted investees

The total value of the group's equity accounted investments at 31 December 2017 was €5.5 million compared to €5.2 million at the start of the year. The movements in values, analysed geographically, are as follows:

| | Ireland & UK €'m | Continental Europe €'m | Total €'m |
|----------------------------------|-------------------------------------|---------------------------------------|----------------------|
| Value at 1 January 2017 | 1.5 | 3.7 | 5.2 |
| Disposals during year | (7.2) | - | (7.2) |
| Fair value adjustments | 5.7 | 1.8 | 7.5 |
| Value at 31 December 2017 | - | 5.5 | 5.5 |

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 sectoral analysis:

| | Ireland €'m | UK €'m | Continental Europe €'m | Total €'m |
|----------------------------|------------------------|-------------------|---------------------------------------|----------------------|
| At 31 December 2017 | | | | |
| Industrial/warehouse | 42.5 | 16.5 | 17.7 | 76.7 |
| Office | 7.2 | 14.2 | 8.0 | 29.4 |
| Mixed use land | 4.4 | 8.9 | - | 13.3 |
| Total | 54.1 | 39.6 | 25.7 | 119.4 |
| Percentage | 45% | 33% | 22% | 100% |

The group's property portfolio at 31 December 2017 comprised 64% industrial/warehouse, 25% office and 11% mixed use land. In Ireland, 79% was weighted to industrial/warehouse, 8% to mixed use land and 13% to office. In the UK, it is 22% mixed use land, 42% industrial/warehouse and 36% office. In Continental Europe, it is 31% office and 69% industrial/warehouse.

The equity accounted investees portfolio which was valued at €5.5 million at 31 December 2017 comprised 100% office.

Balmoral International Land Holdings plc

Analysis of gross rental income and related income by geography

The group's gross rental and related income of €8.4 million in the year ended 31 December 2017 was derived 42% from Ireland, 26% from the UK and 32% from Continental Europe.

Impact of foreign exchange on movement in net assets

The net impact of foreign exchange on the group's net assets for the period was a decrease of €0.1 million. The movement in the value of the group's UK property assets includes a decrease of €1.7 million arising from the weakening of sterling against the euro during the year. This was offset by a net €1.6 million increase in net assets arising on the translation of loans and cash denominated in sterling and other movements.

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. The group will also consider raising additional equity depending on its future requirements.

Balmoral International Land Holdings plc

Financial review

Finance

In September 2015 the group agreed, with the provider of the general corporate facility, a renewal and extension of this facility. This is guaranteed by certain nominated subsidiaries and is subject to a specified cumulative repayment covenant that will be tested annually to December 2019. This bank has security over, inter alia, all property in the UK and Ireland not secured to other lenders. See note 16 to the consolidated financial statements for further details.

The group's other financing arrangements fall into two broad categories. In general, equity accounted investees are financed by separate project-specific debt. The Belgian portfolio is separately funded on a secured basis and is agreed to October 2018.

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 €8.4 million (2016: €9.0 million). Property outgoings were €2.3 million (2016: €2.5 million), giving net rental income of €6.1 million (2016: €6.5 million).

Administrative expenses

Total administrative expenses for the year were €3.5 million (2016: €2.8 million) comprising continuing administrative expenses of €3.3 million (2016: €2.8 million) with €0.2 million non-recurring expenses (2016: €Nil million).

Net finance expense

Net finance income was €0.8 million (2016: net finance expense €13.9 million), comprising a net gain on translation of sterling loans of €1.8 million (2016: €12.2 million), a reversal of provisions relating to bank guarantee of €0.9 million (2016: €Nil), interest and related charges incurred on bank borrowings of €1.6 million (2016: €3.0 million) and a loss on translation of cash and cash equivalents and other monetary assets and liabilities of €0.3 million (2016: €1.6 million). In 2016, there was a net fair value gain on debt measured at fair value through profit and loss of €6.4 million. See note 8 to the consolidated financial statements for further explanation.

Taxation

The tax credit for the year was €0.1 million (2016: expense of €0.7 million), comprising a deferred tax credit of €0.1 million. 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 result per share for the period was €0.0295 (2016: €0.0156) and diluted result per share for the period was €0.0287 (2016: €0.0150).

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 2017 amounted to €59.7 million (2016: €36.7 million), resulting in a net asset value per share of €0.0768 (2016: €0.0472).

Borrowings

The group's net borrowings at 31 December 2017 amounted to €63.4 million (2016: €95.2 million). This figure comprised gross borrowings of €81.2 million (2016: €122.8 million) less cash balances of €17.8 million (2016: €27.6 million).

Conclusion

The group continues to seek to rebuild its net asset value, pursue progress with its development assets and reduce debt.

10 May 2018

Balmoral International Land Holdings plc

Directors and Secretary

Carl McCann, BBS, MA, FCA, age 65, 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 54, Chief Executive, HD Estate Management, 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 for a number of public companies. He joined Balmoral in May 2006.

Catherine Ghose, B.Comm, Dip in Prof. Acc, FCA, Diploma in Company Direction, age 56, Finance Director, was appointed finance director of the group on 1 October 2012. She is managing director of Charles McCann Investments Limited, a former member of the board of the National Maternity Hospital and is a member of the Institute of Directors.

Tom Neasy, age 69, Executive Director, became a director of the group in June 2007. He has had a long 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 65, 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. He is chairman of the audit committee.

Andrew Kelliher, B.Comm, age 67, 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. He is a member of the audit committee and a member of the remuneration committee.

Declan McCourt, age 72, Non-Executive, BL, MA, MBA, was appointed to the board in 2006. He is chief executive of automobile distributor, the OHM Group. He served as a director of Fyffes plc between 2003 and 2017 and is chairman of the UCD President Advisory Board, UCD Law Development Council and the Mater Hospital Foundation. He is also a director of a number of other companies. He is a former director of the Bank of Ireland and Dublin Docklands Development Authority. He is chairman of the remuneration committee.

Niall Quigley, FCA, age 53, 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

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Balmoral International Land Holdings plc

Corporate profile

Directors

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

Company Secretary

N. Quigley

Registered Office

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

Solicitors

Arthur Cox
Earlsfort Terrace
Dublin 2
Ireland

Auditor

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

Bankers

| | |
|------------------------|---------------|
| Allied Irish Banks plc | KBC Bank NV |
| Bankcentre | Havenlaan 2 |
| Ballsbridge | 1080 Brussels |
| Dublin 4 | Belgium |
| Ireland | |

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 2017.

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.

Result for the year

Details of the result for the year ended 31 December 2017 are set out in the consolidated income statement on page 29.

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. Kelliher, R. Knox and D. McCourt offer themselves for re-election at the AGM.

Interests of directors and secretary

The directors and secretary who held office at 31 December 2017 have the following interests in the shares of the company or group companies.

| Directors | Nature of Interest | Ordinary shares held at 31 December 2017 | Ordinary shares held at 31 December 2016 |
|------------------|--------------------|---|---|
| C. McCann | Ordinary shares | ¹ 64,005,759 | 65,531,623 |
| R. Knox | Ordinary shares | 3,879,236 | 3,879,236 |
| C. Ghose | Ordinary shares | 5,000,000 | 5,000,000 |
| T. Neasy | Ordinary shares | 3,439,068 | 3,439,068 |
| P. Halpenny | Ordinary shares | 2,209,034 | 2,521,318 |
| A. Kelliher | Ordinary shares | 80,000 | 80,000 |
| D. McCourt | Ordinary shares | 5,778,068 | 5,778,068 |
| Secretary | | | |
| N. Quigley | Ordinary shares | 12,820 | 12,820 |

¹C.McCann is also deemed to be interested in the Huntroyde shares per section 1054 of the Companies Act, 2014

Balmoral International Land Holdings plc

Directors' report *(continued)*

The directors and company secretary who held office at 31 December 2017 also had beneficial interests, in options over the company's ordinary shares. See Directors' Remuneration in the corporate governance statement on pages 22 to 24 for more information.

Substantial holdings

As of 10 May 2018, the company has been notified of the following significant interests and ownerships relating to the ordinary share capital of the company.

| | Number of Ordinary Shares | Percentage |
|--|--------------------------------------|-------------------|
| Huntroyde Ltd (i) | 233,305,963 | 30.00% |
| C. McCann | 64,005,759 | 8.23% |
| D. McCann | 50,606,410 | 6.51% |
| Balkan Investment Unlimited Company & related parties (ii) | 83,229,892 | 10.70% |
| T. Murphy | 66,343,929 | 8.53% |

(i) C. McCann, D. McCann and M. Dempsey are deemed to be interested in the Huntroyde shares per section 1054 of the Companies Act, 2014.

(ii) The Balkan Investment Unlimited Company notification includes a notification from Scott Limited, a related party of Balkan Investment Unlimited Company, which owns 5.91% of the issued share capital of the company.

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

On 2 June 2017, the debt owing to FGH Bank in the Netherlands relating to the group's Dutch property portfolio was settled. This settlement was part funded by a short term loan of €3,150,000 from a company connected to C. McCann, of which C. Ghose is a director, and a short term loan of €3,150,000 from a person connected to C. McCann. These loans were drawn down on 2 June 2017, were interest-bearing at 9% per annum and were fully repaid on 3 December 2017. These loans had the benefit of the pre-existing security package. The terms and conditions of these loans were competitive relative to available comparable financing.

| Amount of liability | Loan 1 | | Loan 2 | |
|----------------------------|------------------|-----------------|------------------|-----------------|
| | Principal | Interest | Principal | Interest |
| | € | € | € | € |
| At beginning of year | - | - | - | - |
| Advances/accrued interest | 3,150,000 | 111,286 | 3,150,000 | 111,286 |
| Repayments/interest paid | (3,150,000) | (111,286) | (3,150,000) | (111,286) |
| At end of year | - | - | - | - |

Balmoral International Land Holdings plc

Directors' report *(continued)*

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 2017 was 50.8% (2016: 67.2%).
- *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 liquidity, credit, foreign currency and interest rate 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

Under section 327 (i) of the Companies Act 2014, the company is required to give a description of the principal risks and uncertainties which it faces. The principal risks and uncertainties that the group faces are:

- *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.
 - Supply of and demand for property, and their impact on rental levels.
 - The volume, timeliness and relevance of comparable market transactions.
 - The "Brexit" process which has resulted in a period of particular political and economic uncertainty that may impact the UK and Irish property markets for some time, including the possible reluctance of businesses to make investment and occupational decisions.

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).

Balmoral International Land Holdings plc

Directors' report *(continued)*

Principal risks and uncertainties *(continued)*

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.

- *Economic*
The group operates in Ireland, the UK, Belgium and the Netherlands and is exposed to economy specific risks including, in particular in Ireland and UK, risks created by the “Brexit” process.
- *Management of principal banking facility*
The group’s principal banking facility is subject to financial information and authorisation covenants, to a specified cumulative repayment covenant and other undertakings. The risk of breaching the requirements of this facility agreement are mitigated by regular calculation and projection of compliance with financial covenants, a phased disposal programme and authorisation procedures for lease changes and sale of properties. The requirements of the key facility obligations are communicated to senior management and short and medium term strategies for achieving compliance with facility requirements are regularly reviewed.
- *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 cash flow and funding needs and by closely controlling its administration expenditure.
- *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 UK and, consequently, a significant part of its rental income and of its property assets are denominated in sterling. The board has mitigated this risk with sterling based financing arrangements.

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 maintaining adequate 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 that there is a reasonable expectation that the group and the company will have adequate resources to continue in operational existence for the foreseeable future.

Balmoral International Land Holdings plc

Directors' report *(continued)*

Political donations

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

Post balance sheet events

Details of important events affecting the group and company which have taken place since the end of the year are given in note 29 to the consolidated financial statements.

Relevant audit information

The directors believe that they have taken all steps necessary to make themselves aware of any relevant audit information and have established that the group's statutory auditors are aware of that information. In so far as they are aware, there is no relevant audit information of which the group's statutory auditors are unaware.

Directors compliance statement

It is the policy of the company to comply with its relevant obligations (as defined in section 225 of the Companies Act 2014).

The directors have drawn up a compliance policy statement as defined in section 225(3)(a) of the Companies Act 2014. Arrangements and structures have been put in place that are, in the directors' opinion, designed to secure material compliance with the company's relevant obligations. These arrangements and structures were reviewed by the directors for the financial year.

As required by section 225(2) of the Companies Act 2014, the directors acknowledge that they are responsible for the company's compliance with the relevant obligations. In discharging their responsibilities under section 225, the directors relied on the advice of persons who, the directors believe, have the requisite knowledge and experience to advise the company on compliance with its relevant obligations.

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, 6th June 2018 at 10.00 am.

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 three items of special business proposed which are described further below.

Under the first item of special business (Resolution 4), shareholders are being asked to renew, until the next Annual General Meeting or 6 September 2019 (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 €5,184.58 in nominal value of ordinary shares (being approximately two-thirds of the nominal value of the company's issued ordinary share capital). Of this amount, €2,529.29 (representing approximately one-third of the nominal value of the company's issued ordinary share capital) can only be allotted pursuant to a fully pre-emptive rights issue. The Directors have no present intention of exercising this authority. However, the Directors consider it appropriate to maintain the flexibility that this authority provides.

Under the second and third item of special business (Resolution 5 & 6), shareholders are being asked to renew, until the next Annual General Meeting or 6 September 2019 (whichever is the earlier), the authority to disapply statutory pre-emption provisions in the event of a rights issue or in any other issue up to an aggregate amount of €388.84 in nominal value of ordinary shares, representing 5% of the nominal value of the company's issued ordinary share capital for the time being.

Further action

A Form of Proxy for use at the AGM is sent to shareholders. 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. 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.

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

10 May 2018

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 group.

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, investments and disposals
- 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. During 2017, the board comprised four executive directors and three 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 group.

Operation of the board

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

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 2017 was as follows:

| | Board | Audit | Remuneration |
|--------------------|-------|-------|--------------|
| Number of meetings | 4 | 2 | 2 |
| C. McCann | 4 | n/a | n/a |
| R. Knox | 4 | n/a | n/a |
| C. Ghose | 4 | 2* | n/a |
| T. Neasy | 4 | n/a | n/a |
| P. Halpenny | 4 | 2 | n/a |
| A. Kelliher | 4 | 2 | 2 |
| D. McCourt | 3 | n/a | 2 |

** In attendance only*

In addition to the scheduled meetings above, during 2017 there were a number of other ad-hoc and sub-committee meetings to deal with specific matters.

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 achieves 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 performance of their duties. The board has determined that each of the non-executive directors is independent and that they discharge their duties in a proper and consistently independent manner and constructively and appropriately challenge the executive directors and the board.

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

In November 2017, 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

During 2017, the audit committee comprised of two non-executive directors, both of whom are considered independent, A. Kelliher and P. Halpenny (chairman of the committee).

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 P. Halpenny has the requisite recent relevant financial experience to chair the audit committee. It is also satisfied that A. Kelliher 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 the report of the external auditor. The committee also evaluated the need for an internal audit function in the group and during the year engaged BDO to carry out a review of controls and procedures. 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 has 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 objective of the committee 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. The committee met two times during the year to determine the emoluments of executive directors and senior management, including basic salaries, the parameters for any possible additional payments and the issue of options under the Long Term Incentive Plan.

The committee approved the award of share options under the 2015 Long Term Incentive Plan (LTIP) effective 28 October 2015. This entitles executive directors and management to purchase shares in Balmoral International Land Holdings plc in accordance with the terms of the LTIP. The options granted were for 22,435,896 shares at an exercise price of €0.0234 per share, with an expiry date of 28 October 2022. The establishment of the LTIP was approved by the shareholders on 21 October 2015.

The share options granted only vest when the Net Asset Value per Share of the company as shown in the company's financial statements for financial year ending 31 December 2018 or in any of the three subsequent years, equals or exceeds €0.05 per share. The options cannot be exercised before 1 May 2019.

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.

Balmoral International Land Holdings plc

Corporate governance statement *(continued)*

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.

The board routinely reviews 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 auditor. 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.

Accountability and audit

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

A summary of directors' responsibilities in respect of the annual report and financial statements is given on page 25. 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 and 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

| 2017 | Salary and fees €'000 | Other benefits & payments €'000 | Total €'000 |
|--------------------------------|--------------------------------------|---------------------------------------|----------------|
| <i>Executive directors</i> | | | |
| C. McCann | - | 219 | 219 |
| R. Knox | 549 | 3 | 552 |
| C. Ghose | - | 302 | 302 |
| T. Neasy | 158 | - | 158 |
| | 707 | 524 | 1,231 |
| <i>Non-executive directors</i> | | | |
| P. Halpenny | - | 55 | 55 |
| A. Kelliher | 37 | - | 37 |
| D. McCourt | 37 | - | 37 |
| | 74 | 55 | 129 |
| | Share-based payment charge | | 61 |
| | Total directors' remuneration | | 1,421 |

| 2016 | Salary and fees €'000 | Other benefits & payments €'000 | Total €'000 |
|--------------------------------|--------------------------------------|---------------------------------------|----------------|
| <i>Executive directors</i> | | | |
| C. McCann | - | 167 | 167 |
| R. Knox | 409 | 3 | 412 |
| C. Ghose | - | 245 | 245 |
| T. Neasy | 127 | - | 127 |
| | 536 | 415 | 951 |
| <i>Non-executive directors</i> | | | |
| P. Halpenny | - | 55 | 55 |
| A. Kelliher | 37 | - | 37 |
| D. McCourt | 37 | - | 37 |
| A. White | 28 | - | 28 |
| | 102 | 55 | 157 |
| | Share-based payment charge | | 44 |
| | Total directors' remuneration | | 1,152 |

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 2016 and 2017. In accordance with an agreement between the parties, Total Produce plc 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 in 2017 amounted to €219,000 (2016: €167,000).

R. Knox is UK based - his salary and other benefits are agreed and paid in sterling and were €552,000 in 2017 (2016: €412,000).

C. Ghose was finance director of Balmoral and was also managing director of Charles McCann Investments Limited throughout 2016 and 2017. 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. In 2017, the portion of her costs amounted to €302,000 (2016: €245,000), the allocation in 2017 being greater than in 2016 due to additional time involved in the successful resolution of certain financing matters.

T. Neasy's remuneration in 2017 of €158,000 (2016: €127,000) reflects the portion of his employment costs that are attributable to Balmoral, after recharges to Total Produce plc.

P. Halpenny is a member of the board and provides consultancy services to the company. Fees paid to him under this arrangement amounted to €55,000 in 2017 (2016: €55,000).

The directors and company secretary who held office at 31 December 2017 had the following beneficial interest in options over the company's ordinary shares:

| | Options held at 31 December 2016 € | Granted during the year € | Options held at 31 December 2017 € | Exercise Price € | Date first exercisable Date | Expiry date Date |
|--------------------------|---|------------------------------------|---|------------------------|-----------------------------------|------------------------|
| Directors | | | | | | |
| C. McCann | 100,000 | - | 100,000 | 0.0234 | 1/5/19 | 28/10/22 |
| R. Knox | 100,000 | - | 100,000 | 0.0234 | 1/5/19 | 28/10/22 |
| C. Ghose | 100,000 | - | 100,000 | 0.0234 | 1/5/19 | 28/10/22 |
| T. Neasy | 75,000 | - | 75,000 | 0.0234 | 1/5/19 | 28/10/22 |
| Company Secretary | | | | | | |
| N. Quigley | 50,000 | - | 50,000 | 0.0234 | 1/5/19 | 28/10/22 |

There has been no movement in the share interests and interests in the share options of the directors and company secretary between the year-end and 10 May 2018.

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.

Balmoral International Land Holdings plc

Corporate governance statement *(continued)*

Service contracts and letters of appointment

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

Other than the interest of C. McCann noted in the directors' report, none of the directors had a beneficial interest in any material contract to which the company or any of its subsidiaries were a part of 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 directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the group and company financial statements in accordance with International Financial Reporting Standards (IFRS) 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 whether they have been prepared in accordance 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 which disclose with reasonable accuracy at any time the assets, liabilities, financial position and profit or loss 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 the company and to prevent and detect fraud and other irregularities. The directors are also responsible for preparing a directors' report that complies with the requirements of the Companies Act 2014.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the Republic of 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

10 May 2018

Balmoral International Land Holdings plc

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

1 Report on the audit of the financial statements

Opinion

We have audited the group and company financial statements ("financial statements") of Balmoral International Land Holdings plc for the year ended 31 December 2017 set out on pages 29 to 88, which comprise the Consolidated Income Statement, Consolidated Statement of Comprehensive Income, Consolidated and company Statement of Changes in Equity, Consolidated and company Balance Sheet, Consolidated and company Statement of Cash Flows and related notes, including the summary of significant accounting policies set out in note 1. 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.

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 2017 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 2017;
- the group financial statements have been properly prepared in accordance with IFRS as adopted by the European Union;
- the company financial statements have 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 and company financial statements have been properly prepared in accordance with the requirements of the Companies Act 2014.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (Ireland) (ISAs (Ireland)) and applicable law. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the company in accordance with ethical requirements that are relevant to our audit of financial statements in Ireland, including the Ethical Standard issued by the Irish Auditing and Accounting Supervisory Authority (IAASA), and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Balmoral International Land Holdings plc

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

We have nothing to report on going concern

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

Other information

The directors are responsible for the other information presented in the Annual Report together with the financial statements. The other information comprises the information included in the directors' report, corporate governance statement, chairman's statement and operating and financial review other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information.

Based solely on our work on the other information;

- we have not identified material misstatements in the directors' report or other accompanying information;
- in our opinion, the information given in the directors' report is consistent with the financial statements;
- in our opinion, the directors' report has been prepared in accordance with the Companies Act 2014.

Opinions on other matters prescribed by the Companies Act 2014

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

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

Matters on which we are required to report by exception

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. We have nothing to report in this regard.

Balmoral International Land Holdings plc

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

2 Respective responsibilities and restrictions on use

Responsibilities of directors for the financial statements

As explained more fully in the directors' responsibilities statement set on page 25, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A fuller description of our responsibilities is provided on IAASA's website at [https://www.iaasa.ie/getmedia/b2389013-1cf6-458b-9b8f-a98202dc9c3a/Description of auditors responsibilities for audit.pdf](https://www.iaasa.ie/getmedia/b2389013-1cf6-458b-9b8f-a98202dc9c3a/Description_of_auditors_responsibilities_for_audit.pdf)

The purpose of our audit work and to whom we owe our responsibilities

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.

10 May 2018

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

Balmoral International Land Holdings plc

Consolidated income statement

for the year ended 31 December 2017

| | | 2017 €'000 | 2016 €'000 |
|--|--------------|---------------|---------------|
| Continuing operations | <i>Notes</i> | | |
| Gross rental and related income | 3 | 8,411 | 9,000 |
| Property outgoings | 4 | (2,345) | (2,508) |
| Net rental and related income | | 6,066 | 6,492 |
| Net property valuation movement | 5 | 12,219 | (7,435) |
| Net property and related income/(expense) | | 18,285 | (943) |
| Administrative expenses | 6 | (3,513) | (2,767) |
| Result from operating activities | 7 | 14,772 | (3,710) |
| Share of result of equity accounted investees | 12 | 7,436 | (340) |
| Finance income | 8 | 2,731 | 18,951 |
| Finance expense | 8 | (1,891) | (5,022) |
| Net finance income/(expense) | | 840 | 13,929 |
| Result before tax | | 23,048 | 9,879 |
| Income tax credit/(expense) | | | |
| - current | 9 | (69) | (439) |
| - deferred | 9 | 128 | (246) |
| Net income tax credit/(expense) | | 59 | (685) |
| Result for the year | | 23,107 | 9,194 |
| Attributable to: | | | |
| Equity shareholders of the company | | 22,961 | 9,159 |
| Non-controlling interest | | 146 | 35 |
| Result for the year | | 23,107 | 9,194 |
| Basic result per share (euro cent) | 20 | 2.95 | 1.56 |
| Diluted result per share (euro cent) | 20 | 2.87 | 1.50 |

Balmoral International Land Holdings plc

Consolidated statement of comprehensive income

for the year ended 31 December 2017

| | 2017 €'000 | 2016 €'000 |
|--|---------------|---------------|
| Result for the year | 23,107 | 9,194 |
| Other comprehensive income | | |
| <i>Items that will or may be reclassified to profit or loss:</i> | | |
| Foreign currency translation gain on equity accounted investees | 12 | - |
| Total comprehensive income for the year | 23,119 | 9,194 |
| Attributable to: | | |
| Shareholders of the company | 22,973 | 9,159 |
| Non-controlling interest | 146 | 35 |
| Total comprehensive income for the year | 23,119 | 9,194 |

Balmoral International Land Holdings plc

Consolidated statement of changes in equity

for the year ended 31 December 2017

| | 31 December 2017 | | | | | | | | |
|-----------------------------|--|------------------------|----------------------------|--------------------------------------|---------------------------------------|---------------------------------|----------------|-----------------------------------|-----------------------|
| | Attributable to equity holders of the parent | | | | | | | | |
| | Share capital €'000 | Share premium €'000 | Retained earnings €'000 | Share-based payment reserve €'000 | Currency translation reserve €'000 | Reorganisation reserve €'000 | Total €'000 | Non-controlling interest €'000 | Total equity €'000 |
| Balance at 31 December 2016 | 41 | 7,775 | (178,079) | 53 | - | 206,879 | 36,669 | 17 | 36,686 |
| Total comprehensive income | - | - | 22,961 | - | 12 | - | 22,973 | 146 | 23,119 |
| Share-based payment charge | - | - | - | 61 | - | - | 61 | - | 61 |
| Balance at 31 December 2017 | 41 | 7,775 | (155,118) | 114 | 12 | 206,879 | 59,703 | 163 | 59,866 |

| | 31 December 2016 | | | | | | | | |
|-----------------------------|--|------------------------|----------------------------|--------------------------------------|---------------------------------------|---------------------------------|----------------|-----------------------------------|-----------------------|
| | Attributable to equity holders of the parent | | | | | | | | |
| | Share capital €'000 | Share premium €'000 | Retained earnings €'000 | Share-based payment reserve €'000 | Currency translation reserve €'000 | Reorganisation reserve €'000 | Total €'000 | Non-controlling interest €'000 | Total equity €'000 |
| Balance at 31 December 2015 | 39 | - | (187,238) | 9 | - | 206,879 | 19,689 | (18) | 19,671 |
| Total comprehensive income | - | - | 9,159 | - | - | - | 9,159 | 35 | 9,194 |
| Share issue | 2 | 7,775 | - | - | - | - | 7,777 | - | 7,777 |
| Share-based payment charge | - | - | - | 44 | - | - | 44 | - | 44 |
| Balance at 31 December 2016 | 41 | 7,775 | (178,079) | 53 | - | 206,879 | 36,669 | 17 | 36,686 |

Balmoral International Land Holdings plc

Consolidated balance sheet

As at 31 December 2017

| | Notes | 2017 €'000 | 2016 €'000 |
|---|-------|----------------|----------------|
| Assets | | | |
| Non-current assets | | | |
| Investment property | 10 | 119,421 | 136,467 |
| Property, plant and equipment | 11 | 6 | 12 |
| Investments in equity accounted investees | 12 | 5,478 | 5,185 |
| Deferred tax assets | 19 | - | 112 |
| Total non-current assets | | 124,905 | 141,776 |
| Current assets | | | |
| Trade and other receivables | 13 | 5,449 | 2,106 |
| Cash and cash equivalents | 14 | 17,782 | 27,590 |
| Total current assets | | 23,231 | 29,696 |
| Total assets | | 148,136 | 171,472 |
| Equity | | | |
| Issued share capital | 15 | 41 | 41 |
| Share premium | 15 | 7,775 | 7,775 |
| Other reserves | 15 | 51,887 | 28,853 |
| Total equity attributable to equity shareholders of the company | | 59,703 | 36,669 |
| Non-controlling interest | | 163 | 17 |
| Total equity | | 59,866 | 36,686 |
| Liabilities | | | |
| Non-current liabilities | | | |
| Loans and borrowings | 16 | 72,872 | 101,623 |
| Deferred tax liabilities | 19 | 3,256 | 3,496 |
| Total non-current liabilities | | 76,128 | 105,119 |
| Current liabilities | | | |
| Trade and other payables | 18 | 3,784 | 8,481 |
| Loans and borrowings | 16 | 8,358 | 21,186 |
| Total current liabilities | | 12,142 | 29,667 |
| Total liabilities | | 88,270 | 134,786 |
| Total liabilities and equity | | 148,136 | 171,472 |
| Net asset value per share (euro cent): | 21 | 7.68 | 4.72 |

On behalf of the board

Carl McCann
Chairman

Catherine Ghose
Finance Director

10 May 2018

Balmoral International Land Holdings plc

Consolidated statement of cash flows

for the year ended 31 December 2017

| | Notes | 2017 €'000 | 2016 €'000 |
|---|-------|-----------------|---------------|
| Result after tax | | 23,107 | 9,194 |
| <i>Adjustments for:</i> | | | |
| Net property valuation movement | 5 | (12,219) | 7,435 |
| Depreciation | 11 | 8 | 7 |
| Share-based payment charge | 17 | 61 | 44 |
| Finance income | 8 | (902) | (6,411) |
| Finance expense | 8 | 1,637 | 3,068 |
| Share of result of equity accounted investees | 12 | (7,436) | 340 |
| Exchange difference on non-property monetary net assets | 8 | (1,575) | (10,586) |
| Net income tax credit/(expense) | 7 | (59) | 685 |
| Operating result before changes in working capital | | 2,622 | 3,776 |
| Increase/(decrease) in trade and other payables | | (3,228) | 954 |
| Decrease/(increase) in trade and other receivables | | 307 | 232 |
| Cash generated from operations | | (299) | 4,962 |
| Interest paid | | (2,134) | (3,183) |
| Income tax paid | | (25) | (127) |
| Net cash (outflow)/inflow from operating activities | | (2,458) | 1,652 |
| Cash flows from investing activities | | | |
| Additions to investment property | | (337) | (598) |
| Net cash outflow from additional investment in equity accounted investees | | (15) | (46) |
| Proceeds from disposal of investment property | | 25,839 | 22,927 |
| Proceeds from disposals by equity accounted investees | | 7,160 | 443 |
| Interest received | | 5 | 27 |
| Net cash inflow from investing activities | | 32,652 | 22,753 |
| Cash flows from financing activities | | | |
| Repayment of borrowings | | (39,756) | (23,810) |
| Proceeds from rights issue | | - | 7,777 |
| Net cash outflow from financing activities | | (39,756) | (16,033) |
| Net increase in cash and cash equivalents | | (9,562) | 8,372 |
| Cash and cash equivalents at beginning of year | | 27,590 | 21,172 |
| Foreign exchange (loss)/gain on cash and cash equivalents | | (246) | (1,954) |
| Cash and cash equivalents at end of year | 14 | 17,782 | 27,590 |

Balmoral International Land Holdings plc

Notes to the consolidated financial statements

1 Statement of accounting policies

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 2017 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 10 May 2018.

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 2017.

(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 2017

Below is a list of standards and interpretations that were required to be applied in the year ended 31 December 2017. There was no material impact on the financial statements in the current year from these standards set out below:

- Amendments to IAS 7: *Disclosure Initiative* - effective 1 January 2017
- Amendments to IAS 11: *Recognition of deferred tax losses for unrecognised losses* - effective 1 January 2017
- Amendments to IFRS 12: *Annual Improvements to IFRS 2014 - 2016 Cycle* - effective 1 January 2017.

The adoption of other new standards, interpretations and amendments that become effective for the year ended 31 December 2017 did not have any significant impact on the consolidated financial statements.

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, liabilities, 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 *(continued)*

(a) Basis of preparation and significant judgements 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 estimates are 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.

(b) Basis of consolidation

The group's financial statements consolidate the financial statements of the parent and of all subsidiary undertakings together with the group's shares of the results and net assets of its associate and joint ventures made up to 31 December 2017.

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 company financial statements, investments in subsidiaries are carried at cost less any impairment charges.

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.

Balmoral International Land Holdings plc

Notes to the consolidated financial statements *(continued)*

1 Statement of accounting policies *(continued)*

(b) Basis of consolidation *(continued)*

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 group'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 group has a present obligation to make further payments.

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

In the parent company 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.

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.

Balmoral International Land Holdings plc

Notes to the consolidated financial statements *(continued)*

1 Statement of accounting policies *(continued)*

(b) Basis of consolidation *(continued)*

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.

(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.

Balmoral International Land Holdings plc

Notes to the consolidated financial statements *(continued)*

1 Statement of accounting policies *(continued)*

(d) Investment property *(continued)*

In general, external independent valuers, having appropriate 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 and specific economic issues. The directors determine the fair value based on these valuations and the advice of management using their own qualifications, experience and knowledge of the properties.

In the case of let properties, this includes considering the aggregate of the net annual rents receivable for the properties and associated rental costs where 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.

In 2016 the fair values of the Dutch properties were measured in accordance with IAS 40 *Investment Property*, relating to ring-fenced debt. The related debt was settled in 2017.

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.

Balmoral International Land Holdings plc

Notes to the consolidated financial statements *(continued)*

1 Statement of accounting policies *(continued)*

(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.

(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.

Balmoral International Land Holdings plc

Notes to the consolidated financial statements *(continued)*

1 Statement of accounting policies *(continued)*

(j) Derivative financial instruments and financial guarantees *(continued)*

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.

Share-based payments

The grant date fair value of options granted under the company's equity settled share option scheme is recognised as an expense with a corresponding increase in equity over the period during which the employees become unconditionally entitled to the options. The fair value of the options granted is measured using a binomial lattice model, taking into account the terms and conditions upon which the options were granted. Vesting conditions are non-market and consequently the amount recognised as an expense is adjusted to reflect the actual number of options that vest. The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when vested awards are converted into ordinary shares. The company has no cash-settled share based transactions as defined in IFRS 2 *Share-based Payment*.

Balmoral International Land Holdings plc

Notes to the consolidated financial statements *(continued)*

1 Statement of accounting policies *(continued)*

(l) Employee benefits *(continued)*

Share-based payments (continued)

To the extent that the group receives a tax deduction relating to the services paid in shares, deferred tax in respect of share options is provided on the basis of the difference between the expected fair value of the underlying equity as at the date the instrument is expected to be exercised and the exercise price of the option, as a result, the deferred tax impact of share options will not directly correlate with the expense reported in the group income statement.

(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 a reward of ownership for all properties leased to tenants and has 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.

Balmoral International Land Holdings plc

Notes to the consolidated financial statements *(continued)*

1 Statement of accounting policies *(continued)*

(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.

(p) Income tax

Income tax on the profit or loss for the year presented comprises 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 *(continued)*

(q) New accounting standards and interpretations not adopted

Standards endorsed by the EU that are not yet required to be applied but can be early adopted are set out below. None of these standards have been applied in the current period. The group is still considering the impact of these and do not believe they will have a material impact on the financial statements.

- IFRS 15: *Revenue from contracts with customers* (May 2014) including amendments to IFRS15 - effective 1 January 2018
- IFRS 9: *Financial Instruments* - effective 1 January 2018
- Amendments to IFRS 2: *Classification and measurement of share-based payment transactions* - effective 1 January 2018
- Amendments to IFRS 4: *Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts* - effective 1 January 2018
- Amendments to IAS 40: *Transfers of Investment Property* - effective 1 January 2018
- Amendments to IFRS 1 and IAS 28: *Annual Improvements to IFRS 2014 - 2016 Cycle* - effective 1 January 2018
- IFRIC 22: *Foreign Currency Transactions and Advance Consideration* - effective 1 January 2018
- IFRS 16: *Leases* - effective 1 January 2019
- IFRIC 23: *Uncertainty over Income Tax Treatments* - effective 1 January 2019
- IFRS 17: *Insurance Contracts* - effective 1 January 2021.

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 results 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

| Income statement | Ireland | UK | Continental Europe | Consolidated |
|---|----------------|--------------|-------------------------------|---------------------|
| <i>for the year ended 31 December 2017</i> | €'000 | €'000 | €'000 | €'000 |
| Gross rental income | 3,371 | 2,142 | 2,541 | 8,054 |
| Service charge income | 163 | 27 | 167 | 357 |
| Property operating expenses | (572) | (716) | (1,057) | (2,345) |
| Net rental and related income | 2,962 | 1,453 | 1,651 | 6,066 |
| Valuation movement on investment properties | 5,612 | 2,006 | 4,601 | 12,219 |
| Operating result | 8,574 | 3,459 | 6,252 | 18,285 |
| Share of result of equity accounted investees | 5,357 | 338 | 1,741 | 7,436 |
| Operating result before corporate expenses, finance expenses & income tax | 13,931 | 3,797 | 7,993 | 25,721 |
| <i>Reconciliation to result for the year</i> | | | | |
| Administrative expenses | | | | (3,513) |
| Net finance expense | | | | 840 |
| Net income tax expense | | | | 59 |
| Result for year | | | | 23,107 |

Balmoral International Land Holdings plc

Notes to the consolidated financial statements *(continued)*

2 Operating segments *(continued)*

(a) Geographical segments (continued)

| Income statement | Ireland | UK | Continental Europe | Consolidated |
|---|----------------|--------------|-------------------------------|---------------------|
| <i>for the year ended 31 December 2016</i> | €'000 | €'000 | €'000 | €'000 |
| Gross rental income | 2,615 | 2,315 | 3,553 | 8,483 |
| Service charge income | 122 | 305 | 90 | 517 |
| Property operating expenses | (715) | (725) | (1,068) | (2,508) |
| Net rental and related income | 2,022 | 1,895 | 2,575 | 6,492 |
| Valuation movement on investment properties | 1,217 | (1,942) | (6,710) | (7,435) |
| Operating result | 3,239 | (47) | (4,135) | (943) |
| Share of result of equity accounted investees | (21) | (319) | - | (340) |
| Operating result before corporate expenses, finance expenses & income tax | 3,218 | (366) | (4,135) | (1,283) |
| <i>Reconciliation to result for the year</i> | | | | |
| Administrative expenses | | | | (2,767) |
| Net finance income | | | | 13,929 |
| Net income tax expense | | | | (685) |
| Result for year | | | | 9,194 |

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 40% of its revenue in the current year (2016: 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 2017

| Segment assets | Ireland | UK | Continental Europe | Consolidated |
|--|----------------|---------------|-------------------------------|---------------------|
| | €'000 | €'000 | €'000 | €'000 |
| Investment property | 54,136 | 39,575 | 25,710 | 119,421 |
| Investment in equity accounted investees | 12 | - | 5,466 | 5,478 |
| Trade and other receivables | 412 | 650 | 4,387 | 5,449 |
| | 54,560 | 40,225 | 35,563 | 130,348 |

Reconciliation to total assets as reported in the group balance sheet

| | |
|-------------------------------|----------------|
| Deferred tax asset | - |
| Property, plant and equipment | 6 |
| Cash and cash equivalents | 17,782 |
| Total assets | 148,136 |

| Segment liabilities | Ireland | UK | Continental Europe | Consolidated |
|----------------------------|----------------|---------------|-------------------------------|---------------------|
| | €'000 | €'000 | €'000 | €'000 |
| Loans and borrowings | 35,880 | 36,420 | 8,930 | 81,230 |
| Trade and other payables | 1,922 | 1,244 | 618 | 3,784 |
| | 37,802 | 37,664 | 9,548 | 85,014 |

Reconciliation to total liabilities as reported in the group balance sheet

| | |
|--------------------------|---------------|
| Deferred tax liabilities | 3,256 |
| Total liabilities | 88,270 |

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 2016

| Segment assets | Ireland €'000 | UK €'000 | Continental Europe €'000 | Consolidated €'000 |
|--|------------------|---------------|--------------------------------|-----------------------|
| Investment property (including assets held for sale) | 48,484 | 50,608 | 37,375 | 136,467 |
| Investment in equity accounted investees | 1,827 | (351) | 3,709 | 5,185 |
| Trade and other receivables | 597 | 635 | 874 | 2,106 |
| | <u>50,908</u> | <u>50,892</u> | <u>41,958</u> | <u>143,758</u> |

Reconciliation to total assets as reported in the group balance sheet

| | |
|-------------------------------|-----------------------|
| Deferred tax asset | 112 |
| Property, plant and equipment | 12 |
| Cash and cash equivalents | <u>27,590</u> |
| Total assets | <u><u>171,472</u></u> |

| Segment liabilities | Ireland €'000 | UK €'000 | Continental Europe €'000 | Consolidated €'000 |
|--------------------------|------------------|---------------|--------------------------------|-----------------------|
| Loans and borrowings | 36,656 | 56,360 | 29,793 | 122,809 |
| Trade and other payables | 2,841 | 4,838 | 802 | 8,481 |
| | <u>39,497</u> | <u>61,198</u> | <u>30,595</u> | <u>131,290</u> |

Reconciliation to total liabilities as reported in the group balance sheet

| | |
|--------------------------|-----------------------|
| Deferred tax liabilities | 3,496 |
| Total liabilities | <u><u>134,786</u></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:

| 2017 | Ireland | UK | Continental Europe | Total |
|----------------------|----------------|---------------|-------------------------------|----------------|
| | €'000 | €'000 | €'000 | €'000 |
| Industrial/warehouse | 42,551 | 16,528 | 17,730 | 76,809 |
| Office | 7,185 | 14,160 | 7,980 | 29,325 |
| Mixed use land | 4,400 | 8,887 | - | 13,287 |
| Total | 54,136 | 39,575 | 25,710 | 119,421 |

| 2016 | Ireland | UK | Continental Europe | Total |
|----------------------|----------------|---------------|-------------------------------|----------------|
| | €'000 | €'000 | €'000 | €'000 |
| Industrial/warehouse | 37,499 | 21,024 | 17,000 | 75,523 |
| Office | 6,935 | 14,604 | 20,375 | 41,914 |
| Mixed use land | 4,050 | 14,980 | - | 19,030 |
| Total | 48,484 | 50,608 | 37,375 | 136,467 |

Balmoral International Land Holdings plc

Notes to the consolidated financial statements (continued)

3 Gross rental income

| | 2017 €'000 | 2016 €'000 |
|--|---------------|---------------|
| Gross lease payments collected/accrued | 8,054 | 8,483 |
| Service charge income | 357 | 517 |
| | <u>8,411</u> | <u>9,000</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 2017</i> | | | |
| Service charge income | - | 357 | 357 |
| Property operating expense | (489) | (1,856) | (2,345) |
| | <u>(489)</u> | <u>(1,499)</u> | <u>(1,988)</u> |
| <i>Year ended 31 December 2016</i> | | | |
| Service charge income | - | 517 | 517 |
| Property operating expense | (585) | (1,923) | (2,508) |
| | <u>(585)</u> | <u>(1,406)</u> | <u>(1,991)</u> |

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

Property operating expense

| | 2017 €'000 | 2016 €'000 |
|---|---------------|---------------|
| Property taxes, fees, rates and ground rent | 718 | 539 |
| Utilities and waste management | 104 | 80 |
| Management, security and insurance | 851 | 706 |
| Property maintenance and repairs | 886 | 1,319 |
| Reversal of provision for impairment of trade receivables | (214) | (136) |
| Total property operating expenses | <u>2,345</u> | <u>2,508</u> |

5 Net property valuation movement

| | 2017 €'000 | 2016 €'000 |
|---------------------------------|---------------|----------------|
| Net property valuation movement | <u>12,219</u> | <u>(7,435)</u> |

Balmoral International Land Holdings plc

Notes to the consolidated financial statements (continued)

5 Net property valuation movement (continued)

| | 2017 €'000 | 2016 €'000 |
|---|---------------|----------------|
| Fair value movement on properties - Ireland | 5,611 | (998) |
| Fair value movement on properties - UK | 6,918 | 10,002 |
| Fair value movement on properties - Europe | 4,719 | (6,710) |
| Foreign currency exchange movement on UK properties | (1,695) | (10,045) |
| Overage payment | (2,316) | - |
| Disposal costs | (1,018) | (374) |
| Reversal of provision for additional consideration | - | 690 |
| Net property valuation movement in year | <u>12,219</u> | <u>(7,435)</u> |

6 Administration expenses

| | 2017 €'000 | 2016 €'000 |
|--|---------------|---------------|
| <i>Continuing</i> | | |
| Remuneration and related expenditure (a) | 2,311 | 2,006 |
| Non-executive directors' fees | 74 | 103 |
| Property related professional fees | 25 | 26 |
| Other professional fees | 441 | 298 |
| Office, travel and administration | 160 | 145 |
| Corporate expenses | 311 | 189 |
| | <u>3,322</u> | <u>2,767</u> |

Non – recurring

| | | |
|-------------------------|------------|----------|
| Other professional fees | <u>191</u> | <u>-</u> |
|-------------------------|------------|----------|

| | | |
|-------------------------------|--------------|--------------|
| Total administration expenses | <u>3,513</u> | <u>2,767</u> |
|-------------------------------|--------------|--------------|

(a) Staff numbers and costs

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

| | 2017 | 2016 |
|---|-----------|-----------|
| Corporate management and administration | <u>10</u> | <u>10</u> |

The aggregate payroll costs of these persons for the years ended 31 December 2017 and 31 December 2016 were as follows:

| | 2017 €'000 | 2016 €'000 |
|---|---------------|---------------|
| <i>Continuing</i> | | |
| Wages and salaries | 2,055 | 1,745 |
| Share-based payment charge | 61 | 44 |
| Contributions to retirement benefit plans | 28 | 75 |
| Social security contributions | 167 | 142 |
| | <u>2,311</u> | <u>2,006</u> |

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:

| | 2017 €'000 | 2016 €'000 |
|--|---------------|---------------|
| Depreciation on property, plant and equipment | 8 | 7 |
| Auditor's remuneration: | | |
| - Audit of company and group financial statements | 55 | 52 |
| - Audit of subsidiary financial statements | 45 | 21 |
| - Other assurance services | 4 | 27 |
| - Tax advisory | 172 | 123 |
| - Other non-audit services | 105 | 9 |
| Operating leases - office buildings | 128 | 116 |
| Operating leases - ground rents | 35 | 37 |
| Executive and non-executive directors' remuneration: | | |
| - fees | 74 | 102 |
| - other remuneration – continuing | 1,286 | 1,006 |
| - share-based payment charge | 61 | 44 |

8 Net finance income

| | 2017 €'000 | 2016 €'000 |
|--|----------------|----------------|
| Interest receivable on bank deposits | 5 | 25 |
| Net fair value adjustment of debt | - | 6,386 |
| Reversal of provisions relating to bank guarantee | 897 | - |
| Foreign currency translation gain on borrowings | 1,823 | 12,222 |
| Foreign currency translation gain on other monetary assets and liabilities | 6 | 318 |
| | 2,731 | 18,951 |
| Foreign currency loss on cash and cash equivalents | (246) | (1,954) |
| Foreign currency loss on other monetary assets and liabilities | (8) | - |
| Interest payable on borrowings | (1,631) | (3,050) |
| Other finance expense | (6) | (18) |
| Finance expense | (1,891) | (5,022) |
| Net finance income | 840 | 13,929 |

Balmoral International Land Holdings plc

Notes to the consolidated financial statements *(continued)*

9 Income tax expense/(credit)

| | 2017 €'000 | 2016 €'000 |
|--|-----------------------|-----------------------|
| <i>Current tax expense</i> | | |
| Corporation tax on result for the year: | | |
| <i>Current year</i> | | |
| - Overseas | 52 | 435 |
| <i>Adjustment in respect of prior year</i> | | |
| - Overseas | 17 | 4 |
| Total current tax expense | 69 | 439 |
| <i>Deferred tax (credit)/expense</i> | | |
| Origination and reversal of temporary differences | 288 | 246 |
| Adjustment in respect of prior periods | (416) | - |
| Total deferred tax /(credit)/expense | (128) | 246 |
| Total income tax (credit)/expense | (59) | 685 |
| Reconciliation of effective tax rate | 2017 €'000 | 2016 €'000 |
| Result before tax | 23,048 | 9,879 |
| Less: share of result of equity accounted investees | (7,436) | 340 |
| | 15,612 | 10,219 |
| Income tax using domestic corporation tax rate (25%) | 3,903 | 2,555 |
| Difference between expenses and deductions for taxation purposes and amounts charged in the financial statements | (3,598) | (1,628) |
| Unrecognised deferred tax assets | 292 | 856 |
| Difference in tax rates | (103) | (164) |
| Additional tax allowance | (156) | (940) |
| Other items | 2 | 10 |
| Adjustment in respect of prior year | (399) | (4) |
| | (59) | 685 |

Balmoral International Land Holdings plc

Notes to the consolidated financial statements (continued)

10 Investment property

| | 2017 €'000 | 2016 €'000 |
|-----------------------------------|-----------------------|-----------------------|
| Non-current assets | | |
| Investment properties | 119,421 | 136,467 |
| Non-current assets | 2017 €'000 | 2016 €'000 |
| Balance at beginning of the year | 136,467 | 165,388 |
| Additions in the year | 250 | 666 |
| Disposals of property in the year | (32,849) | (21,836) |
| Fair value movement | 17,248 | 2,294 |
| Foreign currency movement | (1,695) | (10,045) |
| Balance at end of the year | 119,421 | 136,467 |

The movements in fair value, including the foreign currency movement, are categorised as level 3 under IFRS 13 *Fair Value Measurement* 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 is determined by the directors having regard to recent market transactions and market rents for similar properties in the same location, where such information was available, and specific economic and property issues.

The directors relied, inter alia, on valuations undertaken by external independent professional property appraisers who have appropriate recognised professional qualifications and recent experience in the locations and categories of the property being valued. For the current and the previous year, management using their own qualifications, experience and knowledge of the group's properties reviewed these valuations and concluded that the potential impact of "Brexit" and related uncertainties were not reflected in the valuations of the external appraisers. In arriving at fair value, the directors used management's assessment to make appropriate adjustments to certain individual asset values to reflect the market risk associated with this issue.

In 2016, the fair value of the Dutch properties was measured under IAS 40 *Investment Property* to match the fair value recognition of the ring-fenced debt relating to these properties. This debt was settled in 2017.

Summary of measurement of fair value of investment property

| | 2017 €'000 | 2016 €'000 |
|---|----------------|---------------|
| External independent professional property appraisers | 124,181 | 103,940 |
| Internal directors valuation | - | 17,000 |
| IAS 40 fair value recognition | - | 20,375 |
| Adjustment for market risk due to "Brexit" | (4,760) | (4,848) |
| | 119,421 | 136,467 |

Balmoral International Land Holdings plc

Notes to the consolidated financial statements *(continued)*

10 Investment property *(continued)*

Measurements of fair value *(continued)*

The fair value measurement for investment property of €119.4 million (2016: €136.5 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 Rental Value per square metre and equivalent yield % is used for properties held for letting to third parties.

Analysis of carrying value by valuation technique

| | 2017 €'000 | 2016 €'000 |
|--|----------------|----------------|
| Comparable market transactions - Land held for sale or development | 13,287 | 24,017 |
| Comparable market transactions - Properties held for letting | 106,134 | 112,450 |
| | 119,421 | 136,467 |

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 valuations prepared by property professional appraisers and the knowledge, expertise and judgement of management and their advices to the directors.

The principal property professional appraisers to the group are for Ireland - Lisney; UK - Lambert Smith Hampton and Continental Europe - Savills Taxaties and CBRE.

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)*

10 Investment property *(continued)*

| Valuation technique | Significant unobservable inputs | Inter-relationship between key unobservable inputs and fair value measurement |
|---|--|---|
| <i>Comparable market transactions - Land held for sale or development</i> | | |
| The value is based on comparable market transactions after discussions with external property appraisers. | <p>Ireland</p> <ul style="list-style-type: none"> Comparable market prices of €14,000 - €271,000 per acre (2016: €12,900 - €250,000 per acre) (weighted average €28,000 per acre (2016: €26,000 per acre)) <p>UK</p> <ul style="list-style-type: none"> Comparable market prices of £7,000 - £368,000 per acre (2016: £22,000- £364,000 per acre) (weighted average £19,000 per acre (2016: £39,000 per acre)) | <p>The estimated fair value would increase/(decrease) if:</p> <ul style="list-style-type: none"> Comparable market values were higher/(lower) |
| <i>Comparable market transactions - Properties held for letting</i> | | |
| This valuation model considers the estimated total net market rental value per square metre of the property and a capitalisation. | <p>Ireland</p> <ul style="list-style-type: none"> Net market rental income of €2.56 - €29.94 per sq. ft. per annum (2016: €2.84 - €18.82 per sq. ft. per annum) (weighted average of €4.60 per sq. ft. (2016: €4.70 per sq. ft.)) Capitalisation yields of 2.9% - 17.5% (2016: 4.8% - 17.5%) (weighted average 8.3% (2016: 9.0%)) <p>UK</p> <ul style="list-style-type: none"> Net market rental income of £2.20 - £13.75 per sq. ft. per annum (2016: £2.20 - £13.75 per sq. ft. per annum) (weighted average of £6.05 per sq. ft. (2016: £6.10 per sq. ft.)) Capitalisation yields of 8.6% - 14.7% (2016: 8.8% - 14.5%) (weighted average 9.8% (2016: 10.2%)) <p>Continental Europe</p> <ul style="list-style-type: none"> Net market rental income of €67 - €146 per sq. m. per annum (2016: €71 - €150 per sq. m. per annum) (weighted average of €90 per sq. m. (2016: €105 per sq. m.)) Capitalisation yields of 8.7% - 17.6% (2016: 9.3% - 13.1%) (weighted average 11.5% (2016: 12.8%)) | <p>The estimated fair value would increase/(decrease) if:</p> <ul style="list-style-type: none"> Expected market rental income was higher/(lower) Capitalisation yields were (higher)/lower |

Balmoral International Land Holdings plc

Notes to the consolidated financial statements *(continued)*

11 Property, plant and equipment

Year ended 31 December 2017

| | Computer equipment €'000 | Fixtures & fittings €'000 | Total €'000 |
|-----------------------|--------------------------------|---------------------------------|----------------|
| Cost | | | |
| At beginning of year | 51 | 142 | 193 |
| Additions in year | 2 | - | 2 |
| Cost at end of year | 53 | 142 | 195 |
| Depreciation | | | |
| At beginning of year | 48 | 133 | 181 |
| Charge for year | 4 | 4 | 8 |
| At end of year | 52 | 137 | 189 |
| Net book value | | | |
| At 31 December 2017 | 1 | 5 | 6 |

Year ended 31 December 2016

| | Computer equipment €'000 | Fixtures & fittings €'000 | Total €'000 |
|------------------------------|--------------------------------|---------------------------------|----------------|
| Cost | | | |
| At beginning and end of year | 51 | 140 | 191 |
| Additions in year | - | 2 | 2 |
| Cost at end of year | 51 | 142 | 193 |
| Depreciation | | | |
| At beginning of year | 45 | 129 | 174 |
| Charge for year | 3 | 4 | 7 |
| At end of year | 48 | 133 | 181 |
| Net book value | | | |
| At 31 December 2016 | 3 | 9 | 12 |

Balmoral International Land Holdings plc

Notes to the consolidated financial statements *(continued)*

12 Investments in equity accounted investees

| At 31 December 2017 | Equity €'000 | Loans €'000 | Total €'000 |
|--------------------------------------|-------------------------|------------------------|------------------------|
| Balance at the beginning of the year | 1,728 | 3,457 | 5,185 |
| Repayment/(investment) in year | 75 | (167) | (92) |
| Disposals in year | (7,063) | - | (7,063) |
| Share of result after taxation | 5,260 | 2,176 | 7,436 |
| Currency translation adjustments | - | 12 | 12 |
| At end of year | - | 5,478 | 5,478 |

Comprised of:

| | | | |
|-------------------------------|---|-------|-------|
| Investments in joint ventures | - | 5,478 | 5,478 |
|-------------------------------|---|-------|-------|

| At 31 December 2016 | Equity €'000 | Loans €'000 | Total €'000 |
|--------------------------------------|-------------------------|------------------------|------------------------|
| Balance at the beginning of the year | 2,108 | 3,795 | 5,903 |
| (Provision) investment in year | (405) | 35 | (370) |
| Disposals in year | - | (8) | (8) |
| Share of result after taxation | 25 | (365) | (340) |
| At end of year | 1,728 | 3,457 | 5,185 |

Comprised of:

| | | | |
|-------------------------------|-------|-------|-------|
| Investments in joint ventures | 1,728 | 3,457 | 5,185 |
|-------------------------------|-------|-------|-------|

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 classifies such entities as joint ventures.

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 2017

| | Operating result before movement on investment properties | Movement on investment properties and other | Reclassification of currency reserve on disposal | Result for year |
|--------------------|--|--|---|----------------------------|
| | €'000 | €'000 | €'000 | €'000 |
| Ireland | - | 5,356 | - | 5,356 |
| UK | - | 339 | - | 339 |
| Continental Europe | - | 1,741 | - | 1,741 |
| Total | - | 7,436 | - | 7,436 |

Income statement for the year ended 31 December 2016

| | Operating result before movement on investment properties | Movement on investment properties and other | Reclassification of currency reserve on disposal | Result for year |
|--------------------|--|--|---|----------------------------|
| | €'000 | €'000 | €'000 | €'000 |
| Ireland | - | (21) | - | (21) |
| UK | - | (319) | - | (319) |
| Continental Europe | - | - | - | - |
| Total | - | (340) | - | (340) |

The group's share of the trading results of our material joint venture amounted to €Nil (2016: €nil) and the group's share of the results after investment property valuation movements was €Nil (2016: €Nil).

The group holds 50% interests in Knockumber, Tilder and Rolat Limited. In 2017, these entities disposed of property investments and other interests, from which Balmoral received a total of €7,298,000 in 2017.

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 2017

| | Investment & development properties at valuation €'000 | Cash and other assets €'000 | Borrowings €'000 | Other liabilities €'000 | Adjustment* €'000 | Total net assets €'000 |
|-----------------------|---|--|-----------------------------|--|------------------------------|---------------------------------------|
| Ireland | - | 98 | - | (50) | (36) | 12 |
| Continental Europe | 16,135 | 1,109 | (11,456) | (322) | - | 5,466 |
| Total | 16,135 | 1,207 | (11,456) | (372) | (36) | 5,478 |

Share of equity accounted investees' assets and liabilities as at 31 December 2016

| | Investment & development properties at valuation €'000 | Cash and other assets €'000 | Borrowings €'000 | Other liabilities €'000 | Adjustment* €'000 | Total net assets/ (liabilities) €'000 |
|-----------------------|---|--|-----------------------------|--|------------------------------|--|
| Ireland | 1,700 | 103 | - | (29) | 52 | 1,826 |
| UK | - | - | - | (350) | - | (350) |
| Continental Europe | 16,005 | 978 | (11,456) | (738) | (1,080) | 3,709 |
| Total | 17,705 | 1,081 | (11,456) | (1,117) | (1,028) | 5,185 |

*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.

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

| | 2017 €'000 | 2016 €'000 |
|-----------------------------|---------------|---------------|
| Trade and other receivables | 4,098 | 553 |
| Prepayments | 1,351 | 1,553 |
| | 5,449 | 2,106 |

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

| | 2017 €'000 | 2016 €'000 |
|--|---------------|---------------|
| Bank current balances | 17,599 | 23,278 |
| Bank deposit balances | 183 | 4,312 |
| Cash and cash equivalents in the statement of cash flows | 17,782 | 27,590 |

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

| | 2017 €'000 | 2016 €'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 | 1,000 | 1,000 |

The holders of ordinary shares are entitled to one vote per share at meetings of the company and entitled to receive dividends as declared from time to time. 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 entitle the shareholder to a return of capital, on a winding up or otherwise, of the nominal value paid up on the shares.

Balmoral International Land Holdings plc

Notes to the consolidated financial statements (continued)

15 Capital and reserves (continued)

Issued share capital

| | 2017 '000 | 2017 €'000 | 2016 '000 | 2016 €'000 |
|---|----------------|---------------|--------------|---------------|
| <i>Non-voting deferred shares of €0.01 each</i> | | | | |
| In issue at beginning and end of year | 3,317 | 33 | 3,317 | 33 |
| <i>Ordinary shares of €0.00001 each</i> | | | | |
| In issue at beginning of year | 777,687 | 8 | 583,265 | 6 |
| Share issue in year | - | - | 194,422 | 2 |
| In issue at end of year | 777,687 | 8 | 777,687 | 8 |
| Total issued share capital (€'000) | | 41 | | 41 |

Share premium

In December 2016, the company raised €7,776,865 of additional equity, by placing 194,421,636 ordinary shares at 4 cent per share. The difference arising between the cash raised and nominal value of the shares issued of €1,944 is accounted for as share premium of €7,774,921.

Other reserves

| | 2017 €'000 | 2016 €'000 |
|------------------------------|---------------|---------------|
| Retained earnings | (155,118) | (178,079) |
| Share-based payment reserve | 114 | 53 |
| Currency translation reserve | 12 | - |
| Reorganisation reserve | 206,879 | 206,879 |
| | 51,887 | 28,853 |

Share-based payment reserve

This reserve comprises amounts expensed in the income statement in connection with share option grants less any exercises of such share options. See note 17 to the consolidated financial statements for further information.

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 have been reclassified into the income statement upon disposal of the related investments.

Balmoral International Land Holdings plc

Notes to the consolidated financial statements (continued)

15 Capital and reserves (continued)

Reorganisation reserve

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. The reorganisation reserve of €206,878,500 comprised 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.

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 financial position. 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.

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 secured 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.

| | 2017 €'000 | 2016 €'000 |
|--------------------------------|-----------------------------|---------------|
| Non-current liabilities | | |
| Secured bank loans | 72,301 | 101,063 |
| Other payables | 571 | 560 |
| | 72,872 | 101,623 |
| Current liabilities | | |
| Secured bank loans | 8,358 | 21,186 |
| | 8,358 | 21,186 |

Included within current liabilities above at 31 December 2016 is €20,375,000 of loans held at fair value. This loan was settled in 2017.

Balmoral International Land Holdings plc

Notes to the consolidated financial statements (continued)

16 Loans and borrowings (continued)

The movement on the loans held at fair value in the year was as follows:

Movement on loans held at fair value:

| | 2017 €'000 | 2016 €'000 |
|--|---------------|---------------|
| Opening value of modified loan as at 1 January | 20,375 | 26,800 |
| Other movements | - | 286 |
| Fair value adjustment in period | - | (6,211) |
| Repayments in year | (20,375) | (500) |
| Balance at 31 December | - | 20,375 |

In 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 was provided on a non-recourse basis and was secured on certain Dutch property and other assets. As the new debt was ring-fenced to these assets, the company elected, as permitted under IAS 39 *Financial Instruments: Recognition and Measurement*, 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. This loan was settled in 2017.

All other loans are recorded at amortised cost.

Terms and debt repayment schedule

| | 2017 €'000 | 2016 €'000 |
|---|---------------|----------------|
| Repayable by instalments: | | |
| Repayable within 1 year | 375 | 811 |
| Repayable within 2 years | - | 311 |
| Repayable after 2 years | - | 1,401 |
| Repayable other than by instalments: | | |
| Repayable within 1 year | 7,983 | 20,375 |
| Repayable within 2 years | 6,850 | 14,811 |
| Repayable after 2 years | 65,451 | 84,540 |
| Total | 80,659 | 122,249 |

Balmoral International Land Holdings plc

Notes to the consolidated financial statements (continued)

16 Loans and borrowings (continued)

Variable rate bank loans incur interest based on interbank market rates plus an agreed margin. The maximum amount due per the bank agreements is €80,659,000 (2016: €141,732,000). In 2016, certain loans were carried at fair value, thus the carrying value of loans and borrowings in the 2016 balance sheet were lower than this maximum amount. The borrowings are:

- (a) In September 2015, the group agreed a renewal and extension with the provider of the general corporate facility. As at 31 December 2017, bank loans of €72,301,000 (2016: €90,991,000) are guaranteed by certain nominated subsidiaries and are subject to a specified cumulative repayment covenant that will be tested annually to December 2019. This bank has security over, inter alia, all property in the UK and Ireland. The loans under this facility as at 31 December 2017 were as follows: euro denominated €35,880,000 (2016: €36,656,000) and sterling denominated £32,312,000 (2016: £46,521,000). Interest payable on the euro interest bearing tranche is at Euribor plus a margin. Interest payable on the sterling interest bearing tranche is at Libor plus a margin.
- (b) A secured bank loan of €8,358,000 (2016: €8,858,000) 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 October 2018. Interest is payable at Euribor plus a margin.
- (c) In June 2017, the bank loan secured by certain investment properties in the Netherlands was discharged in full from equity raised in December 2016 and new borrowings. The new borrowings, drawn down on 2 June 2017, were interest-bearing at 9%, with flexible repayment conditions for an initial period of twelve months. They were settled from the proceeds arising from the sale of two of the group's properties in the Netherlands and were fully repaid on 3 December 2017. These loans had the benefit of the pre-existing security package. The terms and conditions of these loans were competitive relative to available comparable financing.
- (d) A loan denominated in sterling, secured by certain lands in Scotland and by a guarantee from Balmoral International Land Limited, drawn down by a subsidiary, was repaid in full in December 2017 from proceeds arising from the sale of a part of the lands that the subsidiary has an interest in. The principal outstanding on this loan at 31 December 2016 was €2,024,000.

Changes in liabilities arising from financing activities

| | At 01.01.2017 | Cash flow | Foreign currency movement | Transfer | Fair value movement | At 31.012.2017 |
|-------------------------|----------------|-----------------|---------------------------------|----------|------------------------|-------------------|
| | €'000 | €'000 | €'000 | €'000 | €'000 | €'000 |
| Non-current liabilities | 101,623 | (19,074) | (1,819) | (7,858) | - | 72,872 |
| Current liabilities | 21,186 | (20,682) | (4) | 7,858 | - | 8,358 |
| Total | 122,809 | (39,756) | (1,823) | - | - | 81,230 |

Balmoral International Land Holdings plc

Notes to the consolidated financial statements *(continued)*

16 Loans and borrowings *(continued)*

| | At 01.01.2016 | Cash flow | Foreign currency movement | Transfer | Fair value movement | At 31.012.2016 |
|-------------------------|----------------|-----------------|---------------------------------|----------|------------------------|-------------------|
| | €'000 | €'000 | €'000 | €'000 | €'000 | €'000 |
| Non-current liabilities | 155,207 | (23,187) | (12,169) | (12,017) | (6,211) | 101,623 |
| Current liabilities | 9,846 | (625) | (52) | 12,017 | - | 21,186 |
| Total | 165,053 | (23,812) | (12,221) | - | (6,211) | 122,809 |

17 Employee benefits

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 2017 as disclosed in note 6 to the consolidated financial statements.

Share-based payments

The group established a long term incentive plan (LTIP) in October 2015, which entitles executive directors and management to purchase shares in Balmoral International Land Holdings plc. In accordance with the rules of the LTIP, the options granted are exercisable at the weighted average share price on the grey market for the 3 weeks to 20 October 2015.

On 28 October 2015, options were granted over 22,435,896 ordinary shares at an exercise price of €0.0234 per share, with an expiry date of 28 October 2022.

The share options granted only vest when the net asset value per share of the company as shown in the company's financial statements for financial year ending 31 December 2018, or any of the three subsequent years, equals or exceeds €0.05 per share. The options cannot be exercised before 1 May 2019.

The fair value of the services received in return for the share options granted is measured by reference to the fair value of the share options at the date of the grant. The estimate of the fair value of the options granted during the year was measured based on a binomial lattice model. The contractual life of the options, which is seven years, is used as an input in this model. Expectations of early exercise are incorporated into the binomial lattice model and are reflected in the assumptions.

Balmoral International Land Holdings plc

Notes to the consolidated financial statements *(continued)*

17 Employee benefits *(continued)*

Share-based payments (continued)

The assumptions used in the binomial lattice model for calculating the fair value of the options granted during 2015 were as follows:

| | |
|---------------------------------|---------|
| Fair value at measurement date | €0.0080 |
| Weighted average exercise price | €0.0234 |
| Expected volatility | 34% |
| Option life | 7 years |
| Expected dividend yield | 0.00% |
| Risk-free interest rate | 0.078% |

The expected volatility and option life are expressed as weighted averages used in modelling in the binomial lattice model. The expected volatility is based on the historic volatility of quoted companies considered to be similar in nature to Balmoral.

The weighted average market price of the shares for the three weeks to 20 October 2015 was €0.0234. The market price of the company's shares at 31 December 2017 was €0.0500 and the range during 2017 was €0.0450 to €0.0600. The total expense for share options recognised in the income statement was €61,000 (2016: €44,000).

18 Trade and other payables

| | 2017 €'000 | 2016 €'000 |
|------------------------------------|---------------|---------------|
| Trade and other payables | 282 | 51 |
| Accruals | 1,781 | 3,674 |
| Deferred income | 871 | 517 |
| Other taxation and social security | 850 | 4,239 |
| | 3,784 | 8,481 |

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 2017

| | Liabilities | Assets |
|---------------------------------------|---------------------|---------------|
| | 2017 | 2017 |
| | €'000 | €'000 |
| Investment property revaluation gains | 3,195 | - |
| Tax value of accrued rental income | 61 | - |
| Tax liabilities/(assets) | <u>3,256</u> | <u>-</u> |
| Net tax liabilities | <u><u>3,256</u></u> | |

At 31 December 2016

| | Liabilities | Assets |
|---------------------------------------|---------------------|---------------|
| | 2016 | 2016 |
| | €'000 | €'000 |
| Investment property revaluation gains | 3,339 | - |
| Tax value of losses carried forward | - | (112) |
| Tax value of accrued rental income | 157 | - |
| Tax liabilities/(assets) | <u>3,496</u> | <u>(112)</u> |
| Net tax liabilities | <u><u>3,384</u></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:

| | 2017 €'000 | 2016 €'000 |
|----------------------------------|-----------------------------|---------------|
| Deductible temporary differences | 27,003 | 26,783 |
| | 27,003 | 26,783 |

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 2017

| | Balance at beginning of year €'000 | Recognised in income €'000 | Balance at end of year €'000 |
|-------------------------------------|---|---|---|
| Investment property gain | 3,339 | (144) | 3,195 |
| Tax value of losses carried forward | (112) | 112 | - |
| Tax value of accrued rental income | 157 | (96) | 61 |
| | 3,384 | (128) | 3,256 |

Movement in temporary differences during the year ended 31 December 2016

| | Balance at beginning of year €'000 | Recognised in income €'000 | Balance at end of year €'000 |
|-------------------------------------|---|---|---|
| Investment property gain | 3,404 | (65) | 3,339 |
| Tax value of losses carried forward | (448) | 336 | (112) |
| Tax value of accrued rental income | 182 | (25) | 157 |
| | 3,138 | 246 | 3,384 |

Balmoral International Land Holdings plc

Notes to the consolidated financial statements *(continued)*

20 Results per share

Basic result per share

The calculations of basic result per share for the year ended 31 December 2017 and 31 December 2016 are 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:

| | 2017 €'000 | 2016 €'000 |
|---|-------------------------------|---------------|
| Result attributable to equity shareholders | 22,961 | 9,159 |
| | 2017 | 2016 |
| | <i>In thousands of shares</i> | |
| Shares in issue at beginning of year | 777,687 | 583,265 |
| New shares issued (weighted average) | - | 5,327 |
| Weighted average number of ordinary shares outstanding at end of year | 777,687 | 588,592 |
| Basic result per share (euro cent) | 2.95 | 1.56 |

Diluted result per share

The calculations of diluted result per share for the years ended 31 December 2017 and 31 December 2016 are based on the result attributable to equity shareholders in the year divided by the weighted average number of equity shares and options with a dilutive effect outstanding during the year.

| | 2017 €'000 | 2016 €'000 |
|---|-------------------------------|---------------|
| Result attributable to equity shareholders | 22,961 | 9,159 |
| | 2017 | 2016 |
| | <i>In thousands of shares</i> | |
| Weighted average number of ordinary shares outstanding at end of year | 777,687 | 588,592 |
| Share options with a dilutive effect | 22,436 | 22,436 |
| | 800,123 | 611,028 |
| Diluted result per share (euro cent) | 2.87 | 1.50 |

Balmoral International Land Holdings plc

Notes to the consolidated financial statements *(continued)*

21 Net asset value per share

The calculations of net asset value per share at 31 December 2017 and 31 December 2016 are based upon the total equity attributable to the shareholders of the company at 31 December 2017 and 31 December 2016 and the number of ordinary shares outstanding at 31 December 2017 and 31 December 2016 as follows:

| | 2017 €'000 | 2016 €'000 |
|---|--|---------------|
| Total equity attributable to shareholders of company | 59,703 | 36,669 |
| | 2017 <i>In thousands of shares</i> | 2016 |
| Total number of ordinary shares outstanding at year end | 777,687 | 777,687 |
| Net asset value per share (euro cent) | 7.68 | 4.72 |

22 Leases

In accordance with IAS 40, property interests held under operating leases are classified and accounted for as 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 interests held under an operating lease classified as investment properties are carried at fair value. At 31 December 2017, the market value of land and property assets held under operating leases classified as investment property was €23,458,000 (2016: €22,784,000). 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 1.5 years (2016: 3 years). The future aggregate minimum rentals receivable under non-cancellable operating leases are as follows:

| | 2017 €'000 | 2016 €'000 |
|----------------------------|-----------------------------|---------------|
| Less than one year | 7,209 | 7,224 |
| Between one and five years | 11,443 | 12,988 |
| More than five years | 5,658 | 8,591 |
| | 24,310 | 28,803 |

Balmoral International Land Holdings plc

Notes to the consolidated financial statements *(continued)*

22 Leases *(continued)*

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 56 years to 978 years. The total amounts due under these operating lease agreements are as follows:

| | Minimum lease payments | Minimum lease payments |
|------------------------|-----------------------------------|---------------------------|
| | 2017 | 2016 |
| | €'000 | €'000 |
| Less than one year | 28 | 29 |
| From one to five years | 110 | 114 |
| From five to 25 years | 552 | 571 |
| After 25 years | 1,572 | 1,635 |
| | 2,262 | 2,349 |

The present value of future lease payments is €237,000 for the group (2016: €245,000), discounted at 6% per annum (2016: 6%), which was the weighted average effective yield of the leases at their acquisition.

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. 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.

Balmoral International Land Holdings plc

Notes to the consolidated financial statements *(continued)*

23 Financial instruments *(continued)*

Interest rate profile

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

| | Carrying Amount 2017 €'000 | Carrying Amount 2016 €'000 |
|----------------------------------|---|---|
| Variable rate instruments | | |
| Cash and cash equivalents | 183 | 4,311 |
| Financial liabilities | (15,209) | (54,951) |
| | (15,026) | (50,640) |

Fair value sensitivity analysis for fixed rate instruments

As at 31 December 2017, 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 2016.

| | Profit or loss 100 bp increase €'000 | Profit or loss 100 bp decrease €'000 | Other equity 100 bp increase €'000 | Other equity 100 bp decrease €'000 |
|---------------------------|---|---|---|---|
| 31 December 2017 | | | | |
| Cash and cash equivalents | 22 | (22) | - | - |
| Financial liabilities | (369) | 369 | - | - |
| Cash flow sensitivity | (347) | 347 | - | - |
| 31 December 2016 | | | | |
| Cash and cash equivalents | 61 | (61) | - | - |
| Financial liabilities | (759) | 759 | - | - |
| Cash flow sensitivity | (698) | 698 | - | - |

Balmoral International Land Holdings plc

Notes to the consolidated financial statements *(continued)*

23 Financial instruments *(continued)*

Foreign currency risk

The group operates in sterling and euro and has significant property assets in the UK 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 2017 | 31 December 2016 |
|-------------------------------------|------------------|------------------|
| | Stg £'000 | Stg £'000 |
| Trade and other receivables | 3,818 | 545 |
| Cash and cash equivalents | 7,358 | 11,904 |
| Loans to equity accounted investees | - | 300 |
| Loans and borrowings (see note 16) | (32,312) | (48,254) |
| Trade and other payables | (18) | - |
| Accruals | (509) | (854) |
| Other taxation and social security | (611) | (3,478) |
| Gross balance sheet exposure | (22,274) | (39,837) |
| Add investment property | 35,112 | 43,325 |
| Net balance sheet exposure | 12,838 | 3,488 |
| Gross rental & related income | 1,888 | 1,881 |
| Property outgoings | (560) | (591) |
| Net rental income exposure | 1,328 | 1,290 |
| Net interest expense | (655) | (1,405) |
| Net profit & loss exposure | 673 | (115) |

The following significant exchange rates applied during the year:

| | Spot Rate | | Average Rate | |
|--------|-----------|------|--------------|------|
| | 2017 | 2016 | 2017 | 2016 |
| GBP 1: | 1.13 | 1.17 | 1.15 | 1.24 |

Balmoral International Land Holdings plc

Notes to the consolidated financial statements *(continued)*

23 Financial instruments *(continued)*

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 2016.

| | Other equity €'000 | Profit or loss €'000 |
|-------------------------|--------------------------|----------------------------|
| 31 December 2017 | | |
| GBP | - | (1,447) |
| 31 December 2016 | | |
| GBP | 35 | (373) |

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.

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 group outstanding financial liability obligations, including interest payments:

At 31 December 2017

| Financial liabilities: | Carrying amount €'000 | Contractual cash flows €'000 | 6 months or less €'000 | 6 – 12 months €'000 | 1 – 2 years €'000 | More than 2 years €'000 |
|--|-----------------------------|------------------------------------|------------------------------|---------------------------|-------------------------|----------------------------------|
| Secured loan | 72,301 | 73,261 | 133 | 133 | 7,544 | 65,451 |
| Secured Euro floating loan (subsidiaries) | 8,358 | 8,433 | 325 | 8,108 | - | - |
| Other non-current payables | 571 | 571 | 571 | - | - | - |
| Accruals | 1,544 | 1,544 | 1,544 | - | - | - |
| Finance lease liabilities | 237 | 2,262 | 14 | 14 | 28 | 2,206 |
| Other taxation and social security | 850 | 850 | 850 | - | - | - |
| Trade and other payables | 282 | 282 | 282 | - | - | - |
| Total | 84,143 | 87,203 | 3,719 | 8,255 | 7,572 | 67,657 |

Balmoral International Land Holdings plc

Notes to the consolidated financial statements *(continued)*

23 Financial instruments *(continued)*

Liquidity risk *(continued)*

At 31 December 2016

| Financial liabilities: | Carrying amount | Contractual cash flows | 6 months or less | 6 – 12 months | 1 – 2 years | More than 2 years |
|---|-----------------|------------------------|------------------|---------------|--------------|-------------------|
| | €'000 | €'000 | €'000 | €'000 | €'000 | €'000 |
| Secured loan | 90,992 | 94,082 | 395 | 395 | 1,047 | 92,245 |
| Secured Euro floating loan (subsidiaries) | 29,233 | 50,453 | 41,367 | 657 | 8,429 | - |
| Secured GBP floating note (subsidiaries) | 2,024 | 2,201 | 180 | 180 | 351 | 1,490 |
| Other non-current payables | 561 | 561 | 561 | - | - | - |
| Accruals | 3,429 | 3,429 | 3,429 | - | - | - |
| Finance lease liabilities | 245 | 2,349 | 14 | 15 | 29 | 2,291 |
| Other taxation and social security | 4,239 | 4,239 | 4,239 | - | - | - |
| Trade and other payables | 51 | 51 | 51 | - | - | - |
| Total | 130,774 | 157,365 | 50,236 | 1,247 | 9,856 | 96,026 |

Credit risk

The group has two significant tenants from which it derived a total of 40% of its revenue in rental income in the current year (2016: 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.

| | Carrying amount | |
|-------------------------------------|-----------------|---------------|
| | 2017 | 2016 |
| | €'000 | €'000 |
| Trade and other receivables | 4,098 | 553 |
| Loans to equity accounted investees | 5,478 | 3,457 |
| Cash and cash equivalents | 17,782 | 27,590 |
| Total | 27,358 | 31,600 |

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

Balmoral International Land Holdings plc

Notes to the consolidated financial statements *(continued)*

23 Financial instruments *(continued)*

Credit risk *(continued)*

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

| | Carrying amount | |
|--------------------|-----------------|---------------|
| | 2017 | 2016 |
| | €'000 | €'000 |
| Ireland | 8,363 | 21,374 |
| Continental Europe | 7,051 | 4,477 |
| United Kingdom | 11,944 | 5,749 |
| Total | 27,358 | 31,600 |

The amount owed by the group's two most significant tenants at 31 December 2017 was €Nil (2016: €Nil).

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

| | Carrying amount | |
|----------------------|-----------------|------------|
| | 2017 | 2016 |
| | €'000 | €'000 |
| Not past due | 3,929 | 456 |
| Past due 0-30 days | 98 | 46 |
| Past due 31-120 days | 8 | 4 |
| Past due >120 days | 63 | 47 |
| Total | 4,098 | 553 |

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

Impairment

During the year, a credit of €214,000 (2016: credit of €136,000) was recognised on reversal of a provision for impairment of trade receivables.

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

Balmoral International Land Holdings plc

Notes to the consolidated financial statements *(continued)*

23 Financial instruments *(continued)*

Fair values

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

| | 31 December 2017 | | 31 December 2016 | |
|--|-----------------------------|------------------------|-----------------------------|------------------------|
| | Carrying Amount €'000 | Fair Value €'000 | Carrying Amount €'000 | Fair Value €'000 |
| <i>Loans and receivables</i> | | | | |
| Trade and other receivables | 4,098 | - | 553 | - |
| Loans to equity accounted investees | 5,478 | - | 3,457 | - |
| <i>Cash and cash equivalents:</i> | | | | |
| GBP current account | 8,205 | - | 9,592 | - |
| GBP deposit | 183 | - | 4,312 | - |
| Euro current account | 9,394 | - | 13,686 | - |
| <i>Other liabilities at amortised cost (all level 3)</i> | | | | |
| <i>Bank loans:</i> | | | | |
| Euro secured loan | (35,880) | - | (36,656) | (31,664) |
| GBP secured loan | (36,421) | - | (54,335) | (49,316) |
| Euro secured floating loan (subsidiaries) | (8,358) | (8,032) | (8,858) | (8,600) |
| GBP secured floating loan (subsidiaries) | - | - | (2,024) | (1,839) |
| Other non-current payables | (571) | - | (560) | - |
| Trade and other payables | (282) | - | (51) | - |
| Finance lease liabilities | (237) | - | (245) | - |
| Accruals | (1,544) | - | (3,429) | - |
| Other taxation and social security | (850) | - | (4,239) | - |
| <i>Loans at fair value through profit and loss (level 3):</i> | | | | |
| Euro floating loan subsidiaries | - | - | (20,375) | (20,375) |

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 rate used was 5%. This rate is an estimated market borrowing rate as at the balance sheet date and does not reflect the group's external borrowing costs which are outlined in note 16 to these financial statements.

Balmoral International Land Holdings plc

Notes to the consolidated financial statements *(continued)*

23 Financial instruments *(continued)*

Fair values *(continued)*

Loans and borrowings measured at fair value

In 2016, certain of the group's loans were carried at fair value as their cash flows were secured solely on cash flows arising from associated investment property assets measured at fair value through profit and loss. In this case, fair value was determined based on third party valuations of the associated assets, adjusted for any other relevant creditor market factors. Key assumptions used in these valuations were expected market rental income and capitalisation of yields (see note 10 to the consolidated financial statements). These loans were settled in 2017.

Sensitivity analysis

An increase/decrease in the value of the underlying investment properties of 1% would increase/decrease the fair value of the loan. The resulting impact on the profit for the period was a decrease/increase of €203,000 in 2016.

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) South East Edinburgh Development Company ("SEEDCo") acquired a substantial parcel of land south of Edinburgh during 2007. Additional consideration may become payable to the vendor when planning consents are received.

25 Capital commitments

At 31 December 2017, the company had no unprovided capital commitments.

Balmoral International Land Holdings plc

Notes to the consolidated financial statements *(continued)*

26 Related parties

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

Transactions with key management personnel

Key management personnel who comprise the executive and non-executive directors of the group received total compensation of €1,421,000 (2016: €1,152,000) for the year ended 31 December 2017. 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:

| | 2017 | 2016 |
|------------------------------|--------------|-------|
| | €’000 | €’000 |
| Short term employee benefits | 1,360 | 1,108 |
| Share-based payment charge | 61 | 44 |
| | 1,421 | 1,152 |

Further details of director compensation are provided in the corporate governance statement on pages 22 and 23.

Other company related party transactions

Fyffes plc

Fyffes plc held a 30% share holding in the company until 29 August 2017. It is therefore considered a related party for the purposes of IAS 24 *Related Party Disclosures*.

Until 29 August 2017, the group recognised the following rental income and expenses with Fyffes plc.

| | 2017 | 2016 |
|---------------------------------|--------------|-------|
| | €’000 | €’000 |
| Rental income & service charges | 1,258 | 1,677 |
| Expenses | 99 | 90 |

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

The amount owed by Fyffes plc at the year-end was €Nil (2016: €Nil) and the amount owed to Fyffes plc was €Nil (2016: €Nil).

Balmoral International Land Holdings plc

Notes to the consolidated financial statements *(continued)*

26 Related parties *(continued)*

Total Produce plc

Total Produce plc and the group have one director (C. McCann) in common and therefore they are considered a related party for the purposes of IAS 24 *Related Party Disclosures*. During the year, the group recognised the following rental income and expenses from transactions with Total Produce plc.

| | 2017 | 2016 |
|---|--------------|-------|
| | €'000 | €'000 |
| Rental income (including service charges) | 1,344 | 1,354 |
| Expenses | 187 | 224 |

Expenses charged by Total Produce plc relate to costs incurred by Total Produce plc on behalf of the group, including recharges in respect of certain 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 €Nil (2016: €Nil) and the amount owed to Total Produce was €16,000 (2016: €64,000).

The group has an investment in a 50:50 joint venture company with Total Produce. Balmoral's investment in this joint venture company in 2017 was €Nil (2016: €17,000). The group share of operating losses of this joint venture in 2017 was €Nil (2016: €17,000). The carrying value of the investment in this joint venture at 31 December 2017 was €Nil (2016: €Nil).

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.

Balmoral International Land Holdings plc

Notes to the consolidated financial statements *(continued)*

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.
- 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 |
|---|----------------------|------------------|---------------------------------|
| [^] Balmoral International Land No1 Ltd | 1 | 100 | Holding company |
| Balmoral International Land Ltd | 6 | 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 |
| Vida Properties Limited | 1 | 100 | Holding company |
| BL Balmoral Ltd | 2 | 100 | Property investment |
| Balmoral Land Brickhill Ltd | 2 | 100 | Property investment |
| Balmoral Land Continental Ltd | 2 | 100 | Investment holding company |
| Balmoral NLF Ltd | 2 | 100 | Finance holding company |
| BL St. Albans Ltd | 2 | 100 | Property investment |
| Balmoral Land Jersey Ltd | 2 | 100 | Investment holding company |
| Overton Farm Development Ltd | 7 | 100 | Property development company |
| BL West Farm Commercial Ltd | 7 | 100 | Property development company |
| BL West Farm Residential Ltd | 7 | 100 | Property development company |
| Balmoral International Land UK Ltd | 3 | 100 | Property management |
| South East Edinburgh Development Company Ltd | 7 | 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 |
| [#] Afaia Sarl | 5 | 90 | Investment holding company |

[^] Denotes subsidiary owned directly by Balmoral International Land Holdings plc.

[#] 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 assets consolidated into the group's balance sheet at 31 December 2017 amounted to €812,000 and the profit for the year then ended consolidated into the group's results amounted to €1,407,000.

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 |
| Duo Capital Sarl | 5 | 50 | Investment holding company |

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) Hoogoorddreef 15, 1101 BA Amsterdam, The Netherlands

5) 16 Allée Marconi, L2120 Luxembourg

6) 1 Stokes Place, St. Stephen's Green, Dublin 2, Ireland

7) 5 South Charlotte Street, Edinburgh, EH2 4AN, 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

There were no post balance sheet events requiring disclosure in the financial statements.

30 Approval of financial statements

These financial statements were approved by the board on 10 May 2018.

Balmoral International Land Holdings plc

Company statement of changes in equity

Attributable to equity holders of the parent

for the year ended 31 December 2017

| | Share capital | Share premium | Retained earnings | Share-based payment reserve | Other reserve | Total equity |
|-----------------------------|------------------|------------------|----------------------|-----------------------------------|------------------|-----------------|
| | €'000 | €'000 | €'000 | €'000 | €'000 | €'000 |
| Balance at 31 December 2016 | 41 | 7,775 | (14,842) | 53 | 24,639 | 17,666 |
| Total comprehensive loss | - | - | (124) | - | - | (124) |
| Share-based payment charge | - | - | - | 61 | - | 61 |
| Balance at 31 December 2017 | 41 | 7,775 | (14,966) | 114 | 24,639 | 17,603 |

Attributable to equity holders of the parent

for the year ended 31 December 2016

| | Share capital | Share premium | Retained earnings | Share-based payment reserve | Other reserve | Total equity |
|-----------------------------|------------------|------------------|----------------------|-----------------------------------|------------------|-----------------|
| | €'000 | €'000 | €'000 | €'000 | €'000 | €'000 |
| Balance at 31 December 2015 | 39 | - | (14,675) | 9 | 24,639 | 10,012 |
| Total comprehensive loss | - | - | (167) | - | - | (167) |
| Share issue | 2 | 7,775 | - | - | - | 7,777 |
| Share-based payment charge | - | - | - | 44 | - | 44 |
| Balance at 31 December 2016 | 41 | 7,775 | (14,842) | 53 | 24,639 | 17,666 |

Balmoral International Land Holdings plc

Company balance sheet

as at 31 December 2017

| | Notes | 2017 €'000 | 2016 €'000 |
|---|-------|---------------|---------------|
| Assets | | | |
| Non-current assets | | | |
| Investment in subsidiary | C | 10,032 | 10,032 |
| Total non-current assets | | 10,032 | 10,032 |
| Current assets | | | |
| Trade and other receivables | E | 7,526 | - |
| Cash and cash equivalents | | 2,748 | 7,977 |
| Total current assets | | 10,274 | 7,977 |
| Total assets | | 20,306 | 18,009 |
| Equity | | | |
| Issued share capital | F | 41 | 41 |
| Reserves | F | 17,562 | 17,625 |
| Total equity - all attributable to equity shareholders | | 17,603 | 17,666 |
| Liabilities | | | |
| Current liabilities | | | |
| Trade and other payables | G | 2,703 | 343 |
| Total current liabilities | | 2,703 | 343 |
| Total liabilities | | 2,703 | 343 |
| Total liabilities and equity | | 20,306 | 18,009 |

On behalf of the board

Carl McCann
Chairman

Catherine Ghose
Finance Director

10 May 2018

Balmoral International Land Holdings plc

Company statement of cash flows

for the year ended 31 December 2017

| | 2017 €'000 | 2016 €'000 |
|--|----------------|---------------|
| Result before tax | (124) | (167) |
| <i>Adjustments for:</i> | | |
| Share-based payment charge | 61 | 44 |
| Operating result before changes in working capital | (63) | (123) |
| Increase in trade and other receivables | (7,526) | - |
| Increase in trade and other payables | 2,360 | 122 |
| Net cash inflow/(outflow) from operating activities | (5,229) | (1) |
| Cash flows from financing activities | | |
| Proceeds from rights issue | - | 7,777 |
| Net cash outflow from financing activities | - | 7,777 |
| Net (decrease)/increase in cash and cash equivalents | (5,229) | 7,776 |
| Cash and cash equivalents at beginning of year | 7,977 | 201 |
| Cash and cash equivalents at end of year | 2,748 | 7,977 |

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 €124,000 (2016: €167,000). 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

| | 2017 €'000 | 2016 €'000 |
|--------------------------------------|---------------|---------------|
| Balance at beginning and end of year | <u>10,032</u> | <u>10,032</u> |

During 2015, as part of a group re-organisation, the company acquired 100% of the issued share capital of its previously indirectly held subsidiary, Balmoral International Land No.1 Limited for a cash consideration of €1. As part of the same group re-organisation, the company disposed of its 100% shareholding in Balmoral International Land Limited (BIL) to its subsidiary Balmoral International Land No. 1 Limited for the consideration of the issue to the company of 1 ordinary share of €1 in Balmoral International Land No. 1 Limited. The carrying value of the investment in BIL at that date was €10,032,000, taking into account a reversal of impairment of the carrying value of this investment of €8,543,000 prior to the reorganisation, to reflect the underlying value of BIL and its subsidiaries.

D) Financial instruments and risk management

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

E) Trade and other receivables

| | 2017 €'000 | 2016 €'000 |
|---------------------------------|---------------|---------------|
| Amounts owed by group companies | <u>7,526</u> | <u>-</u> |

Balmoral International Land Holdings plc

Notes to the company financial statements *(continued)*

F) Share capital and share premium

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

Other reserve

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.

Share-based payment reserve

This reserve comprises amounts expensed in the income statement in connection with share option grants less any exercises of such share options. See note 17 to the consolidated financial statements for further information.

G) Trade and other payables

| | 2017 | 2016 |
|---------------------------------|--------------|-------|
| | €'000 | €'000 |
| Accruals | 71 | 315 |
| Amounts owed to group companies | 2,632 | 28 |
| | 2,703 | 343 |

All amounts above are due within one year.

H) Approval of financial statements

These financial statements were approved by the board on 10 May 2018.

Balmoral International Land Holdings plc

Five year summary of group results

| | Year ended Dec 2017 €m | Year ended Dec 2016 €m | Year ended Dec 2015 €m | Year ended Dec 2014 €m | Year ended Dec 2013 €m |
|--|---------------------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|
| Operating profit before net gain on investment | 2.6 | 3.7 | 3.9 | 5.4 | 5.6 |
| Net property valuation movement | 12.2 | (7.4) | 7.0 | (11.0) | (4.0) |
| Result from operating activities | 14.8 | (3.7) | 10.9 | (5.6) | 1.6 |
| Net finance income/(expense) | 0.8 | 13.9 | (11.5) | 2.6 | (1.1) |
| Share of result of equity accounted investees | 7.4 | (0.3) | 4.7 | 11.3 | - |
| Result before tax | 23.0 | 9.9 | 4.1 | 8.3 | 0.5 |
| Basic result per share (euro cent) | 2.95 | 1.56 | 0.71 | 1.15 | 0.08 |
| Total property assets | 119.4 | 136.5 | 166.8 | 184.8 | 188.0 |
| Equity shareholders' funds | 59.7 | 36.7 | 19.7 | 8.4 | 1.5 |
| Net asset value per share (euro cent) | 7.68 | 4.72 | 3.38 | 1.45 | 0.25 |

Balmoral International Land Holdings plc

NOTICE OF ANNUAL GENERAL MEETING

BALMORAL INTERNATIONAL LAND HOLDINGS PLC

Year ended 31 December 2017

NOTICE IS HEREBY GIVEN that the Annual General Meeting (“AGM”) of Balmoral International Land Holdings plc (the “Company”) will be held at Hilton Dublin Airport Hotel, Northern Cross, Malahide Road, Dublin 17 on Wednesday, 6 June 2018 at 10.00 am for the following purposes:-

1. To receive and consider the Company’s Financial Statements for the year ended 31 December 2017 and the reports of the directors and auditors on those Financial Statements 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) Andrew Kelliher (Resolution 2(A))
 - (B) Robert Knox (Resolution 2(B))
 - (C) Declan McCourt (Resolution 2 (C))
3. To authorise the directors to fix the remuneration of the auditors for the year ending 31 December 2018.

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

4. 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:

- (a) €2,592.29 (259,228,848 shares), representing approximately 33.3% of the aggregate nominal value of the issued ordinary share capital of the Company; and
- (b) €5,184.58 (518,457,696 shares) (after deducting from such limit any relevant securities allotted under paragraph (a) above) being equivalent to approximately 66.6% of the aggregate nominal value of the issued ordinary share capital of the Company, provided that (i) they are equity securities (within the meaning of section 1023(1) of the Companies Act 2014); and (ii) they are offered by way of a rights issue to holders of ordinary shares on the register of members at such record dates as the directors may determine where the equity securities respectively attributable to the interests of the ordinary shareholders are proportionate (as nearly as may be practicable) to the respective numbers of ordinary shares held by them on any such record dates, but subject to such exclusions or other arrangements as the directors may deem necessary or expedient to deal with legal or practical problems in respect of overseas shareholders, fractional entitlements or otherwise.

The authority hereby conferred shall expire at the earlier of the close of business on the date of the next AGM after the passing of this resolution or 6 September 2019 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.”

Balmoral International Land Holdings plc

5. AS A SPECIAL RESOLUTION:

“That, subject to the adoption of Resolution 4 pursuant to Article 8(d) of the Articles of Association and Sections 1022 and 1023 of the Companies Act 2014, the directors are hereby empowered to allot equity securities (as defined by Section 1023 of that Act) for cash pursuant to the authority to allot relevant securities conferred on the directors by Resolution 4 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 €388.84 (38,884,327 shares) representing 5% of the aggregate nominal value of the issued ordinary share capital of the Company provided that the authority hereby conferred shall expire at the earlier of the close of business on the date of the next AGM after the passing of this resolution or 6 September 2019 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.”

6. AS A SPECIAL RESOLUTION:

“That, subject to the adoption of Resolution 4 in the notice of this meeting, pursuant to Article 8(d) of the Articles of Association and Sections 1022 and 1023 of the Companies Act 2014, the directors are hereby empowered to allot equity securities (as defined by Section 1023 of that Act) for cash pursuant to the authority to allot relevant securities conferred on the directors by Resolution 4 and in addition to any power granted by Resolution 0, 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 €388.84 (38,884,327 shares) representing 5% of the aggregate nominal value of the issued ordinary share capital of the Company and shall be used only for the purposes of financing (or refinancing, if the authority is to be used within six months after the original transaction) a transaction which the directors determine to be an acquisition or other capital investment of a kind contemplated by the “*Statement of Principles on Disapplying Pre-emption Rights*” most recently published by the Pre-Emption Group prior to the date of this AGM notice, provided that the authority hereby conferred shall expire at the earlier of the close of business on the date of the next AGM after the passing of this resolution or 6 September 2019 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.”

For and on behalf of the Directors

N. Quigley
Secretary
1 Stokes Place
Dublin 2

10 May 2018

Balmoral International Land Holdings plc

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 member 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 member. 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. Members will be asked to enter the member Reference Number and PIN Number as printed on your Form of Proxy and agree to certain conditions.
2. As a member, 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 10.00 am on Monday, 4 June 2018. 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 (Uncertificated Securities) Regulations, 1996 (as amended) (the "**CREST Regulations**"), specifies that only those shareholders registered in the register of members of the Company at 6.00pm on Monday, 4 June 2018 (or in the case of adjournment as at 48 hours 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 10.00 am on Monday, 4 June 2018. 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

Biographical details for the Directors standing for re-election at the AGM are set out in the Annual Report.