

# Balmoral International Land Holdings plc

Annual Report 2019



# Balmoral International Land Holdings plc

## Annual Report 2019

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# Balmoral International Land Holdings plc

## Shareholder Information

### Investor relations

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

*Niall Quigley  
Balmoral International Land  
Holdings plc  
29 North Anne Street  
Dublin 7  
Ireland*

*Telephone: (01) 887 2788*

*Email: [nquigley@bilplc.com](mailto:nquigley@bilplc.com)*

### Registrar

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

*Computershare Investor Services (Ireland) Limited  
3100 Lake Drive  
Citywest Business Campus  
Dublin 24  
D24 AK82  
Ireland*

*Telephone: ROI (01) 247 5694*

*UK +353 1 2475694*

*Facsimile: ROI (01) 447 5572*

*Email: [web.queries@computershare.ie](mailto:web.queries@computershare.ie)*

### Website

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

### Amalgamation of financial statements

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

### Electronic communications

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

# Balmoral International Land Holdings plc

## Chairman's Statement

Balmoral had another satisfactory year in 2019. The group recorded a further significant increase in net assets. Property values increased in Ireland and the UK and remained stable in Belgium.

As outlined in Balmoral's update in February 2020, group net assets at 31 December 2019 were €92.6m, an uplift of €15.1m on the previous year. This equates to net assets per share of 11.84 cent.

Balmoral has achieved significant growth in its net assets in the last few years. For 2020 it is too soon to draw any conclusion on the impact of Covid-19. However, given the extraordinary circumstances prevailing, it is realistic at this stage to expect some decrease in the value of Balmoral's properties during 2020. Balmoral has completed its near-term disposal programme and does not expect to make further material sales at the present time.

The implementation and progression of the UK's withdrawal from the EU also remains a concern for the property sector with possible scenarios ranging from a neutral to a potentially materially negative impact. This issue is likely to result in uncertainty for some time to come.

Since Balmoral's 2015 agreement with its principal lender, its group subsidiaries have repaid over 50% of the debt due under this facility from the cash generated by surplus income and from its substantial disposal programme. In accordance with the terms of the facility relevant future cash flows will be applied to further reduce this debt.

The group remains in a strong financial position and will continue to examine various capital options to fund its growth. During 2019, the group acquired some further mixed-use land in Dublin and an industrial estate with development opportunities in Lincoln UK. Balmoral is actively looking at other acquisition opportunities in Ireland and the UK.

Balmoral's team has worked hard to increase its net assets position and to meet its ongoing financial commitments. The group remains focussed on the active management of its assets to optimise their value and to capitalise on opportunities.

The board acknowledges and thanks the first-class team who work in the company for their excellent contribution during the year and for rising to the challenges presented by the current environment.

13 May 2020

# Balmoral International Land Holdings plc

## Operating and Financial Review

### Operating review

#### Developments during the year

Net Asset Value per Share of 11.84 cent at 31 December 2019 was up from 9.97 cent at 31 December 2018.

Developments during the year included:

- At December 2019, the group had debt of €74.5 million (2018: €81.4 million) and net assets of €92.6 million (2018: €77.5 million).
- The group's net borrowings at 31 December 2019 amounted to €57.8 million (2018: €62.5m).
- The group improved its net debt to gross property asset ratio from 42.0% to 36.3%.
- The group acquired a multi tenanted industrial estate with development potential in the centre of the city of Lincoln in the north of England and also acquired a strategic mixed-use site in the north of County Dublin.
- The sale of the Vida property in Amsterdam was completed.
- Property values increased in Ireland and the UK and remained stable in Belgium.

#### Investment property

Total investment property assets at 31 December 2019 amounted to €152.0 million compared to €142.5 million at the start of the year. The movements in values, analysed geographically, were as follows:

	<b>Ireland</b>	<b>UK</b>	<b>Continental Europe</b>	<b>Total</b>
	<b>€'m</b>	<b>€'m</b>	<b>€'m</b>	<b>€'m</b>
Value at 1 January 2019	66.9	40.0	35.6	142.5
Investments during year	0.8	0.1	-	0.9
Purchases during year	6.8	7.0	-	13.8
Disposal in year	-	-	(18.1)	(18.1)
Fair value adjustments	9.9	0.8	0.1	10.8
Translation of sterling denominated properties	-	2.1	-	2.1
<b>Value at 31 December 2019</b>	<b>84.4</b>	<b>50.0</b>	<b>17.6</b>	<b>152.0</b>

# Balmoral International Land Holdings plc

## 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:

	<b>Ireland</b>	<b>UK</b>	<b>Continental Europe</b>	<b>Total</b>
<b>At 31 December 2019</b>	<b>€'m</b>	<b>€'m</b>	<b>€'m</b>	<b>€'m</b>
Industrial/warehouse	62.4	24.3	17.6	104.3
Office	8.4	16.2	-	24.6
Mixed use land	13.6	9.5	-	23.1
<b>Total</b>	<b>84.4</b>	<b>50.0</b>	<b>17.6</b>	<b>152.0</b>
<b>Percentage</b>	<b>55%</b>	<b>33%</b>	<b>12%</b>	<b>100%</b>

The group's property portfolio at 31 December 2019 by value comprised 69% industrial/warehouse, 16% office and 15% mixed use land. In Ireland, 74% was weighted to industrial/warehouse, 16% to mixed use land and 10% to office. In the UK, it is 19% mixed use land, 49% industrial/warehouse and 32% office. In Continental Europe, it is 100% industrial/warehouse.

## Analysis of gross rental income and related income by geography

The group's gross rental and related income of €8.5 million in the year ended 31 December 2019 was derived 50% from Ireland, 34% from the UK and 16% 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 year was an increase of €1.2 million. The movement in the value of the group's UK property assets includes an increase of €2.1 million arising from the weakening of sterling against the euro during the year. This was offset by a net €0.9 million decrease 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 Consolidated Statement of Comprehensive Income. The other translation effects have been dealt with through the Consolidated Income Statement.

## Post balance sheet events

On 11 March 2020, the World Health Organisation declared the Covid-19 outbreak to be a pandemic. The rapid spread of this virus has resulted in new and significant economic uncertainties for businesses across the globe, including increased risks for the group as identified and further referenced in the directors' report on page 13.

# Balmoral International Land Holdings plc

## Financial review

### 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.

### Finance

In September 2015, the group agreed a renewal and extension with the provider of its general corporate facilities. These facilities are guaranteed by certain nominated subsidiaries and are required, under the facilities agreement, to be repaid from any residual monies accruing in associated debt servicing accounts, which are funded according to a waterfall of permitted receipts and payments from the various adhered properties and subsidiaries. The facilities are secured over, inter alia, property in the UK and Ireland. See note 16 to the consolidated financial statements for further details.

A short term loan of €2,000,000 from Huntroyde Ltd was drawn down in June 2018. This loan was repaid on 3 April 2019 out of funds from the disposal of property in the Netherlands. See note 16 to the consolidated financial statements for further details.

The group's other financing arrangements fall into two broad categories. The Belgian portfolio is separately funded on a secured basis and is agreed to October 2023. Equity accounted investees are financed by separate project-specific debt.

### 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 €8.5 million (2018: €7.9 million). Property outgoings were €2.4 million (2018: €2.4 million), giving net rental income of €6.1 million (2018: €5.5 million). Net rental income is higher in 2019 than in 2018 due to the acquisition of an investment property in the UK and additional lettings in Ireland.

### Administrative expenses

Total administrative expenses for the year were €3.7 million (2018: €3.4 million) comprising continuing administrative expenses of €3.7 million (2018: €3.2 million with €0.2 million non-recurring expenses).

### Net finance expense

Net finance expense was €1.1 million (2018: €0.3 million), comprising interest and related charges incurred on bank and other borrowings of €0.2 million (2018: €0.5 million) and a net loss on translation of sterling loans and other monetary assets and liabilities of €1.5 million (2018: a net gain of €0.3 million) off-set by a gain on translation of cash and cash equivalents of €0.6 million (2018: a loss of €0.1 million). See note 8 to the consolidated financial statements for further details.



# Balmoral International Land Holdings plc

## **Taxation**

The net tax balance for the year was €Nil (2018: €Nil), comprising a tax charge of €0.1 million netted off against 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 year was €0.0191 (2018: €0.0229) and diluted result per share for the year was €0.0184 (2018: €0.0222).

## **Dividend**

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

## **Total equity attributable to shareholders**

Total equity attributable to shareholders at 31 December 2019 amounted to €92.6 million (2018: €77.5 million), resulting in a net asset value per share of €0.1184 (2018: €0.0997).

## **Borrowings**

The group's net borrowings at 31 December 2019 amounted to €57.8 million (2018: €62.5 million). This figure comprised gross borrowings of €74.5 million (2018: €81.4 million) less cash balances of €16.7 million (2018: €18.9 million).

## **Conclusion**

The group continues to build its net asset value, to pursue progress with its development assets, to focus on acquisitions in Ireland and the UK and to further reduce debt.

**13 May 2020**

# Balmoral International Land Holdings plc

## Directors and Secretary

**Carl McCann, BBS, MA, FCA, age 67, 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 56, 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 58, Finance Director**, was appointed finance director of the group on 1 October 2012. She is managing director of Charles McCann Investments Limited, an independent member of the Audit and Risk Management Committee of University College Dublin, a former member of the board of the National Maternity Hospital and a member of the Institute of Directors.

**Tom Neasy, age 71, 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.

**Philip Halpenny, BBS, FCA, age 67, 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 69, 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 74, Non-Executive** was appointed to the board in 2006. He is group chief executive and partner in the OHM Group, a leading distributor of automobiles and commercial vehicles. He is a director of a number of companies and chairman of the President's Advisory Board and the Law School Development Council of University College Dublin. He is a former director of Fyffes plc and Bank of Ireland and former chairman of the Mater Foundation. He is chairman of the Balmoral remuneration committee.

**Niall Quigley, FCA, age 55, 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

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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 Ten Earlsfort Terrace Dublin 2 Ireland	
Auditor	KPMG Chartered Accountants 1 Stokes Place St. Stephen’s Green Dublin 2 Ireland	
Bankers	Allied Irish Banks plc Bankcentre Ballsbridge Dublin 4 Ireland	KBC Bank NV Havenlaan 2 1080 Brussels Belgium
Registrar	Computershare Investor Services (Ireland) Limited 3100 Lake Drive Citywest Business Campus Dublin 24 D24 AK82 Ireland	
Stockbrokers	Davy Davy House 49 Dawson Street Dublin 2 Ireland	
Registered number	501110	

# 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 2019.

## 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, together with particulars of any important events affecting the company which have occurred since the end of the year, is included in the operating and financial review on pages 4 to 7.

## Result for the year

Details of the result for the year ended 31 December 2019 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 year.

## Future developments

A review of future developments in the business is included in the operating and financial review on pages 4 to 7.

## Directors and secretary

In accordance with the Articles of Association of the company, C.McCann, A. Kelliher 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 2019 have the following interests in the shares of the company or group companies.

	Nature of Interest	Ordinary shares held at 31 December 2019	Ordinary shares held at 31 December 2018
<b>Directors</b>			
C. McCann	Ordinary shares	169,556,777	164,005,759
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	2,521,318	2,209,034
A. Kelliher	Ordinary shares	80,000	80,000
D. McCourt	Ordinary shares	5,778,068	5,778,068
<b>Company Secretary</b>			
N. Quigley	Ordinary shares	12,820	12,820

<sup>1</sup>C.McCann is also deemed to be interested in the Huntroyde shares per section 1054 of the Companies Act, 2014. See Substantial holdings below for details.

# Balmoral International Land Holdings plc

## Directors' report *(continued)*

The directors and company secretary who held office at 31 December 2019 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 7 May 2020, the company has been notified of the following significant interests and ownerships relating to the ordinary share capital of the company.

	<b>Number of Ordinary Shares</b>	<b>Percentage</b>
Huntroyde Ltd (i)	246,866,687	31.57%
C. McCann	69,556,777	8.90%
D. McCann	50,508,060	6.46%
Balkan Investment Unlimited Company & related parties (ii)	82,479,982	10.55%
T. Murphy	66,959,127	8.56%

- (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, which owns 5.79% of the issued share capital of the company and is a related party of Balkan Investment Unlimited 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 27 June 2018, a short term loan of €2,000,000 from Huntroyde Ltd was drawn down. The loan bore interest at 9% per annum and was repayable 24 months from drawn down. The loan was secured on certain group assets not otherwise secured. The terms and conditions of the loan were competitive relative to available comparable financing. This loan was repaid on 3 April 2019.

<b>Amount of liability</b>	<b>Loan Principal</b>	<b>Interest</b>	<b>Total</b>
	€	€	€
At beginning of year	2,000,000	92,219	2,092,219
Advances/accrued interest	-	45,863	45,863
Repayments/interest paid	(2,000,000)	(138,082)	(2,138,082)
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 2019 was 36.3% (2018: 42.0%).
- *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 24 to the consolidated financial statements.

### Principal risks and uncertainties

Under section 327(1)(a) 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:

- *Covid-19*

The group has considered the implications of the Covid-19 outbreak on its business and in particular the impact on its operations, cost base, material contracts, financing and working capital.

The particular risks it has identified include tenants' capacity to meet obligations under their lease arrangements. The group has mitigated this risk by assessing each of its tenants and working closely with them to assist them as issues arise.

The group has also considered the impact of the Covid-19 on property investment and consequently on property values but believes that the locations, types of property and the quality of its tenants will protect the group from the most significant effects.

As this crisis evolves the impact on the group will be continually reassessed.

# Balmoral International Land Holdings plc

## Directors' report *(continued)*

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

- *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 inter alia by government policy, legislation, economic growth, interest rates and inflation.
- Supply of and demand for property, and its impact on rental levels.
- The volume, timeliness and relevance of comparable market transactions.
- The quality of tenants
- 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).

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 and Belgium and is exposed to economy specific risks including, in particular in Ireland and the 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 and other undertakings. The risk of breaching the requirements of this facility agreement is mitigated by regular calculation and projection of compliance with financial covenants 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.



# Balmoral International Land Holdings plc

## Directors' report *(continued)*

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

- *Development and related funding*  
The group's ability to realise its business strategy is dependent on management's ability to source and exploit opportunities within its property portfolio when considered opportune and to fund these as required. The board has mitigated these risks by the appointment of a suitably qualified management team and by continuing to negotiate appropriate financing arrangements to fund its plans.
- *Currency*  
The group presents its financial information in euro. A significant proportion of its property portfolio is located in the 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.
- *Environmental*  
The group has mitigated the risk of financial loss or reputational damage as a result of environmental issues by the use of experienced environmental consultants and prudent accounting for potential expenditure arising from legal requirements.

### 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.

### 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 30 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.

# Balmoral International Land Holdings plc

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

### **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 29 to the consolidated financial statements.

### **Notice of Annual General Meeting**

Notice of the AGM of the company will be sent to shareholders under separate cover.

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

**Carl McCann**  
Chairman

**Catherine Ghose**  
Finance Director

13 May 2020

# 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 2019, 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 2019 was as follows:

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

*\* In attendance only*

In addition to the scheduled meetings above, during 2019 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 2019, 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 2019, 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. The committee has reviewed the group's system of financial 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 Long Term Incentive Plan (LTIP) was approved by the shareholders on 21 October 2015.

The committee approved the award of share options under 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 share options granted only vest when the Net Asset Value per Share of the company as shown in the company's audited 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 could not be exercised before 1 May 2019.

The committee approved the award of share options under the Long Term Incentive Plan (LTIP) effective 16 December 2019. 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 13,666,668 shares at an exercise price of €0.06 per share, with an expiry date of 16 December 2026.

# Balmoral International Land Holdings plc

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

The share options granted only vest after the later of the 3<sup>rd</sup> anniversary of the grant of the options or the publication of the annual audited financial statements showing NAV of €0.15 per share or greater.

### **Nominations**

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

### **Internal controls**

The board has overall responsibility for the group's systems of internal control and for monitoring its effectiveness. The systems of internal control applied by the group are 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](http://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

2019	Salary and fees €'000	Other benefits & payments €'000	Total €'000
<i>Executive directors</i>			
C. McCann	186	-	186
R. Knox	656	3	659
C. Ghose	-	256	256
T. Neasy	211	-	211
	1,053	259	1,312
<i>Non-executive directors</i>			
P. Halpenny	-	63	63
A. Kelliher	40	-	40
D. McCourt	40	-	40
	80	63	143
	Share-based payment charge		20
	<b>Total directors' remuneration</b>		<b>1,475</b>

2018	Salary and fees €'000	Other benefits & payments €'000	Total €'000
<i>Executive directors</i>			
C. McCann	107	79	186
R. Knox	417	3	420
C. Ghose	-	295	295
T. Neasy	210	-	210
	734	377	1,111
<i>Non-executive directors</i>			
P. Halpenny	-	56	56
A. Kelliher	40	-	40
D. McCourt	40	-	40
	80	56	136
	Share-based payment charge		52
	<b>Total directors' remuneration</b>		<b>1,299</b>



# 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 2018 and 2019. In accordance with an agreement between the parties, until 1 August 2018, Total Produce plc charged 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 2018 amounted to €79,000. From 1 August 2018, C. McCann's remuneration was paid directly by the company. In 2019 his remuneration was €186,000 (2018: €107,000).

R. Knox is UK based and his salary and other benefits are agreed and paid in sterling and were €659,000 in 2019 (2018: €420,000).

C. Ghose was finance director of Balmoral and was also managing director of Charles McCann Investments Limited throughout 2018 and 2019. 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 2019, the portion of her costs amounted to €256,000 (2017: €295,000).

T. Neasy's remuneration in 2019 of €211,000 (2018: €210,000) 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 €63,000 in 2019 (2018: €56,000).

The directors and company secretary who held office at 31 December 2019 had the following beneficial interests in options over the company's ordinary shares:

	Options held at 31 December 2018 €	Granted during the year €	Exercised during the year €	Options held at 31 December 2019 €	Exercise Price €	Date first exercisable Date	Expiry date Date
<b>Directors</b>							
C. McCann	100,000	-	(100,000)	-	0.0234	01/05/19	28/10/22
		150,000		150,000	0.0600	16/12/22	16/12/26
R. Knox	100,000	-	-	100,000	0.0234	01/05/19	28/10/22
	-	165,000	-	165,000	0.0600	16/12/22	16/12/26
C. Ghose	100,000	-	-	100,000	0.0234	01/05/19	28/10/22
	-	135,000	-	135,000	0.0600	16/12/22	16/12/26
T. Neasy	75,000	-	-	75,000	0.0234	01/05/19	28/10/22
	-	120,000	-	120,000	0.0600	16/12/22	16/12/26
<b>Company Secretary</b>							
N. Quigley	50,000	-	-	50,000	0.0234	01/05/19	28/10/22
	-	100,000	-	100,000	0.0600	16/12/22	16/12/26

# Balmoral International Land Holdings plc

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

There has been no movement in the share interests, as outlined on page 11, and interests in the share options of the directors and company secretary, as outlined above, between 31 December 2019 and 7 May 2020.

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.

### **Service contracts and letters of appointment**

No service contracts exist between the company or any subsidiary 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 applicable Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the group and parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the group or parent company or to cease operations, or have no realistic alternative but to do so.

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 parent company and which enable them to ensure that the financial statements of the group and parent company are prepared in accordance with applicable IFRS, as adopted by the EU and comply with the provisions of the Companies Act 2014. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities. The directors are also responsible for preparing a directors' report that complies with the 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

13 May 2020

# Balmoral International Land Holdings plc

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

### 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 2019 set out on pages 29 to 89, 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.

In our opinion:

- the group financial statements give a true and fair view of the assets, liabilities and financial position of the group and parent company as at 31 December 2019 and of the group's profit for the year then ended;
- the group financial statements have been properly prepared in accordance with IFRS as adopted by the European Union;
- the parent 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 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 group 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. The financial statements and our auditor's report thereon do not comprise part of the other information. 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;
- 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

### 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 including being satisfied that they give a true and fair view; 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; assessing the group and parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the group and parent company 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.

14 May 2020

**Cliona Mullen**

**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 2019

		2019 €'000	2018 €'000
<b>Continuing operations</b>	<i>Notes</i>		
<b>Gross rental and related income</b>	3	<b>8,506</b>	7,904
Property outgoings	4	<b>(2,447)</b>	(2,428)
<b>Net rental and related income</b>		<b>6,059</b>	5,476
Net property valuation movement	5	<b>12,750</b>	15,333
<b>Net property and related income</b>		<b>18,809</b>	20,809
Administrative expenses	6	<b>(3,680)</b>	(3,424)
<b>Result from operating activities</b>	7	<b>15,129</b>	17,385
Share of result of equity accounted investees	12	<b>908</b>	649
Finance income	8	<b>622</b>	298
Finance expense	8	<b>(1,694)</b>	(610)
Net finance expense		<b>(1,072)</b>	(312)
<b>Result before tax</b>		<b>14,965</b>	17,722
Income tax (expense)/credit			
- current	9	<b>(135)</b>	(106)
- deferred	9	<b>116</b>	142
Net income tax (expense)/credit		<b>(19)</b>	36
<b>Result for the year</b>		<b>14,946</b>	17,758
Attributable to:			
Equity shareholders of the company		<b>14,921</b>	17,784
Non-controlling interest		<b>25</b>	(26)
<b>Result for the year</b>		<b>14,946</b>	17,758
Basic result per share (euro cent)	21	<b>1.91</b>	2.29
Diluted result per share (euro cent)	21	<b>1.84</b>	2.22

# Balmoral International Land Holdings plc

## Consolidated statement of comprehensive income

for the year ended 31 December 2019

	2019 €'000	2018 €'000
<b>Result for the year</b>	<b>14,946</b>	<b>17,758</b>
<b>Other comprehensive income</b>		
<i>Items that will or may be reclassified to profit or loss:</i>		
Foreign currency translation (loss)/gain on equity accounted investees	-	(12)
<b>Total comprehensive income for the year</b>	<b>14,946</b>	<b>17,746</b>
<b>Attributable to:</b>		
Shareholders of the company	<b>14,921</b>	<b>17,772</b>
Non-controlling interest	<b>25</b>	<b>(26)</b>
<b>Total comprehensive income for the year</b>	<b>14,946</b>	<b>17,746</b>



# Balmoral International Land Holdings plc

## Consolidated statement of changes in equity

for the year ended 31 December 2019

	31 December 2019								
	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 2018	41	7,775	(137,334)	166	-	206,879	77,527	137	77,664
Total comprehensive income	-	-	14,921	-	-	-	14,921	25	14,946
Share-based payment charge	-	-	-	20	-	-	20	-	20
New shares issued	-	100	32	(32)	-	-	100	-	100
Balance at 31 December 2019	41	7,875	(122,381)	154	-	206,879	92,568	162	92,730

	31 December 2018								
	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 2017	41	7,775	(155,118)	114	12	206,879	59,703	163	59,886
Total comprehensive income	-	-	17,784	-	(12)	-	17,772	(26)	17,746
Share-based payment charge	-	-	-	52	-	-	52	-	52
Balance at 31 December 2018	41	7,775	(137,334)	166	-	206,879	77,527	137	77,664

# Balmoral International Land Holdings plc

## Consolidated balance sheet

As at 31 December 2019

	Notes	2019 €'000	2018 €'000
<b>Assets</b>			
<b>Non-current assets</b>			
Investment property	10	151,968	124,499
Property, plant and equipment	11	3	4
Investments in equity accounted investees	12	7,048	6,231
Deferred tax assets	20	34	49
<b>Total non-current assets</b>		<b>159,053</b>	<b>130,783</b>
<b>Current assets</b>			
Investment property	10	-	18,000
Trade and other receivables	13	2,701	2,385
Cash and cash equivalents	14	16,726	18,868
<b>Total current assets</b>		<b>19,427</b>	<b>39,253</b>
<b>Total assets</b>		<b>178,480</b>	<b>170,036</b>
<b>Equity</b>			
Issued share capital	15	41	41
Share premium	15	7,875	7,775
Other reserves	15	84,652	69,711
Total equity attributable to equity shareholders of the company		92,568	77,527
Non-controlling interest		162	137
<b>Total equity</b>		<b>92,730</b>	<b>77,664</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Loans and borrowings	16	71,582	72,774
Provisions	19	3,458	3,458
Deferred tax liabilities	20	3,032	3,163
<b>Total non-current liabilities</b>		<b>78,072</b>	<b>79,395</b>
<b>Current liabilities</b>			
Trade and other payables	18	4,759	4,363
Loans and borrowings	16	2,919	8,614
<b>Total current liabilities</b>		<b>7,678</b>	<b>12,977</b>
<b>Total liabilities</b>		<b>85,750</b>	<b>92,372</b>
<b>Total liabilities and equity</b>		<b>178,480</b>	<b>170,036</b>
<b>Net asset value per share (euro cent):</b>	22	<b>11.84</b>	<b>9.97</b>

On behalf of the board

Carl McCann  
Chairman

Catherine Ghose  
Finance Director

13 May 2020

# Balmoral International Land Holdings plc

## Consolidated statement of cash flows

for the year ended 31 December 2019

	Notes	2019 €'000	2018 €'000
<b>Result after tax</b>		<b>14,946</b>	17,758
<i>Adjustments for:</i>			
Net property valuation movement	5	(12,750)	(15,333)
Depreciation	11	3	5
Share-based payment charge	17	20	52
Finance income	8	(1)	-
Finance expense	8	184	500
Share of result of equity accounted investees	12	(908)	(649)
Exchange difference on non-property monetary net assets	8	890	(188)
Net income tax expense	9	19	(36)
<b>Operating result before changes in working capital</b>		<b>2,403</b>	2,109
Increase in trade and other payables		350	421
Increase in trade and other receivables		(262)	(595)
<b>Cash generated from operations</b>		<b>2,491</b>	1,935
Interest paid		(350)	(347)
Income tax paid		(243)	(12)
<b>Net cash inflow from operating activities</b>		<b>1,898</b>	1,576
<b>Cash flows from investing activities</b>			
Additions to investment property		(890)	(1,028)
Acquisition of investment property		(13,540)	(3,268)
Net cash inflow/(outflow) from additional investment in equity accounted investees		91	(194)
Proceeds from disposal of investment property		17,991	3,664
Interest received		2	-
<b>Net cash inflow/(outflow) from investing activities</b>		<b>3,654</b>	(826)
<b>Cash flows from financing activities</b>			
Repayment of borrowings		(8,405)	(1,565)
Funding from minority interest		11	11
Proceeds from new borrowings		-	2,000
Proceeds from rights issue		100	-
<b>Net cash (outflow)/inflow from financing activities</b>		<b>(8,294)</b>	446
Net (decrease)/increase in cash and cash equivalents		(2,742)	1,196
Cash and cash equivalents at beginning of year		18,868	17,782
Foreign exchange loss on cash and cash equivalents		600	(110)
<b>Cash and cash equivalents at end of year</b>	14	<b>16,726</b>	18,868

# 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 registered number of the company is 501110 and the address of its registered office is 1 Stokes Place, St. Stephen's Green, Dublin 2, Ireland. The consolidated financial statements of the company for the year ended 31 December 2019 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 7 May 2020.

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 2019.

#### (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 2019*

Below is a list of standards and interpretations that were required to be applied in the year ended 31 December 2019, effective 1 January 2019. There was no material impact on the financial statements in the current year.

- IFRS 16 *Leases* (see below)
- IFRIC 23: *Uncertainty over Income Tax Treatments*
- *Prepayment Features with Negative Compensation* (Amendments to IFRS 9)
- *Long-term Interests in Associates and Joint Ventures* (Amendments to IAS 28)
- *Plan Amendment, Curtailment or Settlement* (Amendments to IAS 19)
- *Annual Improvements to IFRS Standards 2015–2017 Cycle*

# 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)*

##### *New accounting standards and interpretations adopted in 2019 (continued)*

##### **IFRS 16 Leases**

The group has adopted IFRS 16 *Leases* from 1 January 2019. The group has assessed the estimated impact that application of IFRS 16 has on its consolidated financial statements, as described below.

IFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains unchanged

IFRS 16 replaces existing lease guidance, including IAS 17 *Leases*, IFRIC 4 *Determining whether an Arrangement contains a Lease*, SIC-15 *Operating Leases – Incentives* and SIC-27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*.

##### ***i. Leases in which the group is a lessee***

The group is a lessee under a number of long leasehold arrangements that have previously been accounted for as an investment property and continues to measure right-of-use assets that will be accounted for as property assets using the fair value model in IAS 40 from the date of initial application. A lessee is not required to make any adjustments on transition for leases previously accounted for as investment property using the fair value model in IAS 40. Accordingly, no impact for these leases on adoption of IFRS 16 has been recorded.

##### ***ii. Leases in which the group is a lessor***

The group has assessed the classification of sub-leases in which the group is a lessor. Based on the information currently available, the group has not changed the operating lease classification of these sub-leases on adoption of IFRS 16. No impact is recorded for these leases in which the group is a lessor.

##### ***iii. Transition***

The group has applied IFRS 16 from 1 January 2019, using the modified retrospective approach. Any cumulative effect of adopting IFRS 16 should be recognised as an adjustment to the opening balance of retained earnings at 1 January 2019, with no restatement of comparative information. Based on the above assessment, there is no adjustment recorded in the opening balance of retained earnings.

The group has applied the practical expedient to grandfather the definition of a lease on transition. This means that it has applied IFRS 16 to all contracts entered into before 1 January 2019 and identified as leases in accordance with IAS 17 and IFRIC 4.

The adoption of other new standards, interpretations and amendments that become effective for the year ended 31 December 2019 did not have any significant impact on the consolidated financial statements.

# 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)*

##### *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.

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 28 to the consolidated financial statements.

##### *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. In carrying out this assessment, the directors have considered the current financial position of the group, its liquidity and solvency, financial and operating risks and contingent liabilities. As a result of this review, 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.

#### (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 equity accounted investees made up to 31 December 2019.

##### *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.

# Balmoral International Land Holdings plc

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

### 1 Statement of accounting policies *(continued)*

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

##### *Equity accounted investees*

Equity accounted investees are those entities in which the group has significant influence, but not control or joint control, over the financial and operating policies and are accounted for using the equity method.

They are initially recognised at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the group's share of the profit or loss and other comprehensive income of equity-accounted investees, until the date on which significant influence ceases.

The amounts included in the consolidated financial statements in respect of post acquisition results of equity accounted investees 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 equity accounted investees are carried at cost less any impairment charges.

##### *Transactions eliminated on consolidation*

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

##### *Company investments*

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

##### *Business combinations*

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

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

#### (c) Foreign currency

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.

# Balmoral International Land Holdings plc

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

### 1 Statement of accounting policies *(continued)*

#### (c) Foreign currency *(continued)*

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

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

In general, external independent valuers, having appropriate 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.

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



# Balmoral International Land Holdings plc

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

### 1 Statement of accounting policies *(continued)*

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

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.

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

#### (e) Operating lease contracts – the group as lessor

The group has entered into commercial property leases on its investment property portfolio. The group has determined, based on an evaluation of the terms and conditions of the arrangements, particularly the duration of the lease terms and lease payments, that it retains all the significant risks and rewards of ownership of these properties and so accounts for the leases as operating leases.

#### (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.

# Balmoral International Land Holdings plc

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

### 1 Statement of accounting policies *(continued)*

#### (i) Cash and cash equivalents

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

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

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

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

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

#### (k) Interest-bearing borrowings

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

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

#### (l) Employee benefits

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

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

# Balmoral International Land Holdings plc

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

### 1 Statement of accounting policies *(continued)*

#### (l) Employee benefits *(continued)*

##### *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*.

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) Trade and other payables

Trade and other payables are stated at amortised cost, which also equates to fair value, given the short term nature of these liabilities.

#### (n) 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.

#### (o) Revenue

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

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

Management has considered the potential transfer of risks and rewards of ownership for all properties leased to tenants and 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.

# Balmoral International Land Holdings plc

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

### 1 Statement of accounting policies *(continued)*

#### (o) Revenue *(continued)*

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

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

#### (p) 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.

#### (q) Provisions

In accordance with the group's environmental policy and applicable legal requirements, a provision for the expense of site restoration in respect of contaminated land, is recognised when the land is contaminated.

#### (r) Taxation

##### *Income tax*

Income tax on the profit or loss for the year presented comprises current and deferred tax. Income tax is recognised in the consolidated 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.

# Balmoral International Land Holdings plc

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

### 1 Statement of accounting policies *(continued)*

#### (r) **Taxation** *(continued)*

##### *Deferred tax*

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.

#### (s) **Fair value measurement**

‘Fair value’ is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the group has access at that date. The fair value of a liability reflects its non-performance risk.

A number of the group’s accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The group measures the fair value of an instrument using the quoted price in an active market for that instrument when one is available. A market is regarded as ‘active’ if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the group uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

# Balmoral International Land Holdings plc

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

### 1 Statement of accounting policies *(continued)*

#### (s) Fair value measurement *(continued)*

The best evidence of the fair value of a financial instrument on initial recognition is normally the transaction price – i.e. the fair value of the consideration given or received. If the group determines that the fair value on initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique for which any unobservable inputs are judged to be insignificant in relation to the measurement, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value on initial recognition and the transaction price. Subsequently, that difference is recognised in profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out.

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

A number of new standards are effective for annual periods beginning after 1 January 2020 and earlier application is permitted; however, the group has not early adopted the new or amended standards in preparing these consolidated financial statements.

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 year. The group is still considering the impact of these and do not believe they will have a material impact on the financial statements.

- *Amendments to References to Conceptual Framework in IFRS Standards* - effective 1 January 2020
- *Definition of a Business* (Amendments to IFRS 3) - effective 1 January 2020
- *Definition of Material* (Amendments to IAS 1 and IAS 8) - effective 1 January 2020
- *IFRS 17: Insurance Contracts* - effective 1 January 2021
- *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* (Amendments to IFRS 10 and IAS 28) – available for optional adoption/effective date deferred indefinitely.

# 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*

<b>Income statement</b>	<b>Ireland</b>	<b>UK</b>	<b>Continental Europe</b>	<b>Consolidated</b>
<i>for the year ended 31 December 2019</i>	<b>€'000</b>	<b>€'000</b>	<b>€'000</b>	<b>€'000</b>
Gross rental income	<b>3,945</b>	<b>2,437</b>	<b>1,227</b>	<b>7,609</b>
Service charge income	<b>294</b>	<b>459</b>	<b>144</b>	<b>897</b>
Property operating expenses	<b>(661)</b>	<b>(1,042)</b>	<b>(744)</b>	<b>(2,447)</b>
Net rental and related income	<b>3,578</b>	<b>1,854</b>	<b>627</b>	<b>6,059</b>
Valuation movement on investment properties	<b>9,938</b>	<b>2,897</b>	<b>(85)</b>	<b>12,750</b>
Operating result	<b>13,516</b>	<b>4,751</b>	<b>542</b>	<b>18,809</b>
Share of result of equity accounted investees	<b>(9)</b>	<b>-</b>	<b>917</b>	<b>908</b>
Operating result before corporate expenses, finance expenses & income tax	<b>13,507</b>	<b>4,751</b>	<b>1,459</b>	<b>19,717</b>

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

Administrative expenses	<b>(3,680)</b>
Net finance expense	<b>(1,072)</b>
Net income tax expense	<b>(19)</b>
Result for year	<b>14,946</b>

# Balmoral International Land Holdings plc

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

### 2 Operating segments *(continued)*

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

<b>Income statement</b>	<b>Ireland</b>	<b>UK</b>	<b>Continental Europe</b>	<b>Consolidated</b>
<i>for the year ended 31 December 2018</i>	<b>€'000</b>	<b>€'000</b>	<b>€'000</b>	<b>€'000</b>
Gross rental income	3,568	2,205	1,795	7,568
Service charge income	194	11	131	336
Property operating expenses	(620)	(784)	(1,024)	(2,428)
Net rental and related income	3,142	1,432	902	5,476
Valuation movement on investment properties	5,862	88	9,383	15,333
Operating result	9,004	1,520	10,285	20,809
Share of result of equity accounted investees	106	-	543	649
Operating result before corporate expenses, finance expenses & income tax	9,110	1,520	10,828	21,458
<i>Reconciliation to result for the year</i>				
Administrative expenses				(3,424)
Net finance income				(312)
Net income tax expense				36
Result for year				17,758

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 38% of its revenue in the current year (2018: 39%).



# Balmoral International Land Holdings plc

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

### 2 Operating segments *(continued)*

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

##### **Balance sheet**

*as at 31 December 2019*

<b>Segment assets</b>	<b>Ireland</b>	<b>UK</b>	<b>Continental Europe</b>	<b>Consolidated</b>
	<b>€'000</b>	<b>€'000</b>	<b>€'000</b>	<b>€'000</b>
Investment property	84,406	49,962	17,600	151,968
Investment in equity accounted investees	98	-	6,950	7,048
Trade and other receivables	599	1,184	918	2,701
	<b>85,103</b>	<b>51,146</b>	<b>25,468</b>	<b>161,717</b>

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

Deferred tax asset	34
Property, plant and equipment	3
Cash and cash equivalents	16,726
Total assets	<b>178,480</b>

<b>Segment liabilities</b>	<b>Ireland</b>	<b>UK</b>	<b>Continental Europe</b>	<b>Consolidated</b>
	<b>€'000</b>	<b>€'000</b>	<b>€'000</b>	<b>€'000</b>
Loans and borrowings	35,589	30,835	8,077	74,501
Provisions	3,458	-	-	3,458
Trade and other payables	2,447	1,849	463	4,759
	<b>41,494</b>	<b>32,684</b>	<b>8,540</b>	<b>82,718</b>

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

Deferred tax liabilities	3,032
Total liabilities	<b>85,750</b>

# Balmoral International Land Holdings plc

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

### 2 Operating segments *(continued)*

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

##### **Balance sheet**

*as at 31 December 2018*

<b>Segment assets</b>	<b>Ireland €'000</b>	<b>UK €'000</b>	<b>Continental Europe €'000</b>	<b>Consolidated €'000</b>
Investment property	66,906	39,993	35,600	142,499
Investment in equity accounted investees	97	-	6,134	6,231
Trade and other receivables	637	757	991	2,385
	<u>67,640</u>	<u>40,750</u>	<u>42,725</u>	<u>151,115</u>

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

Deferred tax asset	49
Property, plant and equipment	4
Cash and cash equivalents	<u>18,868</u>
Total assets	<u>170,036</u>

<b>Segment liabilities</b>	<b>Ireland €'000</b>	<b>UK €'000</b>	<b>Continental Europe €'000</b>	<b>Consolidated €'000</b>
Loans and borrowings	37,880	34,942	8,566	81,388
Provisions	3,458	-	-	3,458
Trade and other payables	2,324	1,310	729	4,363
	<u>43,662</u>	<u>36,252</u>	<u>9,295</u>	<u>89,209</u>

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

Deferred tax liabilities	<u>3,163</u>
Total liabilities	<u>92,372</u>

# Balmoral International Land Holdings plc

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

### 2 Operating segments (continued)

#### *(b) Categories of property assets*

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

<b>2019</b>	<b>Ireland</b>	<b>UK</b>	<b>Continental Europe</b>	<b>Total</b>
	<b>€'000</b>	<b>€'000</b>	<b>€'000</b>	<b>€'000</b>
Industrial/warehouse	62,398	24,319	17,600	104,317
Office	8,408	16,205	-	24,613
Mixed use land	13,600	9,438	-	23,038
<b>Total</b>	<b>84,406</b>	<b>49,962</b>	<b>17,600</b>	<b>151,968</b>

<b>2018</b>	<b>Ireland</b>	<b>UK</b>	<b>Continental Europe</b>	<b>Total</b>
	<b>€'000</b>	<b>€'000</b>	<b>€'000</b>	<b>€'000</b>
Industrial/warehouse	54,466	17,784	17,600	89,850
Office	7,790	14,546	18,000	40,336
Mixed use land	4,650	7,663	-	12,313
<b>Total</b>	<b>66,906</b>	<b>39,993</b>	<b>35,600</b>	<b>142,499</b>

# Balmoral International Land Holdings plc

## Notes to the consolidated financial statements (continued)

### 3 Gross rental income

	2019 €'000	2018 €'000
Gross lease payments collected/accrued	7,609	7,568
Service charge income	897	336
	<u>8,506</u>	<u>7,904</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 2019</i>			
Service charge income	-	897	897
Property operating expense	(564)	(1,883)	(2,447)
	<u>(564)</u>	<u>(986)</u>	<u>(1,550)</u>
<i>Year ended 31 December 2018</i>			
Service charge income	-	336	336
Property operating expense	(1,829)	(599)	(2,428)
	<u>(1,829)</u>	<u>(263)</u>	<u>(2,092)</u>

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

### Property operating expense

	2019 €'000	2018 €'000
Property taxes, fees, rates and ground rent	588	676
Utilities and waste management	470	149
Management, security and insurance	840	772
Property maintenance and repairs	549	831
Total property operating expense	<u>2,447</u>	<u>2,428</u>

### 5 Net property valuation movement

	2019 €'000	2018 €'000
Net property valuation movement	<u>12,750</u>	<u>15,333</u>

# Balmoral International Land Holdings plc

## Notes to the consolidated financial statements (continued)

### 5 Net property valuation movement (continued)

	2019 €'000	2018 €'000
Fair value movement on properties – Ireland	9,937	5,862
Fair value movement on properties - UK	775	403
Fair value movement on properties - Europe	74	9,383
Foreign currency exchange movement on UK properties	2,122	(326)
Disposal (costs)/income	(158)	11
Net property valuation movement in year	<u>12,750</u>	<u>15,333</u>

### 6 Administration expenses

	2019 €'000	2018 €'000
<i>Continuing</i>		
Remuneration and related expenditure (a)	2,757	2,323
Non-executive directors' fees	80	80
Property related professional fees	54	38
Other professional fees	378	435
Office, travel and administration	90	77
Corporate expenses	321	288
	<u>3,680</u>	<u>3,241</u>
<i>Non – recurring</i>		
Other professional fees	-	183
Total administration expenses	<u>3,680</u>	<u>3,424</u>

#### (a) Staff numbers and costs

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

	2019	2018
Corporate management and administration	<u>11</u>	<u>10</u>

The aggregate payroll costs of these persons for the years ended 31 December 2019 and 31 December 2018 were as follows:

	2019 €'000	2018 €'000
<i>Continuing</i>		
Wages and salaries	2,454	2,039
Share-based payment charge	20	52
Contributions to retirement benefit plans	84	74
Social security contributions	199	158
	<u>2,757</u>	<u>2,323</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:

	2019 €'000	2018 €'000
Depreciation on property, plant and equipment	3	5
Auditor's remuneration:		
- Audit of company and group financial statements	55	55
- Audit of subsidiary financial statements	45	45
- Other assurance services	-	4
- Tax advisory	120	172
- Other non-audit services	38	105
Operating leases - office buildings	108	116
Operating leases - ground rents	33	34
Executive and non-executive directors' remuneration:		
- fees	80	80
- other remuneration – continuing	1,375	1,167
- share-based payment charge	20	52

### 8 Net finance expense

	2019 €'000	2018 €'000
Interest receivable on bank deposits	1	-
Foreign currency translation gain on borrowings	-	288
Foreign currency translation gain on other monetary assets and liabilities	-	10
Foreign currency gain on cash and cash equivalent	600	-
Other foreign currency gain	20	-
Other finance income	1	-
	<b>622</b>	<b>298</b>
Foreign currency loss on cash and cash equivalents	-	(110)
Foreign currency loss on other monetary assets and liabilities	(3)	-
Foreign currency translation loss on borrowings	(1,507)	-
Interest payable on borrowings	(173)	(483)
Other finance expense	(11)	(17)
Finance expense	<b>(1,694)</b>	<b>(610)</b>
<b>Net finance expense</b>	<b>(1,072)</b>	<b>(312)</b>

# Balmoral International Land Holdings plc

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

### 9 Income tax credit

	2019 €'000	2018 €'000
<b><i>Current tax expense</i></b>		
Corporation tax on result for the year:		
<i>Current year</i>		
- Ireland	2	89
- Overseas	103	42
<i>Adjustment in respect of prior year</i>		
- Overseas	30	(25)
Total current tax expense	135	106
<b><i>Deferred tax (credit)/expense</i></b>		
Origination and reversal of temporary differences	(116)	(142)
Adjustment in respect of prior years	-	-
Total deferred tax credit	(116)	(142)
<b>Total income tax charge/(credit)</b>	19	(36)
<b>Reconciliation of effective tax rate</b>	2019 €'000	2018 €'000
Result before tax	14,965	17,722
Less: share of result of equity accounted investees	(908)	(649)
	14,057	17,073
Income tax using domestic corporation tax rate (25%)	3,514	4,268
Difference between expenses and deductions for taxation purposes and amounts charged in the financial statements	(797)	183
Unrecognised deferred tax assets	(2,857)	(4,311)
Difference in tax rates	132	(13)
Additional tax allowance	-	(140)
Other items	(3)	2
Adjustment in respect of prior year	30	(25)
	19	(36)

# Balmoral International Land Holdings plc

## Notes to the consolidated financial statements (continued)

### 10 Investment property

	2019 €'000	2018 €'000
<b>Non-current assets</b>		
Investment properties	151,968	124,499
<b>Current assets</b>		
Assets held for sale – investment property	-	18,000
	<b>151,968</b>	<b>142,499</b>
<b>Non-current assets</b>	<b>2019 €'000</b>	<b>2018 €'000</b>
Balance at beginning of the year	124,499	119,421
Additions in the year	925	1,030
Acquisition in the year *	13,785	6,726
Reclassification of assets held for resale	-	(18,000)
Fair value movement	10,637	15,648
Foreign currency movement	2,122	(326)
Balance at end of the year	<b>151,968</b>	<b>124,499</b>

\* During the year the group acquired the freehold interest in properties at Firth Road, Lincoln, United Kingdom and the M1 Business Park, Co. Dublin. During the prior year, the group acquired the freehold and long leasehold interest in a property at the Naas Road, Baldonnell, Co. Dublin.

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.

### Current assets

Where investment property is held for resale as defined in IFRS 5 *Non current assets held for sale and discontinued operations* the property is reclassified from non-current to current assets in the balance sheet. Such assets are measured at fair value less costs to sell.

At 31 December 2018, the group held investment property in the Netherlands of €18,000,000 for resale. The group sold the property in March 2019 for €18,150,000.

### 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.



# Balmoral International Land Holdings plc

## Notes to the consolidated financial statements (continued)

### 10 Investment property (continued)

#### Measurements of fair value (continued)

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.

#### Summary of measurement of fair value of investment property

	2019 €'000	2018 €'000
External independent professional property appraisers	158,022	129,888
Assets held for resale	-	18,000
Adjustment for market risk due to "Brexit"	(6,054)	(5,389)
	<u>151,968</u>	<u>142,499</u>

The fair value measurement for investment property of €152.0 million (2018: €142.5 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

	2019 €'000	2018 €'000
Comparable market transactions - Land held for sale or development	13,057	12,313
Comparable market transactions - Properties held for letting	138,911	130,186
	<u>151,968</u>	<u>142,499</u>

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.

# Balmoral International Land Holdings plc

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

### **10 Investment property** *(continued)*

#### **Measurements of fair value** *(continued)*

#### **Analysis of carrying value by valuation technique** *(continued)*

The principal property professional appraisers to the group are for Ireland - Lisney; UK - Lambert Smith Hampton and Jones Lang LaSalle and Continental Europe - 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 unobservable inputs and fair value measurement
<b>Comparable market transactions - Land held for sale or development</b>		
The value is based on comparable market transactions after discussions with external property appraisers.	<p><b>Ireland</b></p> <ul style="list-style-type: none"> <li>Comparable market prices of €15,000 - €344,000 per acre (2018: €15,000 - €302,000 per acre) (weighted average €48,000 per acre (2018: €30,000 per acre))</li> </ul> <p><b>UK</b></p> <ul style="list-style-type: none"> <li>Comparable market prices of £7,000 - £420,000 per acre (2018: £7,000 - £400,000 per acre) (weighted average £19,000 per acre (2018: £19,000 per acre))</li> </ul>	<p>The estimated fair value would increase/(decrease) if:</p> <ul style="list-style-type: none"> <li>Comparable market values were higher/(lower)</li> </ul>
<b>Comparable market transactions - Properties held for letting</b>		
This valuation model considers the estimated total net market rental value per square metre of the property and a capitalisation.	<p><b>Ireland</b></p> <ul style="list-style-type: none"> <li>Net market rental income of €2.36 - €30.00 per sq. ft. per annum (2018: €2.56 - €29.94 per sq. ft. per annum) (weighted average of €4.19 per sq. ft. (2018: €4.35 per sq. ft.))</li> <li>Capitalisation yields of 2.0% - 12.7% (2018: 2.5% - 16.2%) (Weighted average 6.7% (2018: 7.9%))</li> </ul> <p><b>UK</b></p> <ul style="list-style-type: none"> <li>Net market rental income of £2.00 - £13.75 per sq. ft. per annum (2018: £2.20 - £13.75 per sq. ft. per annum) (weighted average of £4.82 per sq. ft. (2018: £6.05 per sq. ft.))</li> <li>Capitalisation yields of 7.9 % - 13.3% (2018: 8.4% - 14.7%) (Weighted average 9.1% (2018: 9.6%))</li> </ul> <p><b>Continental Europe</b></p> <ul style="list-style-type: none"> <li>Net market rental income of €47.8 per sq. m. per annum (2018: €67 - €146 per sq. m. per annum) (weighted average of €47.8 per sq. m. (2018: €90 per sq. m.))</li> <li>Capitalisation yields of 6.3% (2018: 7.8% - 8.8%) (Weighted average 6.3% (2018: 8.3%))</li> </ul>	<p>The estimated fair value would increase/(decrease) if:</p> <ul style="list-style-type: none"> <li>Expected market rental income was higher/(lower)</li> <li>Capitalisation yields were (higher)/lower</li> </ul>

# Balmoral International Land Holdings plc

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

### 11 Property, plant and equipment

#### Year ended 31 December 2019

	Computer equipment €'000	Fixtures & fittings €'000	Total €'000
<b>Cost</b>			
At beginning of year	56	142	198
Additions in year	2	-	2
Cost at end of year	58	142	200
<b>Depreciation</b>			
At beginning of year	55	139	194
Charge for year	3	-	3
At end of year	58	139	197
<b>Net book value</b>			
At 31 December 2019	-	3	3

#### Year ended 31 December 2018

	Computer equipment €'000	Fixtures & fittings €'000	Total €'000
<b>Cost</b>			
At beginning of year	53	142	195
Additions in year	3	-	3
Cost at end of year	56	142	198
<b>Depreciation</b>			
At beginning of year	52	137	189
Charge for year	3	2	5
At end of year	55	139	194
<b>Net book value</b>			
At 31 December 2018	1	3	4

# Balmoral International Land Holdings plc

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

### 12 Investments in equity accounted investees

<b>At 31 December 2019</b>	<b>Equity €'000</b>	<b>Loans €'000</b>	<b>Total €'000</b>
Balance at the beginning of the year	-	<b>6,231</b>	<b>6,231</b>
Investment in year	-	<b>(91)</b>	<b>(91)</b>
Share of result after taxation	-	<b>908</b>	<b>908</b>
<b>At end of year</b>	<b>-</b>	<b>7,048</b>	<b>7,048</b>

#### *Comprised of:*

Investments in joint ventures	-	<b>7,048</b>	<b>7,048</b>
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<b>At 31 December 2018</b>	<b>Equity €'000</b>	<b>Loans €'000</b>	<b>Total €'000</b>
Balance at the beginning of the year	-	5,478	5,478
Investment in year	-	104	104
Share of result after taxation	-	649	649
<b>At end of year</b>	<b>-</b>	<b>6,231</b>	<b>6,231</b>

#### *Comprised of:*

Investments in joint ventures	-	6,231	6,231
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# 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 2019*

	<b>Operating result before movement on investment properties</b>	<b>Movement on investment properties and other movements</b>	<b>Reclassification of currency reserve on disposal</b>	<b>Result for year</b>
	<b>€'000</b>	<b>€'000</b>	<b>€'000</b>	<b>€'000</b>
Ireland	-	(9)	-	(9)
Continental Europe	688	229	-	917
<b>Total</b>	<b>688</b>	<b>220</b>	<b>-</b>	<b>908</b>

#### *Income statement for the year ended 31 December 2018*

	<b>Operating result before movement on investment properties</b>	<b>Movement on investment properties and other movements</b>	<b>Reclassification of currency reserve on disposal</b>	<b>Result for year</b>
	<b>€'000</b>	<b>€'000</b>	<b>€'000</b>	<b>€'000</b>
Ireland	-	106	-	106
Continental Europe	473	70	-	543
<b>Total</b>	<b>473</b>	<b>176</b>	<b>-</b>	<b>649</b>

The group's share of the trading results of our material equity accounted investee amounted to €688,000 (2018: €473,000) and the group's share of the results after investment property valuation movements was €917,000 (2018: €543,000).

# Balmoral International Land Holdings plc

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

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

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

*Share of equity accounted investees' assets and liabilities as at 31 December 2019*

	Investment & development properties at valuation €'000	Cash and other assets €'000	Borrowings €'000	Other liabilities €'000	Total net assets €'000
Ireland	-	98	-	-	98
Continental Europe	16,315	1,279	(10,100)	(544)	6,950
<b>Total</b>	<b>16,315</b>	<b>1,377</b>	<b>(10,100)</b>	<b>(544)</b>	<b>7,048</b>

*Share of equity accounted investees' assets and liabilities as at 31 December 2018*

	Investment & development properties at valuation €'000	Cash and other assets €'000	Borrowings €'000	Other liabilities €'000	Total net assets/ (liabilities) €'000
Ireland	-	98	-	-	98
Continental Europe	16,135	1,028	(10,700)	(330)	6,133
<b>Total</b>	<b>16,135</b>	<b>1,126</b>	<b>(10,700)</b>	<b>(330)</b>	<b>6,231</b>

Details of the group's significant investments in equity accounted investees are included in note 29 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

	2019 €'000	2018 €'000
Trade and other receivables	1,349	923
Prepayments	1,352	1,462
	<b>2,701</b>	<b>2,385</b>

The group's exposure to credit and foreign currency risks and impairment losses related to trade and other receivables is disclosed in note 24 to the consolidated financial statements.

### 14 Cash and cash equivalents

	2019 €'000	2018 €'000
Bank current balances	16,726	18,868
Bank deposit balances	-	-
Cash and cash equivalents in the statement of cash flows	<b>16,726</b>	<b>18,868</b>

The group's exposure to interest rate risk and a sensitivity analysis for financial assets and liabilities is disclosed in note 24 to the consolidated financial statements.

### 15 Capital and reserves

#### *Authorised share capital*

	2019 €'000	2018 €'000
90,000,000,000 ordinary shares of €0.00001 each	900	900
5,000,000,000 non-voting redeemable deferred shares of €0.00001 each	50	50
5,000,000 non-voting deferred shares of €0.01 each	50	50
At 31 December	<b>1,000</b>	<b>1,000</b>

The holders of ordinary shares are entitled to 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

	2019 '000	2019 €'000	2018 '000	2018 €'000
<i>Non-voting deferred shares of €0.01 each</i>				
In issue at beginning and end of year	<b>3,317</b>	<b>33</b>	3,317	33
<i>Ordinary shares of €0.00001 each</i>				
In issue at beginning of year	<b>777,687</b>	<b>8</b>	777,687	8
Shares issued on exercise of share options	<b>4,274</b>	-	-	-
In issue at end of year	<b>781,961</b>	<b>8</b>	777,687	8
Total issued share capital (€'000)		<b>41</b>		41

#### Share premium

	2019 €'000	2018 €'000
Balance at beginning of year	<b>7,775</b>	7,775
Share issue	<b>100</b>	-
Balance at end of year	<b>7,875</b>	7,775

During the year, the group received €100,000 (2018: €Nil) on exercise of share options at in excess of cost price of shares.

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

	2019 €'000	2018 €'000
Retained earnings	<b>(122,381)</b>	(137,334)
Share-based payment reserve	<b>154</b>	166
Reorganisation reserve	<b>206,879</b>	206,879
	<b>84,652</b>	69,711

#### 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. In the current year, the group expensed €20,000 (2018: €52,000) in relation to share option schemes. See note 17 to the consolidated financial statements for further information. When options vest or lapse, the fair value of the share options is reclassified to retained earnings. During the year, the group received consideration of €100,000 (2018: €Nil) for the issue of 4,273,504 (2018: Nil) shares. These were issued to satisfy the exercise of 4,273,504 (2018: Nil) share options. As a result of the exercise of the options, the group recognised a reserve movement of €32,000 (2018: €Nil) between retained earnings and the share-based payment reserve.

# Balmoral International Land Holdings plc

## Notes to the consolidated financial statements (continued)

### 15 Capital and reserves (continued)

#### *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.

#### *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 years.

#### *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 24 to the consolidated financial statements.

	2019 €'000	2018 €'000
<b>Non-current liabilities</b>		
Secured bank loans	70,988	70,191
Other loans	-	2,000
Other payables	594	583
	<b>71,582</b>	<b>72,774</b>
<b>Current liabilities</b>		
Secured bank loans	2,919	8,614
	<b>2,919</b>	<b>8,614</b>

# Balmoral International Land Holdings plc

## Notes to the consolidated financial statements (continued)

### 16 Loans and borrowings (continued)

All loans are recorded at amortised cost.

#### Terms and debt repayment schedule

	2019 €'000	2018 €'000
<b>Repayable by instalments:</b>		
Repayable within 1 year	500	500
Repayable within 2 years	500	500
Repayable within 2 -5 years	1,375	1,375
<b>Repayable other than by instalments:</b>		
Repayable within 1 year	2,419	8,114
Repayable within 2 years	2,500	4,500
Repayable within 2 -5 years	12,608	13,108
Repayable after 5 years	54,005	52,708
<b>Total</b>	<b>73,907</b>	<b>80,805</b>

Variable rate bank loans incur interest based on interbank market rates plus an agreed margin. The maximum amount due per the bank agreements is €73,907,000 (2017: €80,805,000) and are as follows:

- (a) In September 2015, the group agreed a renewal and extension with the provider of its general corporate facilities. At 31 December 2019 the remaining amounts due under the facilities agreement were Facility C euro denominated €35,589,000 (2018: €35,880,000) and Facility D sterling denominated £26,234,000 (2018: £31,257,000). These facilities are guaranteed by certain nominated subsidiaries and are required, under the facilities agreement, to be repaid from any residual monies accruing in associated debt servicing accounts, which are funded according to a waterfall of permitted receipts and payments from the various adhered properties and subsidiaries. The facilities are secured over, inter alia, property in the UK and Ireland. Based on the projected funds in the debt servicing accounts, the group expects approximately €2,419,000 of the remaining debt to be repaid within one year from the balance sheet. Based on projected receipts and payments from the adhered properties, expected debt repayments beyond one year are summarised in the repayable other than by instalments table above.
- (b) A secured bank loan of €7,483,000 (2018: €7,983,000) 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 2023. Interest is payable at Euribor plus a margin.
- (c) On 27 June 2018, a short term loan of €2,000,000 from Huntroyde Ltd was drawn down. This loan was interest bearing at 9% per annum and was repayable 24 months from draw down. The loan was secured on certain group assets not otherwise secured. The terms and conditions of the loan were competitive relative to available financing. This loan was repaid on 3 April 2019.

# Balmoral International Land Holdings plc

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

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

#### Changes in liabilities arising from financing activities

	At 01.01.2019	Cash flow	Foreign currency movement	Transfer	At 31.12.2019
	€'000	€'000	€'000	€'000	€'000
Non-current liabilities	72,774	(2,780)	1,507	81	71,582
Current liabilities	8,614	(5,614)	-	(81)	2,919
<b>Total</b>	<b>81,388</b>	<b>(8,394)</b>	<b>1,507</b>	<b>-</b>	<b>74,501</b>

	At 01.01.2018	Cash flow	Foreign currency movement	Transfer	At 31.12.2018
	€'000	€'000	€'000	€'000	€'000
Non-current liabilities	72,872	446	(288)	(256)	72,774
Current liabilities	8,358	-	-	256	8,614
<b>Total</b>	<b>81,230</b>	<b>446</b>	<b>(288)</b>	<b>-</b>	<b>81,388</b>

# Balmoral International Land Holdings plc

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

### 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 2019 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 for at least three weeks before the grant.

On 16 December 2019, options were granted over 13,666,667 ordinary shares at an exercise price of €0.06 per share, with an expiry date of 10 December 2026.

The share options granted will only vest on the later of the 3<sup>rd</sup> anniversary of the grant of the options or on the publication of the company's audited financial statements showing the net asset value per share of the company's shares equals or exceeds €0.15 per share

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 audited financial statements for financial year ending 31 December 2018, or any of the three subsequent years, equals or exceeds €0.05 per share. This requirement has been achieved.

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 2019 were as follows:

Fair value at measurement date	€0.0166
Weighted average exercise price	€0.06
Expected volatility	28%
Option life	7 years
Expected dividend yield	0.00%
Risk-free interest rate	-0.42%

The weighted-average market price of the shares for the four weeks to 15 December 2019 was €0.0599.

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 2019 was €0.0550 and the range during 2019 was €0.0500 to €0.0600. The total expense for share options recognised in the income statement was €20,000 (2018: €52,000).

### 18 Trade and other payables

	2019 €'000	2018 €'000
Trade and other payables	223	441
Accruals	1,760	1,972
Deferred income	1,613	885
Other taxation and social security	1,163	1,065
	<b>4,759</b>	<b>4,363</b>

# Balmoral International Land Holdings plc

## Notes to the consolidated financial statements (continued)

### 19 Provisions

	2019 €'000	2018 €'000
Balance at beginning of the year	3,458	-
Acquisition in year	-	3,458
Balance at end of the year	<u>3,458</u>	<u>3,458</u>

During 2018, the group acquired lands that are subject to an integrated pollution control licence. The group has estimated the costs to remediate the contaminated lands subject to this licence as €3,458,000. It is not certain what level of soil and/or groundwater remediation might be required as this would depend on what environmental risk is determined or if decontamination is undertaken prior to the future development or sale of the site. At present the amounts involved and the expected timing of those cash flows are significantly uncertain, are based on management judgement and on expert external advice, where possible, and will to a large degree depend on the outcome of ongoing interaction with the EPA. We believe that any cash outflows necessary may arise within 5-10 years, however this may change and will be subject to ongoing review.

### 20 Deferred tax assets and liabilities

#### Recognised deferred tax amounts

Deferred tax amounts are attributable to the following items:

#### At 31 December 2019

	Liabilities 2019 €'000	Assets 2019 €'000
Investment property revaluation gains	3,032	-
Tax value of accrued rental income	-	(2)
Tax value of losses	-	(32)
Tax liabilities/(assets)	<u>3,032</u>	<u>(34)</u>
Net tax liabilities	<u>2,998</u>	

#### At 31 December 2018

	Liabilities 2018 €'000	Assets 2018 €'000
Investment property revaluation gains	3,163	-
Tax value of accrued rental income	-	(31)
Tax value of losses	-	(18)
Tax liabilities/(assets)	<u>3,163</u>	<u>(49)</u>
Net tax liabilities	<u>3,114</u>	

# Balmoral International Land Holdings plc

## Notes to the consolidated financial statements (continued)

### 20 Deferred tax assets and liabilities (continued)

#### 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.

#### Unrecognised deferred tax assets

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

	2019 €'000	2018 €'000
Deductible temporary differences	24,690	22,001
	<b>24,690</b>	<b>22,001</b>

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 2019

	Balance at beginning of year €'000	Recognised in income €'000	Balance at end of year €'000
Investment property gain	3,163	(131)	3,032
Tax value of losses carried forward	(18)	(14)	(32)
Tax value of accrued rental income	(31)	29	(2)
	<b>3,114</b>	<b>(116)</b>	<b>2,998</b>

#### Movement in temporary differences during the year ended 31 December 2018

	Balance at beginning of year €'000	Recognised in income €'000	Balance at end of year €'000
Investment property gain	3,195	(32)	3,163
Tax value of losses carried forward	-	(18)	(18)
Tax value of accrued rental income	61	(92)	(31)
	<b>3,256</b>	<b>(142)</b>	<b>3,114</b>



# Balmoral International Land Holdings plc

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

### 21 Results per share

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

The calculations of basic result per share for the years ended 31 December 2019 and 31 December 2018 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:

	<b>2019</b> <b>€'000</b>	2018 €'000
Result attributable to equity shareholders	<b>14,921</b>	17,784
	<b>2019</b>	2018
	<i>In thousands of shares</i>	
Shares in issue at beginning of year	<b>777,687</b>	777,687
Weighted average number of ordinary shares outstanding at end of year	<b>780,134</b>	777,687
Basic result per share (euro cent)	<b>1.91</b>	2.29

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

The calculations of diluted result per share for the years ended 31 December 2019 and 31 December 2018 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.

	<b>2019</b> <b>€'000</b>	2018 €'000
Result attributable to equity shareholders	<b>14,921</b>	17,784
	<b>2019</b>	2018
	<i>In thousands of shares</i>	
Weighted average number of ordinary shares outstanding at end of year	<b>780,134</b>	777,687
Share options with a dilutive effect	<b>31,829</b>	22,436
	<b>811,963</b>	800,123
Diluted result per share (euro cent)	<b>1.84</b>	2.22

# Balmoral International Land Holdings plc

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

### 22 Net asset value per share

The calculations of net asset value per share at 31 December 2019 and 31 December 2018 are based upon the total equity attributable to the shareholders of the company at 31 December 2019 and 31 December 2018 and the number of ordinary shares outstanding at 31 December 2019 and 31 December 2018 as follows:

	<b>2019</b> <b>€'000</b>	2018 €'000
Total equity attributable to shareholders of company	<b>92,568</b>	77,527
	<b>2019</b> <i>In thousands of shares</i>	2018
Total number of ordinary shares outstanding at year end	<b>781,961</b>	777,687
Net asset value per share (euro cent)	<b>11.84</b>	9.97

### 23 Leases

In accordance with IAS 40, property interests held under long leasehold arrangements are classified and accounted for as investment property on a property-by-property basis when the group holds them to earn rent or for capital appreciation or both. Any such property interests held under long leasehold arrangements classified as investment properties are carried at fair value. At 31 December 2019, the market value of such assets was €19,770,000 (2018: €35,220,000). 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 (2018: 1.6 years). The future aggregate minimum rentals receivable under non-cancellable operating leases are as follows:

	<b>2019</b> <b>€'000</b>	2018 €'000
Less than one year	<b>7,668</b>	7,754
Between one and five years	<b>9,793</b>	12,266
More than five years	<b>5,385</b>	5,708
	<b>22,846</b>	25,728

# Balmoral International Land Holdings plc

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

### 23 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 with remaining life ranging from 56 years to 978 years. The total amounts due under these operating lease agreements are as follows:

	<b>Minimum lease payments 2019 €'000</b>	Minimum lease payments 2018 €'000
Less than one year	<b>33</b>	32
From one to five years	<b>133</b>	126
From five to 25 years	<b>663</b>	632
After 25 years	<b>1,786</b>	1,765
	<b>2,615</b>	2,555

The present value of future lease payments is €285,000 for the group (2018: €271,000), discounted at 6% per annum (2018: 6%), which was the weighted average effective yield of the leases at their acquisition.

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

Available cash and cash equivalents are placed on deposit 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)*

### 24 Financial instruments *(continued)*

#### Interest rate profile

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

	<b>Carrying Amount 2019 €'000</b>	<b>Carrying Amount 2018 €'000</b>
<b>Variable rate instruments</b>		
Cash and cash equivalents	16,726	18,868
Financial liabilities	(7,483)	(13,597)
	<b>9,243</b>	<b>5,271</b>

#### 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 2018.

	<b>Profit or loss</b>		<b>Other equity</b>	
	<b>100 bp increase €'000</b>	<b>100 bp decrease €'000</b>	<b>100 bp increase €'000</b>	<b>100 bp decrease €'000</b>
<b>31 December 2019</b>				
Cash and cash equivalents	2	(2)	-	-
Financial liabilities	(80)	80	-	-
Cash flow sensitivity	<b>(78)</b>	<b>78</b>	-	-
<b>31 December 2018</b>				
Cash and cash equivalents	22	(22)	-	-
Financial liabilities	(136)	136	-	-
Cash flow sensitivity	<b>(114)</b>	<b>114</b>	-	-

# Balmoral International Land Holdings plc

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

### 24 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 2019	31 December 2018
	Stg £'000	Stg £'000
Trade and other receivables	1,000	678
Cash and cash equivalents	7,431	10,423
Loans and borrowings (see note 16)	(26,234)	(31,257)
Trade and other payables	(46)	(69)
Accruals	(752)	(510)
Other taxation and social security	(755)	(622)
Gross balance sheet exposure	(19,356)	(21,357)
Add investment property	42,508	35,917
Net balance sheet exposure	23,152	14,560
Gross rental & related income	2,592	1,956
Property outgoings	(886)	(694)
Net rental income exposure	1,706	1,262
Net interest expense	1	(213)
Net profit & loss exposure	1,707	1,049

The following significant exchange rates applied during the year:

	Spot Rate		Average Rate	
	2019	2018	2019	2018
GBP 1:	1.18	1.11	1.13	1.13

# Balmoral International Land Holdings plc

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

### 24 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 2018.

	Other equity €'000	Profit or loss €'000
<b>31 December 2019</b>		
GBP	-	(2,721)
<b>31 December 2018</b>		
GBP	-	(1,601)

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:

<b>At 31 December 2019</b>							
<b>Financial liabilities:</b>	<b>Carrying amount</b>	<b>Contractual cash flows</b>	<b>6 months or less</b>	<b>6 – 12 months</b>	<b>1 – 2 years</b>	<b>2 – 5 years</b>	<b>More than 5 years</b>
	€'000	€'000	€'000	€'000	€'000	€'000	€'000
Secured loan	66,424	66,830	2,419	-	2,500	10,000	51,911
Secured Euro floating loan (subsidiaries)	7,483	7,769	301	301	581	6,586	-
Other non-current payables	594	594	-	-	-	-	594
Accruals	1,760	1,760	1,760	-	-	-	-
Other taxation and social security	1,163	1,163	1,163	-	-	-	-
Trade and other payables	223	223	223	-	-	-	-
<b>Total</b>	<b>77,647</b>	<b>78,339</b>	<b>5,866</b>	<b>301</b>	<b>3,081</b>	<b>16,586</b>	<b>52,505</b>

# Balmoral International Land Holdings plc

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

### 24 Financial instruments *(continued)*

#### Liquidity risk *(continued)*

At 31 December 2018

Financial liabilities:	Carrying amount	Contractual cash flows	6 months or less	6 – 12 months	1 – 2 years	2 – 5 years	More than 5 years
	€'000	€'000	€'000	€'000	€'000	€'000	€'000
Secured loan	70,822	70,919	49	8,163	2,500	7,500	52,707
Secured Euro floating loan (subsidiaries)	7,983	8,443	308	308	607	7,220	-
Other fixed rate loan	2,000	2,270	90	90	2,090	-	-
Other non-current payables	583	583	-	-	-	-	583
Accruals	1,972	1,972	1,972	-	-	-	-
Other taxation and social security	1,065	1,065	1,065	-	-	-	-
Trade and other payables	441	441	441	-	-	-	-
<b>Total</b>	<b>84,866</b>	<b>85,693</b>	<b>3,925</b>	<b>8,561</b>	<b>5,197</b>	<b>14,720</b>	<b>53,290</b>

#### Credit risk

The group has two significant tenants from which it derived, respectively, 22% and 15% of its revenue in rental income in the current year (2018: 23% and 16%). See note 27 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 25 to the consolidated financial statements.

	Carrying amount	
	2019	2018
	€'000	€'000
Trade and other receivables	1,349	923
Loans to equity accounted investees	7,048	6,231
Cash and cash equivalents	16,726	18,868
<b>Total</b>	<b>25,123</b>	<b>26,022</b>

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)*

### 24 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	
	2019	2018
	€'000	€'000
Ireland	8,598	6,913
Continental Europe	7,435	7,293
United Kingdom	9,090	11,816
<b>Total</b>	<b>25,123</b>	<b>26,022</b>

The amount owed by the group's two most significant tenants at 31 December 2019 was €Nil (2018: €Nil).

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

	Carrying amount	
	2019	2018
	€'000	€'000
Not past due	326	372
Past due 0-30 days	383	379
Past due 31-120 days	596	94
Past due >120 days	44	78
<b>Total</b>	<b>1,349</b>	<b>923</b>

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

#### Impairment

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)*

### 24 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 2019		31 December 2018	
	Carrying Amount €'000	Fair Value €'000	Carrying Amount €'000	Fair Value €'000
<b><i>Loans and receivables</i></b>				
Trade and other receivables	1,349	-	923	-
Loans to equity accounted investees	7,048	-	6,231	-
<b><i>Cash and cash equivalents:</i></b>				
GBP current account	8,768	-	11,688	-
GBP deposit	-	-	-	-
Euro current account	7,958	-	7,180	-
<b><i>Other liabilities at amortised cost (all level 3)</i></b>				
<b><i>Bank loans:</i></b>				
Euro secured loan	(35,589)	(23,838)	(35,880)	(25,170)
GBP secured loan	(30,835)	(8,839)	(34,942)	(16,258)
Euro secured floating loan (subsidiaries)	(7,483)	(6,283)	(7,983)	(6,865)
Other secured fixed loan (subsidiaries)	-	-	(2,000)	(2,067)
Other non-current payables	(594)	-	(583)	-
Trade and other payables	(223)	-	(441)	-
Accruals	(1,760)	-	(1,972)	-
Other taxation and social security	(1,163)	-	(1,065)	-

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)*

### 24 Financial instruments *(continued)*

#### 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.

### 25 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.

### 26 Capital commitments

At 31 December 2019, the company had no unprovided capital commitments.

### 27 Related parties

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

To the extent not disclosed elsewhere in these financial statements, details of related party transactions and balances are disclosed below.

#### *Transactions with key management personnel*

Key management personnel who comprise the executive and non-executive directors of the group received total compensation of €1,475,000 (2018: €1,299,000) for the year ended 31 December 2019. 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:

	2019 €'000	2018 €'000
Short term employee benefits	1,455	1,247
Share-based payment charge	20	52
	<u>1,475</u>	<u>1,299</u>

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

# Balmoral International Land Holdings plc

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

### 27 Related parties *(continued)*

#### *Other group related party transactions*

##### *Total Produce plc*

Key management personnel services were provided by Total Produce plc to the group until 1 August 2018. It is therefore considered a related party for the purposes of IAS 24 *Related Party Disclosures* until 1 August 2018. Until 1 August 2018, the group recognised the following rental income and expenses from transactions with Total Produce plc.

	2018 €'000
Rental income (including service charges)	781
Expenses	203

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 31 December 2018 was €52,000 and the amount owed to Total Produce was €1,000.

The group has an investment in a 50:50 joint venture company with Total Produce. Balmoral's investment in this joint venture company in 2018 was €Nil. The group share of operating losses of this joint venture in 2018 was €Nil. The carrying value of the investment in this joint venture at 31 December 2018 was €Nil.

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

Information on the group's significant subsidiaries and equity accounted investees is set out in note 29 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)*

### 28 Accounting judgements and estimates

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*

- 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.
- 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.

#### *Estimates*

- 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.
- An assessment of other financial risks is set out in note 24 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)*

### 29 Group entities

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

#### *Significant subsidiaries*

	Registered office	Group share %	Principal activity
<sup>Δ</sup> Balmoral International Land 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
BBALP Limited	1	100	Property investment
Vida M1 Limited	1	100	Property investment
BL Balmoral Ltd	2	100	Property investment
Balmoral Land Brickhill Ltd	2	100	Property investment
Balmoral Land Continental Ltd	2	100	Investment holding company
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 Developments 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
Vida Lincoln Limited	3	100	Property investment
Balmoral International Land Property Holdings BV	4	100	Investment holding company
Balmoral International Land Group Finance B. V.	4	100	Finance holding company
<sup>#</sup> Afaia Sarl	5	90	Investment holding company

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

<sup>#</sup> The group's shareholding in Afaia Sarl, a company registered and operating in Belgium, carries 90% of the total voting rights and control of the board; the non-controlling interest holds 10% of the total voting rights. Balmoral therefore has control of Afaia Sarl and consolidates it as a subsidiary. The net assets consolidated into the group's balance sheet at 31 December 2019 amounted to €1,615,000 and the profit for the year then ended consolidated into the group's results amounted to €490,000.

# Balmoral International Land Holdings plc

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

### 29 Group entities *(continued)*

#### *Significant equity accounted investees*

	Registered office	Group share %	Principal activity
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 C, 226 Regency Court, Upper Fifth Street, Central Milton Keynes, MK9 2HR, 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.

### 30 Post balance sheet events

On 11 March 2020, the World Health Organisation declared the Covid-19 outbreak to be a pandemic. The rapid spread of this virus has resulted in new and significant economic uncertainties for businesses across the globe, including increased risks for the group as identified and further referenced in the directors' report on page 13.

### 31 Approval of financial statements

These consolidated financial statements were approved by the board on 13 May 2020.

# Company statement of changes in equity

for the year ended 31 December 201885

# Balmoral International Land Holdings plc

## Company balance sheet

as at 31 December 2019

	Notes	2019 €'000	2018 €'000
<b>Assets</b>			
<b>Non-current assets</b>			
Investment in subsidiary	C	10,032	10,032
<b>Total non-current assets</b>		<b>10,032</b>	<b>10,032</b>
<b>Current assets</b>			
Trade and other receivables	E	6,156	7,291
Cash and cash equivalents		1,688	328
<b>Total current assets</b>		<b>7,844</b>	<b>7,619</b>
<b>Total assets</b>		<b>17,876</b>	<b>17,651</b>
<b>Equity</b>			
Issued share capital	F	41	41
Reserves	F	17,634	17,366
<b>Total equity - all attributable to equity shareholders</b>		<b>17,675</b>	<b>17,407</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	G	201	244
<b>Total current liabilities</b>		<b>201</b>	<b>244</b>
<b>Total liabilities</b>		<b>201</b>	<b>244</b>
<b>Total liabilities and equity</b>		<b>17,876</b>	<b>17,651</b>

On behalf of the board

**Carl McCann**  
Chairman

**Catherine Ghose**  
Finance Director

13 May 2020



# Balmoral International Land Holdings plc

## Company statement of cash flows

for the year ended 31 December 2019

	2019 €'000	2018 €'000
<b>Result before tax</b>	<b>148</b>	(248)
<i>Adjustments for:</i>		
Share-based payment charge	20	52
Foreign exchange differences	(292)	52
<b>Operating result before changes in working capital</b>	<b>(124)</b>	(196)
Decrease in trade and other receivables	1,427	235
Decrease in trade and other payables	(43)	(2,459)
<b>Net cash inflow/(outflow) from operating activities</b>	<b>1,260</b>	(2,420)
<b>Cash flows from financing activities</b>		
Proceeds from rights issue	100	-
<b>Net cash inflow/(outflow) from financing activities</b>	<b>100</b>	-
Net increase/(decrease) in cash and cash equivalents	1,360	(2,420)
Cash and cash equivalents at beginning of year	328	2,748
<b>Cash and cash equivalents at end of year</b>	<b>1,688</b>	328

# 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 profit of €148,000 (2018: loss of €248,000). 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 during the year and incurred no employee costs.

### C) Investment in subsidiary

	2019 €'000	2018 €'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

	2019 €'000	2018 €'000
Amounts owed by group companies	<u>6,156</u>	<u>7,291</u>

All amounts due from group companies are repayable on demand.

# 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 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

	2019 €'000	2018 €'000
Accruals	200	200
Amounts owed to group companies	1	44
	<u>201</u>	<u>244</u>

All amounts owed to group companies are repayable on demand.

### H) Approval of financial statements

These financial statements were approved by the board on 13 May 2020.

# Balmoral International Land Holdings plc

## Five year summary of group results

	Year ended Dec 2019	Year ended Dec 2018	Year ended Dec 2017	Year ended Dec 2016	Year ended Dec 2015
	€m	€m	€m	€m	€m
Operating profit before net gain on investment	2.3	2.1	2.6	3.7	3.9
Net property valuation movement	12.8	15.3	12.2	(7.4)	7.0
<b>Result from operating activities</b>	<b>15.1</b>	<b>17.4</b>	<b>14.8</b>	<b>(3.7)</b>	<b>10.9</b>
Net finance income/(expense)	(1.1)	(0.3)	0.8	13.9	(11.5)
Share of result of equity accounted investees	0.9	0.6	7.4	(0.3)	4.7
<b>Result before tax</b>	<b>14.9</b>	<b>17.7</b>	<b>23.0</b>	<b>9.9</b>	<b>4.1</b>
Basic result per share (euro cent)	1.91	2.29	2.95	1.56	0.71
Total property assets	152.0	142.5	119.4	136.5	166.8
Equity shareholders' funds	92.6	77.5	59.7	36.7	19.7
Net asset value per share (euro cent)	11.84	9.97	7.68	4.72	3.38







